

Settlements with employees in respect of salaries in the accounting system of the company

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Abstract: The purpose of the article is to present a method of measuring and recording settlements with employees in respect of remuneration, and to present the results of empirical research. A thesis was adopted according to which a system of remuneration measurement, settlement and documentation that is complicated and incomprehensible to employees significantly reduces the implementation of the pay incentive function, which is also a factor characterized by a negative form of motivation. The subject of the study was the method of organizing the measurement and record of settlements with employees within the accounting system, and the scope of the analysis was limited to the basic principles of calculating remuneration. The results of the analysis of settlement with employees in the examined company showed that the adopted principles (recommendations) of effective motivation are not properly respected in the system and the process of settlement with employees in respect of remuneration. In particular, this applies to the principle of proportionality of inputs made and effects achieved, the principle of maintaining incentive thresholds and the principle of internalization of organizational goals and others. The research used the method of analyzing impact factors, case analysis and expert method.

Key words: remuneration system, salaries, settlements, records

1. Introductory remarks

Salary as an important economic category fulfils many different functions, among which the most frequently mentioned functions are: income, cost, motivational and social. Numerous and extensive literature emphasizes the essence, structure of pay, principles and tools for determining it, as well as other elements of the remuneration system, while emphasizing the momentous practical importance of this subject. In addition to the issues mentioned, there is also a different approach to the study of remuneration issues that exposes its formal and legal aspects, resulting mainly from financial practice, indirectly from accounting principles. An important task of this

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trend of research are settlements with employees in respect of remuneration in the accounting system, with particular attention to the recording of remuneration.

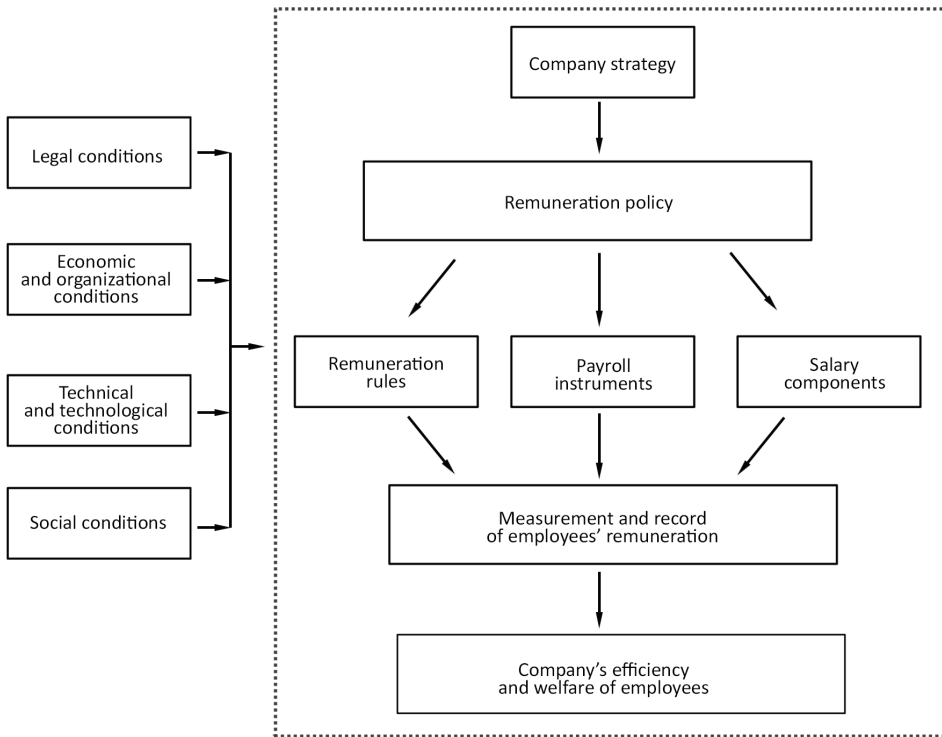


Figure 1. Model of remuneration

Source: Koziol, 2002, p. 87.

The purpose of the article is to present a method of measuring and recording settlements with employees in respect of remuneration and to present the results of empirical research. The problem of settlement with employees in respect of remuneration is presented in the framework of the enterprise's accounting system, while the reference is the implementation of the diagnostic and motivational function in the enterprise and the principle of pay motivation in particular.

It was assumed that the essence of good management lies in the performance measurement system associated with the company's incentive system; the measurement value is the achieved or expected increase in work efficiency resulting from changes in employee behaviour under the influence of the measurement. It was also assumed that the fulfilment of the diagnostic function of a measurement depends on its design and features such as: adequacy, uniformity and comparability in time, usability; it should be adapted to the needs of the individual and the expectations of employees and others, especially since almost every component of remuneration has a separate principle of its determination.

The subject of the study was limited to the analysis of the basic tools of settlement with employees, in particular the recording of working time, preparation of the payroll, settlements with the social insurance institution and their records as well as calculation of personal income tax.

The research used the method of economic analysis, the lack of appropriate provisions for measuring and recording remuneration prompts us to search for the experience of enterprises, the so-called good practices. According to Hubbard (Hubbard, 2013, p. 51), one can also use the technique of testing small random samples, as well as a thought experiment.

2. The concept of a pay and remuneration system and the functions of pay

The concept of *remuneration* is understood and used often in the sense of *pay*. The Central Statistical Office also recognized the interchangeability of these terms in various methodological instructions. In accordance with Article 80 of the Act of 26 June 1974, the Labour Code, remuneration is understood as all monetary expenses and benefits in kind paid to employees for employment in an economic entity and calculated according to the principles of employment and remuneration statistics (Journal of Laws of 2019, item 1040, as amended). Detailed characteristics of the remuneration and the rules for determining it are given, among others, in Articles 84 and 86 of the Labour Code (Journal of Laws of 2019, item 1040, as amended), they are also the subject of numerous publications (see Liskowski, 2016, p. 33).

Remuneration for work should be considered in the legal, social, economic and ethical context (Wojas, 2011, p. 32). When considering the issue of work and pay from a legal point of view, it is required to familiarize oneself with applicable laws in this area, and then develop on their basis one's own internal rules and legal regulations. The social aspect of remuneration results from the perception of salaries as income and the primary source of income for households. However, from an economic point of view, they are treated as part of the cost of an enterprise's activities. The ethical context boils down to the correct measurement and determination of a fair amount, according to the actual effects of work, taking into account the working conditions and the qualifications held by the employee (Wojas, 2011, p. 32).

Remuneration for work is a benefit (*Remuneration*, 2011; Kucharska, 2010):

- From employment relations, the source of which may be an employment contract, cooperative employment contract, appointment, election or nomination.
- For work done—in general, remuneration is paid “in arrears”, i.e. payment of remuneration is made after the work has been properly completed. In the event of a defective performance of products or services due to the fault of the employee, remuneration is not due.
- Periodic—remuneration for work is a repetitive benefit, it should be paid at least once a month on a fixed, predetermined date.
- Monetary—the remuneration should be paid in money, partial fulfilment of remuneration in non-monetary form is allowed, if statutory provisions of Labour law or a collective Labour agreement provide for it.
- Personal—remuneration is due to an individually designated employee.

- Obligatory—this is an absolute benefit, the employer may not free himself from the obligation to pay the employee, while the employee may not waive the right to remuneration or transfer this right to another person.
- The remuneration is a claim and is equivalent to the work done.
- The employee retains the right to remuneration for time not performing work only if the provisions of the Labour law so provide, i.e. for downtime not attributable to the employee.
- The remuneration should correspond to the type of work performed by the employee and the qualifications required for performing the work. When determining the amount of remuneration, the employer should also take into account the amount and quality of work performed.

Remuneration for work is an obligatory benefit for the employer. It has a complex structure, some components of remuneration are obligatory, others optional (discretionary). According to the CSO classification, remuneration is divided into: personal and impersonal remuneration and fees (see Table 1).

Table 1. Types of salary and their components in Poland

Type of salary	Components
Personal remuneration	1. Basic salary 2. Bonuses and rewards 3. Supplementary pay 4. Extras and payments
Impersonal remuneration	Remuneration arising from civil law contracts: specific work contracts, mandate contracts
Honoraria	Remuneration for creative, proprietary and production works as well as royalties paid to authors

Source: Authors' own study based on Koziół and Tyrańska, 2002, p. 51.

An important category of remuneration is the remuneration system. According to some authors, the remuneration system is equated with forms of pay, but most of them understand the concept of the remuneration system as the whole issue of pay in the company. According to the authors of the chapter, the pay system is an internally coherent arrangement of pay components, consisting of rules, instruments and components of remuneration, as well as a method of their division and updating, valorization. The system should be functional in relation to the company's goals and take into account, as far as possible, the expectations and needs of employees.

In essence, remuneration is reflected in its functions, namely the income, cost, motivational and social function—so they can be analyzed from the point of view of the interests of the employer, employee and in the context of the tasks of the state's social policy (see Koziół and Tyrańska, 2002, pp. 54–57).

The income function determines the nominal, and in relation to prices—real income of employees shaping their standard of living. The essence of this function is expressed in the fact

that remuneration for work is the main (often the only) source of income for employees and their families. The income function of salaries inspires the consideration of the concept of fair and minimum salaries. The latter finds expression in the form of the lowest remuneration in the economy, protection of remuneration, adjustment of remuneration, etc.

The motivational function assumes that the desire to earn money is the main factor prompting people to take up a job, stay in it and increase work efficiency. Remuneration, being a compensation and a reward for the work performed, has a motivational function, which aims to shape the desired attitudes and behaviour of employees in accordance with the expectations of employers.

In fact, only the proper implementation of the motivational function of pay allows the organization to achieve its goals, while ensuring the internalization of the organization's goals in the employee's interests.

The concept of the social function of pay assumes that the amount and diversity of pay affect interpersonal relationships inside and outside the company. In the company environment, especially in the Labour market, the amount and diversity of pay is affected by the level and directions of education, internal and external Labour market, and the rank of individual professions. The implementation of this function affects the satisfaction of employees with work, thereby reducing the scale of undesirable phenomena such as absenteeism, professional fluctuation, conflicts, strikes. Proper implementation of this function prevents pay inequalities, and therefore unjustified pay gaps; prevents social conflicts, facilitates their resolution.

The cost function emphasizes the fact that salaries are a significant cost component for companies, thus affecting its competitiveness on the market. This means that the employer's natural interest is to minimize Labour costs, especially when competition gains an advantage in this area. Therefore, one can notice a contradiction between the income and cost function of remuneration, which is levelled by making the increase in remuneration dependent on an increase in work efficiency.

The term *Labour costs* defines the total expenditure of the employing entity—the employer, related to the use of the human factor in economic processes. The literature on the subject presents many different classifications of Labour costs, i.e. the division into homogeneous groups depending on their economic significance.

In Polish business practice, the classification of Labour costs based on the type of employment-related costs is widely used. Due to this criterion, the following components of Labour costs can be distinguished (Bednarski et al., 1998, p. 185):

- payroll fund charged with operating expenses;
- monetary rewards from profits charged on operating expenses;
- retirement pension, disability pension and health insurance contributions;
- sickness and accident insurance contributions;
- contribution to the Labour fund;
- contribution to the guaranteed employee benefits fund;
- basic write-off to the company social benefit fund and supplementary write-offs from profit to this fund;
- personnel policy costs (recruitment and selection costs, training and improvement of personnel, travel expenses, transport and accommodation of employees, medical exami-

nations, costs of occupational health and safety, compensation benefits, development allowances, death benefits);

– value of remuneration in kind (deposits and other, e.g. cafeterias).

Knowledge of the components of Labour costs and factors affecting their formation enables rationalization of Labour costs.

3. Examining the problem of measuring remuneration

The basic premise for the implementation of the function of pay is an efficient system for measuring and recording the remuneration of employees of the enterprise. It has been assumed that the measurement is a kind of information that reduces recipient uncertainty. According to D. W. Hubbard, measurement is a quantified reduction in uncertainty, based on one or more observations (Hubbard, 2011, p. 43). According to C. A. Shannon, the recipient of information can be described as someone who was previously in a state of uncertainty. This means that the recipient already knew something, and the new information only eliminated some, but not necessarily all, uncertainty (Shannon, 1948). It is worth adding that reducing uncertainty is decisive for business. In the case of settlement with employees in respect of remuneration, the measurement and recording of these benefits is of key importance for employers, employees, the social insurance institution, financial institutions and tax offices as well as many other stakeholders. Accounting therefore has the function of “metering”, i.e. the function of measuring work and recording employee remuneration—important from the point of view of the company. This is why accounting is treated as a theory and system for measuring economic value in the management process (Dobija, 1997, p. 15).

It is worth quoting D. W. Hubbard’s concept of the value of measurement (Hubbard, 2011, pp. 137–138). The author associates measurement with the resulting information, which he considers in the context of making decisions. He emphasizes that:

1. Measurement (information) reduces uncertainty about decisions that have economic consequences.
2. Measurement influences the behaviour of others, which also has economic consequences.
3. Sometimes the information resulting from measurement has its own market value.

The first two issues listed, particularly relevant to the research subject adopted in the article, relate to the impact of measurement on the behaviour of others and on the market value of information resulting from the measurement.

According to D. W. Hubbard, the value of the measurement of its impact on human behaviour is exactly the same as the value of the difference in human behaviour.

Measurement of working time or, more broadly, work efficiency may affect the investment decisions of the owners. But it also has value because those whose use of working time or performance is measured can change their behaviour and work more efficiently. For example, if performance measurement brings a 20% increase in production, then the value of the pro-

duction increase is the stimulus value of the measurement. Thus, the stimuli provided by the measurement can bring noticeable, measurable effects.¹

For the record, we should explain the value of information in the context of a decision (point 3). So, if the value of information equals its market value, then we are dealing with the issue of market forecasting, which is no different from estimating the sale of any product. The value of the measurement is the expected profit from the sale of this information (Hubbard, 2011, p. 138). Properly constructed measuring systems should meet certain requirements and have specific parameters, among which the most important are (Caplice and Sheffi, 1994; Copeland, Koller and Murrin, 1997; Sierpińska and Kubalańca, 1999):

- adequacy, which means that the given measure adequately describes events and processes, and is also not very sensitive to changes in external factors;
- force, which is understood as uniformity and comparability in time and space;
- usability, perceived by the ease of interpretation and content relevant to the management and employees;
- capacity, in which the meter captures significant aspects of the process and phenomenon described;
- effectiveness, understood as the relation between the effects of using a given meter and the costs of its calculation;
- compliance, perceived as a quantity related to the ratio of the meter to other information generated and aggregated in the company;
- level of aggregation, understood as the desire to determine an unambiguous, synthetic financial indicator, less often technical.

4. Settlement and documentation of employee remuneration

4.1. Work time records

The issue of recording working time has been the best and most fully regulated. According to experts, these provisions are detailed enough to ensure correct recording of working hours and employee protection.

The employer is obliged to keep records of working time, including overtime work. The employer provides this record to the employee at his request. The time record is to be kept in the form of a personal card. The regulations do not specify the card template—it can be kept in any form, provided it contains all the necessary information. Each employer sets his own card template depending on the needs arising, among others from applied systems and

¹ Among the numerous theories of growth (productivity) those that emphasize the importance of measuring the impact of technology on the increase in labour productivity deserve special attention. The creators of modern growth theory, Philippe Aghion (Harvard and LSE), Pete Klenow (Stanford) along with co-authors from the USA and France have traced the interaction between the statistical measurement process and the process of economic innovation. Example: iPhone X, which entered the market in 2017, was not in the consumption basket the year before, so the statistical office could not count “growth” on it. In contrast, the demand for the previous version of the Apple phone in 2017 decreased. If it so happens that most of the increase in productivity appears in new products that replace the demand for old ones, our statistics are aimed at measuring declines, not increases, so we understate all measures of economic growth. Aghion, Klenow and colleagues show that after correcting this “mistake” American performance is growing at an average rate of 1.9% per year, not 1.3%, as it seemed to everyone based on official statistics (Szewczyk and Wajzman, 2018, p. A13).

work time schedules. This card should contain information on the number of hours worked each day, without unnecessary details, such as arrival and departure times (see Guza, 2019, p. B10).

However, in the opinion of the Court of Justice of the European Union, issues regarding the recording of working time have not yet been precisely defined in the applicable provisions of Labour and commercial law or the instructions of relevant offices. The Court of Justice of the European Union has recently taken a position on this matter. As a result of the judgment of the CJEU of May 14, 2019 (case C 55/18), Member States must oblige employers to implement an objective, reliable and available system that measures the daily working time of each employee. This judgment may facilitate the pursuit of claims, e.g. for overtime work, but may also impose an obligation on employers to keep records of working hours, which may mean a significant increase in their operating costs, in particular a burden for small companies. In addition, it should be remembered that in the case of an increasing number of employees, objective measurement of working time is difficult or even impossible. These include, for example, teleworkers, people covered by task-time work, mobile workers, managers, creators. Many companies, in particular in the services sector, have a limited impact on employees' working hours.² If it was necessary to implement detailed working time recording systems for all employees, at least half of the companies in this industry would have serious survival problems. It is not surprising then that a lively discussion around the issue of choosing and using different ways of settling payroll accounts with employees is still ongoing and this problem has not been resolved definitively.

The abovementioned judgment of the CJEU and the new provisions in force from 1 January 2019 oblige employers to record not only the number of hours worked on a given day, but also indicate the time when work begins and ends. These regulations may facilitate the seeking of claims, e.g. for overtime work. In the event of a dispute with the employer about whether overtime work has taken place, the employee may show the court that the company did not use an objective system of measuring working time, thus prove whether there was any oversized provision of duties.

4.2. Settlements with the social insurance institution and calculation of personal income tax

The employer as a contribution payer is obliged to collect income tax and contributions for insurance on the employee's income for the month in which the employee actually received the remuneration or it was put at his disposal. The employee is subject to compulsory social insurance from the date of entering into an employment relationship with the employer until the date of termination of employment. The burden of individual insurance premiums is also charged to the employer. The principles of financing, calculating and paying social security contributions are regulated by the Act of 13 October 1998 on the social insurance system (Journal of Laws of 2019, item 300, as amended). The aforementioned Act lists four insurance risks: retirement pension, disability, sickness, accident (Article 1, Journal of Laws 2019, item 300, as amended). The employee is insured under all of the above titles, with contribu-

² See for more on this subject: Koziół and Koziół, 2018, pp. 81–82.

tions for retirement and disability pension insurance being financed by both the employer and the employee himself, while contributions for sickness and health insurance are covered only by the employee, and accident insurance contributions are paid only by the employer. In addition, it finances contributions to the Labour Fund and the Guaranteed Employee Benefits Fund (GEBF) (see Table 2).

Table 2. Types and amount of social security contributions

No.	Description	Employee	Employer
1.	Pension contribution	9.76%	9.76%
2.	Disability pension contribution	1.50%	6.50%
3.	Sickness contribution	2.45%	–
4.	Accident premium	–	X ^{*)}
5.	Healthcare contribution	9.00% ³	–
6.	Contribution to the Labour Fund	–	2.45%
7.	Contribution to the Guaranteed Employee Benefits Fund	–	0.10%

*) The interest rate on the accident insurance premium is determined in accordance with the Regulation of the Minister of Labour and Social Policy of 29 November 2002 on differentiating the interest rate on the social insurance premium for accidents at work and occupational illnesses depending on occupational hazards and their effects (Dz. U. of 2019, item 757). From 1 April 2019, the interest rate on accident insurance ranges from 0.67% to 3.33%.

S o u r c e: Authors' own study based on Szczypa (ed.), 2019.

The Labour Fund and the Guaranteed Employee Benefits Fund are special purpose funds. The main purpose of the first is to mitigate the effects of unemployment, professional activation and employment promotion, the task of the second is to protect employee claims in the event of the insolvency of the employer. The obligation to pay contributions to the Labour Fund and the Guaranteed Employee Benefits Fund results from statutory regulations. Target funds for which employers should pay contributions include the Bridging Pension Fund, but not all employers are obliged to do so. The obligation applies to those employers who employ employees born after 31 December 1948 and performing work in special conditions or of a special nature (Article 35 of the Act of 19 December 2008 on bridging pensions, Journal of Laws of 2018, item 1924).

When calculating remuneration and derivative charges, the basis for their calculation must be correctly determined. Analyzing individual components of remuneration, they can be divided into those (Szczypa [ed.] 2019, p. 85):

- constituting the basis for social insurance contributions and the tax base;
- not constituting the basis for social insurance but subject to taxation;
- not constituting the basis for social insurance or taxation.

³ In part (7.75%) it is deducted from the advance on personal income tax, while the remaining part (1.25%) is deducted directly from the employee's remuneration. There are exceptions to this rule (more broadly, Art. 81 of the Act of 27 August 2004 on healthcare services financed from public funds, Journal of Laws 2019, item 1373, as amended).

The largest number of remuneration components is included in the first group, nevertheless, some of the non-contributory payment elements should be remembered (Article 18 of the Act of 13 October 1998 on the social insurance system, *Journal of Laws*, item 300, as amended), i.e.: (1) remuneration for the employee's illness; (2) benefits and rehabilitation benefits paid out from sickness and accident insurance; (3) the catalogue of remuneration components contained in the Regulation of the Minister of Labour and Social Policy of 18 December 1998 on detailed principles for determining the basis for calculating contributions for retirement and disability pension insurance, which may include, for example, jubilee awards granted no more frequently than every 5 years, if they result from the payroll regulations of the employer, as well as severance pay due to retirement or disability pension and others (*Journal of Laws* 2017, item 1949). The final group of components not constituting the basis of social insurance institution contributions or the tax base include in particular: death benefits and funeral allowances, cash equivalents for tools, materials or equipment used by employees in the performance of their work, which are the employee's property, food allowances and other business travel payments, up to the amount specified in separate provisions.

From 1 July 2019, employers who, as at 31 December 2018 employ at least 250 people, are required to comply with the provisions on employee capital plans (ECP). Employees are automatically enrolled in the ECP, but they can opt out of making payments based on a written declaration submitted to the employing entity. Payments made to ECP constitute a percentage of the ECP participant's remuneration in the basic amount of 1.5% of the gross remuneration financed by the employer and 2% of the gross remuneration financed by the employed person. The employer will be able to declare an additional payment of up to 2.5%, while the additional payment of a participant may amount to a maximum of 2% of remuneration. Contributions to ECP financed by the employer constitute income for an employed person from whom an advance on personal income tax should be calculated (Rymarz, 2019, p. 5).

After the end of each calendar month, the employer sends to the social insurance institution the settlement documents and personal reports for each of the insured persons in a timely manner and pays the amounts declared on the social insurance institution DRA form. From 1 January 2018, it is obligatory to pay social security, health, Labour Fund, Guaranteed Employee Benefits Fund and Bridging Pension Fund contributions to one account number assigned from the social insurance institution (Stolarska, 2017). Budgetary units and local government budgetary establishments are obliged to send the document by the 5th day of the following month, natural persons who pay contributions exclusively for themselves by the 10th day of the following month, while other payers by the 15th day of the following month.

The provisions on personal income tax impose an obligation on the employer to calculate, collect and pay advance income tax deducted from the employee's remuneration.

The basis for calculating the advance payment for the employee's income tax is income from the employment relationship and social security benefits obtained during the month, if they are paid by the employer and payments to ECP financed by the employing entity after deduction of: (1) tax deductible costs⁴ (up to 30 September 2019 PLN 111.25), from 1 Oc-

⁴ We should also mention the 50% tax-deductible cost from the creators' use of copyright and related rights (e.g. specific work contract) and 20% tax-deductible cost from activities carried out in person and from the personal performance of services under a mandate contract.

tober 2019 to 31 December 2019 it is PLN 250 per month, or increased tax deductible costs in the amount of (previously PLN 139.06) currently PLN 300 for an employee who works in a town other than their place of permanent or temporary residence and makes an appropriate declaration to the employer; (2) social security contributions deducted by the employee in a given month by the employer.

The advance payment for personal income tax is calculated from the employee's income from January to December of a given year, according to the current tax scale (currently from 1 October 2019 to 31 December 2019 for income up to PLN 85,528.00—17%, for income over 85,528.00 PLN—32%). Due to the limited framework of the article, issues related to public law benefits have only been signalled and do not exhaust the presented topic, on the contrary, they confirm the complex nature of the issues.

It is also worth reminding that from 1 August 2019, there is an exemption from taxation on income from an employment relationship, cooperative employment relationship, service relationship or mandate relationship as well as employment contracts gained by persons until the age of 26 up to the amount of PLN 85,528.00 in the tax year (in 2019 the limit was set proportionally and amounts to PLN 35,636.67). If the employee submits in 2019 to the employer a statement that his income fully benefits from the PIT exemption, the employer will not be required to collect advance income tax from individuals for the months from August to December 2019 (MF, 2019).

4.3. Preparation of payrolls and records of salaries and public law settlements

The documentation related to employee remuneration includes: documents regarding the recording of working time, payroll cards, income cards, payrolls, social insurance documentation and monthly/ annual information for the insured person.

In addition to the working time records, employers are obliged to store, separately for each employee, employee requests regarding the establishment of individual working time schedules and others (Cieślak, 2019, p. 159).

The employer is also obliged to keep a personal remuneration card for the employee. This document should contain information on individual components of remuneration for work and other benefits related to work. This card includes such information as employee data, remuneration titles and its individual components. The information contained on the remuneration card is used to calculate the equivalent for unused annual leave, severance pay and compensation resulting from the employment relationship.

The employer should calculate for each employee the amount of remuneration due for a given calendar month, as well as the amounts of deductions for each title separately. Calculation of remuneration comprises several stages (see Table 3).

Table 3. Stages of calculating remuneration

Stage	Characteristics
Stage 1	Determining the gross remuneration, i.e. basic remuneration and other components (e.g. bonuses, night or overtime allowances, sick pay, holiday pay, etc.)—some components are contributory, others may be released.
Stage 2	Deduction from the base (gross salary) of social security contributions—retirement pension (9.76% of the base), disability pension (1.5% of the base) and sickness (2.45%).
Stage 3	Calculation of the amount of contributions for health insurance (9%). The basis is gross salary minus social security contributions financed by the employee.
Stage 4	Establishment of the income tax advance, where the basis for its calculation is the income minus tax deductible costs (PLN 250 or PLN 300—for employees living outside the town where the workplace is located. The income is gross pay minus social security contributions).
Stage 5	Decrease in income tax by a tax-free amount (PLN 525.12 per year, PLN 43.76 per month) and a health insurance contribution of 7.75%. The tax amount should be rounded to full zlotys.
Stage 6	Net remuneration is derived from the gross salary by deducting social security and health insurance contributions and an advance on income tax.
Stage 7	Possible deductions from net remuneration, e.g. claims enforced by virtue of enforcement title, maintenance payments, advances paid to the employee, etc.

S o u r c e: Authors' own study based on the Act of 13 October 1998 on the social insurance system (Journal of Laws of 2019, item 300, as amended), the Act of 26 July 1991 on personal income tax (Journal of Laws of 2019, item 1387), the Act of 30 August 2019 amending the Act on personal income tax and the Act amending the Act on personal income tax and certain other acts (Journal of Laws of 2019, item 1835).

According to the announcement of the President of the CSO of 13 November 2019, the average salary in the third quarter of 2019 was PLN 4,931.59. This varies regionally and by industry. For illustrative purpose, Table 4 summarizes sample calculations of the amount of remuneration, including obligatory deductions for the employee and the burden on the employer's side based on the example of a company in the trade industry. The selected enterprise employs employees under a contract of employment, including persons under 26 years of age. The employees include people living in places other than their work establishment.

Table 4. Selected variants of remuneration calculations on the example of an enterprise in the trade industry

	Assumptions	Calculation of remuneration	Comparison of costs
Variant 1	<ul style="list-style-type: none"> – Employment contract – Work in the place of residence – Over 26 years of age – Gross remuneration at the minimum pay level – Accident insurance at a rate of 0.93% – <i>No other components of remuneration</i> 	1. Gross salary = PLN 2,250	<p style="text-align: center;">Employee</p> <ul style="list-style-type: none"> – Pension insurance PLN 219.60 – Disability pension insurance PLN 33.75 – Sickness insurance PLN 55.13 – Health insurance PLN 174.74 – PIT advance payment PLN 93 <p>Total: PLN 576.22</p>
		2. Social security contributions = PLN 308.48, including: Pension contribution = PLN 219.60 Disability pension contribution = PLN 33.75 Sickness contribution = PLN 55.13	
		3. The basis for calculating the health insurance contribution = PLN 1,941.52 Health insurance contribution = PLN 174.74	
		4. Basis for calculating the tax advance = PLN 2,250 – PLN 308.48 – PLN 250 = PLN 1,692 Tax advance = PLN 1,692 × 17% = PLN 287.64	<p style="text-align: center;">Employer</p> <ul style="list-style-type: none"> – Gross remuneration PLN 2,250 – Pension insurance PLN 219.60 – Disability pension insurance PLN 146.25 – Accident insurance PLN 20.93 – Labour fund PLN 55.13 – GEBF PLN 2.25 <p>Total: PLN 2,694.16</p>
		5. Tax advance after deductions = PLN 287.64 – PLN 43.76 = PLN 243.88 Health insurance contribution deductible = 150.47 Tax to RTO = PLN 243.88 – PLN 150.47 = PLN 93	
		6. Net remuneration = PLN 1,673.78	

	Assumptions	Calculation of remuneration	Comparison of costs
Variant 2	<ul style="list-style-type: none"> - Employment contract - Work away from home - Over 26 years of age - Gross remuneration at the minimum pay level - Accident insurance at a rate of 0.93% - <i>No other components of remuneration</i> 	1. Gross salary = PLN 2,250	<p style="text-align: center;">Employee</p> <ul style="list-style-type: none"> - Pension insurance PLN 219.60 - Disability pension insurance PLN 33.75 - Sickness insurance PLN 55.13 - Health insurance PLN 174.74 - PIT advance payment PLN 85 <p>Total: PLN 568.22</p>
		2. Social security contributions = PLN 308.48, including: Pension contribution = PLN 219.60 Disability pension contribution = PLN 33.75 Sickness contribution = PLN 55.13	
		3. The basis for calculating the health insurance contribution = PLN 1,941.52 Health insurance contribution = PLN 174.74	
		4. Basis for calculating the tax advance = PLN 2,250 - PLN 308.48 - PLN 300 = PLN 1,642 Tax advance = PLN 1,642 × 17% = PLN 279.14	<p style="text-align: center;">Employer</p> <ul style="list-style-type: none"> - Gross remuneration PLN 2,250 - Pension insurance PLN 219.60 - Disability pension insurance PLN 146.25 - Accident insurance PLN 20.93 - Labour fund PLN 55.13 - GEBF PLN 2.25 <p>Total: PLN 2,694.16</p>
		5. Tax advance after deductions = PLN 279.14 - PLN 43.76 = PLN 235.38 Health insurance contribution deductible = PLN 150.47 Tax to RTO = PLN 235.38 - PLN 150.47 = PLN 85	
		6. Net remuneration = PLN 1,681.78	

	Assumptions	Calculation of remuneration	Comparison of costs
Variant 3	<ul style="list-style-type: none"> – Employment contract – Work in the place of residence – Under 26 years of age – Gross remuneration at the minimum pay level – Accident insurance at a rate of 0.93% – <i>No other components of remuneration</i> 	1. Gross salary = PLN 2,250	<p style="text-align: center;">Employee</p> <ul style="list-style-type: none"> – Pension insurance PLN 219.60 – Disability pension insurance PLN 33.75 – Sickness insurance PLN 55.13 – Health insurance PLN 174.74 – PIT advance payment PLN 0 <p>Total: PLN 483.22</p>
		2. Social security contributions = PLN 308.48, including: Pension contribution = PLN 219.60 Disability pension contribution = PLN 33.75 Sickness contribution = PLN 55.13	
		3. The basis for calculating the health insurance contribution = PLN 1941.52 Health insurance contribution = 174.74 PLN	
		4. Tax to RTO = PLN 0	<p style="text-align: center;">Employer</p> <ul style="list-style-type: none"> – Gross remuneration PLN 2,250 – Pension insurance PLN 219.60 – Disability pension insurance PLN 146.25 – Accident insurance PLN 20.93 – Labour fund PLN 55.13 – GEBF PLN 2.25 <p>Total: PLN 2,694.16</p>
		5. Net remuneration = PLN 1,766.78	

	Assumptions	Calculation of remuneration	Comparison of costs
Variant 4	<ul style="list-style-type: none"> – Employment contract – Work in the place of residence – Over 26 years of age – Gross remuneration at the national average level – Accident insurance at a rate of 0.93% – <i>No other components of remuneration</i> 	1. Gross salary = PLN 4,900	<p style="text-align: center;">Employee</p> <ul style="list-style-type: none"> – Pension insurance PLN 478.24 – Disability pension insurance PLN 73.50 – Sickness insurance PLN 120.05 – Health insurance PLN 380.54 – PLN 305 PIT advance payment <p>Total: PLN 1,357.33</p>
		2. Social security contributions = PLN 671.79, including: Pension contribution = PLN 478.24 Disability pension contribution = PLN 73.50 Sickness contribution = PLN 120.05	
		3. The basis for calculating the health insurance contribution = PLN 4,228.21 Health insurance contribution = 380.54 PLN	
		4. Basis for calculating the tax advance = PLN 4,900 – PLN 671.79 – PLN 250 = PLN 3,978 Tax advance = PLN 3,978 × 17% = PLN 676.26	<p style="text-align: center;">Employer</p> <ul style="list-style-type: none"> – Gross remuneration PLN 4,900 – Pension insurance PLN 478.24 – Disability pension insurance PLN 318.50 – Accident insurance PLN 45.57 – Labour fund PLN 120.05 – GEBF PLN 4.90 <p>Total: PLN 5,867.26</p>
		5. Tax advance after deductions = PLN 676.26 – PLN 43.76 = PLN 632.50 Health insurance contribution deductible = 327.69 Tax to RTO = PLN 305	
		6. Net remuneration = PLN 3,542.67	

Source: Authors' own elaboration.

The stages of payroll settlement presented on numerical examples show the scale of public and legal burdens on the employee's and employer's side as well as the complex nature of their calculation. The employee must be aware that the basis of remuneration contained in the employment contract (respectively: the mandate contract, specific work contract, etc.) is

not the same as the actual amount to be paid. The employer should also be aware of the scale of payroll charges, and that the costs associated with the employee's remuneration are not limited to the amount of gross remuneration. The variants presented are typical. Due to the large number of cases to which specific provisions for the settlement of remuneration already apply and due to the limited scope of the article, they have been omitted; they will constitute the basis for further considerations.

The payroll is a document on which the above data is calculated and verified, it should contain (Jacewicz and Małkowska, 2017, p. 183):

1. Identification of the enterprise concerned.
2. Determination of the period for which it was prepared.
3. List of names of employees with a separate amount of remuneration and individual deductions for each person.
4. Signature of the person drawing up the payroll and date of its preparation.
5. Signature of the person approving and date of its approval.

Based on the payroll, the employer is required to draw up an employee's income card. This document covers both remuneration received from the employment relationship and information on the remuneration received from the employer under civil law contracts concluded with his own employee. The income card should contain all the necessary information to prepare full tax and insurance documentation (Styczyński, 2018, p. 73).

The adopted accounting principles (policy) are defined, among others, by the company plan of accounts adapting it to the unit's recording needs. In accordance with the company's plan of accounts, receivables and payables are recognized in the *Payroll accounts*. The rules for recording business transactions on this account are presented in Table 5.

Table 5. Records of remuneration settlements

No.	Content of business operation	Accounting account	
		Owed	Includes
1.	Accounting on the basis of gross payroll to costs	Remuneration	Settlements of remuneration
2.	Social insurance contributions paid by the employee from the payroll	Settlements of remuneration	Settlements with the social insurance institution
3.	Advance on personal income tax deducted from the payroll	Settlements of remuneration	Other public law settlements
4.	Other deductions from the payroll (optional)	Settlements of remuneration	Other settlements
5.	Calculation of social security contributions in the part financed by the employer	Social security and other benefits	Settlements with the social insurance institution
6.	Payment of net salary	Settlements of remuneration	Bank accounts

5. Final remarks and conclusions

The strength of the influence of remuneration as a factor motivating employees to engage in the company's affairs and effective performance of work depends both on its amount and the method of measuring and linking it with the results achieved by the employees and the differentiation appropriate to these results. Legal and organizational conditions that are a "product" of state institutions and managerial pragmatics (to a lesser extent) significantly reduce the implementation of the motivational function of pay, moreover, they create factors that demotivate employees towards work, which are characterized by a negative form of motivation.

The monetary payments and benefits constituting the employee's income and tax exemptions on the one hand, and on the other hand taxes and numerous financial contributions deducted from the employee's income, form an increasingly complicated and incomprehensible system of settling and documenting remuneration. In addition, in practice, remuneration systems often include optional allowances related to the type of work performed. These allowances are determined on different principles, the right to receive them is regulated in separate provisions, company regulations or employment contracts. The employer should not award them on the basis of a unilateral decision (Jacewicz and Małkowska, 2017).

Referring to the principles (recommendations) of effective motivation (Kozioł and Tyrańska, 2002, pp. 60–64), most of them are not properly respected in the system and the process of settlements with employees in respect of remuneration. For example, it is difficult to conclude that the postulate of simplicity and transparency of the incentive system has been duly taken into account in the payroll accounting and documentation system. The provisions contained in the collective agreements of institutions and enterprises, for their part, complicate the structure of the system of remuneration and salaries, which as a result may have an anti-motivational impact.

The most important principle of proportionality is that the remuneration for a given activity should be proportional to the inputs (efforts) and results achieved. This principle is possible only with a sufficiently precise measurement of these inputs and effects. If we assume that a correct measurement was made, then with the current tax scale on the one hand and the amount of tax-free income on the other, better paid employees (above the second tax scale per year) are relatively lower paid than those whose annual income does not exceed the scale.

The implementation of other principles of effective motivation, such as the principle of maintaining incentive thresholds or the principle of internalization of organizational goals, also raises considerable doubts. In the first case, it can be assumed that small amounts of tax exemptions (e.g. PLN 46.33) do not correspond to the amount expected by employees and are not of major importance in the motivating process. The motive for internationalization, which is important and difficult to develop, depends on the convergence of the goals of the state and the organization with the employee's value system. Achieving high work efficiency of employees is possible when what has value for them (taxation of remuneration) does not conflict with what has value for the state (e.g. social policy, health protection), as well as the value for the organization.

The general comments presented concern the motivational issue of settlements with employees in respect of remuneration and the income function to a lesser extent. Comments and proposals are aimed at rationalizing the system of accounting and recording of remuneration without the need to reduce state budget revenues.

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Rozrachunki z pracownikami z tytułu wynagrodzeń w systemie rachunkowości przedsiębiorstwa

Abstrakt: Celem artykułu jest przedstawienie sposobu pomiaru i ewidencji rozrachunków z pracownikami z tytułu wynagrodzeń oraz prezentacja wyników badań empirycznych. Przyjęto tezę, zgodnie z którą skomplikowany i niezrozumiały dla pracowników system pomiaru, rozliczania i dokumentacji wynagrodzeń znacząco zmniejsza realizację motywacyjnej funkcji płac, co więcej – stanowi czynnik odznaczający się ujemną formą motywacji. Jako przedmiot badań przyjęto sposób organizacji pomiaru i ewidencji rozrachunków z pracownikami w ramach systemu rachunkowości, a zakres analizy ograniczono do podstawowych zasad

naliczania wynagrodzeń. Wyniki analizy rozrachunku z pracownikami w badanym przedsiębiorstwie wykazały, że przyjęte zasady (zalecenia) skutecznego motywowania nie są odpowiednio respektowane w systemie i procesie rozrachunku z pracownikami z tytułu wynagrodzeń. W szczególności dotyczy to: zasady proporcjonalności ponoszonych nakładów i uzyskanych efektów, zasady zachowania progów bodźcowych, zasady internalizacji celów organizacyjnych, i innych zasad. W badaniach wykorzystano metodę analizy czynników wpływu, analizę przypadku i metodę ekspercką.

Słowa kluczowe: system wynagrodzeń, płace, rozrachunki, ewidencja