

Paying Commissions

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This guide explains how to pay commissions. It is intended for advanced users.

After you have [set up your GL accounts for commissions](https://aace6.knowledgeowl.com/help/working-with-commissions-and-accounting), you can pay commissions to your team members or to companies who have referred other customers using two methods:

- Create a disbursement
- Create a General Journal entry

Creating a Disbursement to Pay Commissions

1. Navigate from **Main Menu > Accts Payable > Disbursements**.
2. In the menu bar, click **New > Other**.
3. In the new disbursement record, select the entity you want to pay, either the [internal company for your sales rep](https://aace6.knowledgeowl.com/help/creating-a-team-members-related-company-and-contact-record) or the third-party company.
4. Specify the commission payment in the **Amount** field.
5. For the GL Account line, select the commission liability account (e.g. Commissions Payable) that you want to pay down, then enter the same **Amount**.

The screenshot shows the 'Disbursements' application window. At the top, it displays 'Disbursement: 60060' for 'Ned Walker (Test 02)' on '06/28/22' with a status of 'PENDING'. Below this are several sections:

- General Info:** Contains fields for 'Company' (Ned Walker), 'Amount' (150.00), 'Bank Account' (1115 | Cash Checking (AI)), and 'Bank Rec Status'.
- Payee Address:** Contains fields for 'Pay To The Order Of' (Ned Walker), 'Address' (8330 Catherine Dr.), 'City' (Lindenhurst), 'State' (NY), and 'Zip' (11757).
- Payment Info:** Contains fields for 'Payment Method' (CHECK), 'Check #' (13659), 'Check Status', 'Batch', 'Remittance Advice', and 'Memo' (Ned Walker (Test 02)).
- Accounts:** A table with columns for 'GL Account', 'Office', 'Dept', and 'Amount'. The first row shows '2106 Commissions Payable' under 'GL Account', 'AI' under 'Office', and '150.00' under 'Amount'.

At the bottom right, there are summary fields: 'Total Allocated' (150.00) and 'Out of Balance' (0.00). A 'Save' button is visible at the bottom right.

6. Click **Save**, and at the confirmation dialog, click **Post**.

Creating a General Journal Entry to Pay Commissions

Use this method if your commissions are paid through a third-party payroll service.

If you use this method, be sure you're consistently "paying down" the commissions liability account. When you're doing your General Journal entry for payroll, the line items will account for your payroll, including such things as salary, benefits, and processing fees, as well as commissions.

1. Navigate from **Main Menu > Accounting > General Journal** and create a new journal entry for your payroll.
2. Select the commissions liability account in the **GL Account** field and enter the commission amount in the **Debit** field.
3. Create an offsetting entry item, which will be a **Credit** against your bank account.
4. Click **Save**.

Note: Your payroll process will typically include more than these few steps for commissions. Check with your accountant for guidance.
