Working with Commissions and Accounting

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Overview of Accounting Aspects

Because commissions have an impact on accounting, posting a commission statement generates general ledger transactions. Depending on your workflow, you might post a commission statement and pay it on the same day, but you could also post statements periodically (e.g. letting the payables accrue, then pay off that payable at a later date).

When you generate and post a commission statement, aACE creates two general ledger transactions for each item on the statement. On one, the payable account is credited; on the other, the expense account is debited. In a commission statement, the payable account is editable. This means you can control which account accrues. For example, you could create a different GL account for each of your sales reps. This is where your payable account starts to accrue and show on the balance sheet as a liability. (The Commissions Expense will show on the income statement.)

Setting Up the GL Accounts

To manage commissions in aACE:

1. Make sure your aACE system has the necessary general ledger accounts:
   - A liability account — This can be called "Commissions Payable" or similar.
   - An expense account — This can be called "Commissions Expense" or similar.
2. After you have these two accounts in place, navigate to Menu > Accounting > Preferences > Chart of Accounts:
   - Liabilities section > Commissions Payable > Select the liability account from Step 1.
   - Expenses section > Commissions Expense > Select the expense account from Step 1.