PAYE and GST changes

We have some good news, and some bad news!

Firstly, the **good news** - tax (PAYE) rates are being reduced from 1 October. These changes were released in SmoothPay on 18 June 2010 and take effect automatically. A summary of changes are shown in the table below.

ACC Levy remains at 2% (this *increased on 1 April 2010 from 1.7%*).

Due to these changes we have removed the *Tax Tattler* from employee earnings certificates as it's no longer possible to accurately calculate the correct annual tax due to having two different tax percentages paid during this period. We recommend that earners use the free IRD service to see if they have paid sufficient tax during the year, and have altered the earnings certificate to reflect this.

If you pay your employees by automatic payment you need to be prepared for these tax rate changes as your current payments will not match your employees' payslips.

We recommend that all payments be made from direct credit files produced by SmoothPay - this eliminates double-handling of payroll entries and the risk of keying errors. A file can be generated automatically within the pay process and then imported to the bank. We have documentation on our website that helps you set up this process, plus the HelpDesk is more than happy to help.

Now the **bad news** - GST rates are increasing on 1 October, and if you are processing contractor payments or other GST registered staff (agents) paid through SmoothPay, then you will need to alter the GST rates used by SmoothPay - it's dead easy, however you may need to calculate a few adjustments to your GST Return if you operate on a Payments (Cash) or Hybrid basis - instructions for changing the GST rates and links to more information are in the next topic (below).

Changes to GST Rates

Contractors and other GST Registered staff (real-estate agents etc) will be affected by the GST rate increase on 1 October, and you may need to calculate adjustments to your GST Return if you operate GST on a Payments (Cash) or Hybrid basis (your accountant will help you with this).

To change the GST Rate in SmoothPay, choose *Payroll Codes..GST Rates* - change 12.5% to 15% and you're done.

SmoothPay will NOT make the GST rate change automatically.

New reporting options

We've added some new reporting options:

- select the sort order for bulk payslip production (alphabetical – the default method, and by pay point) - there's an extra button on Standard Reports that lets you set this.
- select from various layout options for the GL Costing Analysis (Standard GL+Job, Dept+GL+Job summary, and Dept+GL+Job showing time splits)
- select from various formats and content for Pay Input Summary (default, exclusive holiday, time type split)
- Show YTD KiwiSaver contributions on payslips (*Company Setup..Payslips*). *Note, however, this is likely to be confusing for staff as there is often considerable lag before contributions appear in their kiwisaver accounts.*

Free Internet backup

This article is repeated from last issue, as the helpdesk is receiving numerous calls on this topic.

Many of you use our free internet backup to good effect - your data is safe in case something happens in your business (we've successfully recovered data for many businesses due to hardware failure).

However, many of you experience issues with using this option - generally due to the amazing number of hurdles placed in the way by your computer and it's operating

Tax on Earnings	April-Sept 2010	From 1 October 2010
Up to 14000.00	12.5%	10.5%
" " 48000.00	21.0%	17.5%
" " 70000.00	33.0%	30.0%
9999999.00	38.0%	33.0%

software, and the path to our hosting provider - so here's a quick list of the path your data has to navigate to actually reach our internet server:

- your computer's anti-virus, anti-spyware and/or Windows firewall - this is the primary point of failure, as user's tend to click *No* when asked to allow internet access, and it's usually difficult to undo that response
- your computer's network connection and authentication (username etc)
- your network gateway server and it's internet access rules, or in smaller offices your internet router's gateway and firewall rules
- your company's internet connection (the wire connecting you to the internet, or your provider's broadband router housed in a roadside cabinet)
- your internet provider's gateways and servers, and their connection to the internet
- our website hosting provider, and their connection to the internet

So, you can see there are many potential obstacles, any of which can fatally affect *internet backup*, *email delivery* and *web access*. If you are having difficulties, check with your IT specialist to make sure internet traffic is not being blocked, and if all else fails please give us a call and we'll try to identify and resolve the issue for you.

....

Recent changes and updates

We have implemented an "*Aggregate tax*" option for use where an employee has two or more employee records (due to having different roles within the company: e.g. full-time salary + casual cleaner), you can calculate their tax on total gross rather than separately. This ensures tax and student loan repayments are calculated correctly.

When using the *Relevant Daily Pay (RDP) Assistant* to pay out a Sick or Public Holiday

day you can check that the number of days worked in the last 4 weeks is correct by adjusting, if necessary, the "*Number of days worked*" field on the right. The number of days defaults to the days per week x 4. (e.*g. 5 x 4 = 20*) if the employee is set up as working 5 days. However if the employee only worked 14 days of the last 4 weeks you can simply change the 20 to 14 and this will recalculate RDP correctly.

We have also added a *Parental Leave –* button within the *Employee Holiday Setup*, which provides an easy method to change employees to/from parental leave. You will also be reminded, via the Leave Update Report (produced during *Finish This Pay*) to take the employee off Parental Leave when their anniversary occurs.

When an employee is *terminated* SmoothPay now checks to see if the employee is due any final pay (and how it should be processed), including any Alternative Leave owing, as well as checking for any current pay entries. You should be sure to action these prompts correctly so your employee receives their correct entitlement.

If you have an employee who changes from *casual to permanent* (or the other way) SmoothPay now checks that they have no money owing or current pay entries, and if not automatically terminates the old employee record, and adds an asterisk (*) to the employee's surname. They will automatically be stored in the terminated employee list (RED). If they have entries or money owing they will still be in your current "live" employee list and you can identify them by the asterisk and process as required, i.e final pay. A new employee record will be created with the new permanent (or casual) status and standard pay entries (if any) carried over. It is a good idea to check Employee Settings (*Edit Employee*), including anniversary dates for both sick and holidays. Remember, Sick Leave Anniversary date is six months after their start day and every year thereafter and Holiday Anniversary date is annually from their start date.