



## Getting Started

Welcome to your free 30-day trial for SmoothPay Payroll

Matt and the SmoothPay HelpDesk team are available to provide assistance and expert advice - just call (06) 353 6462

These are some of the most important and informative guides (summarised below) to help you during your evaluation...

[Getting training, support and assistance for SmoothPay](#)

[SmoothPay's easy 5-step pay process](#)

[Migrating data from other payroll records](#)

[What does "Compliance" really mean for payroll?](#)

...and we have much more information available both in our built-in help (use F1 or select Help from the menu or toolbar) and in our extensive library of topic-specific guides (everything from ANZ to Xero) available in the Learn section of our website.

We'd like to assist you to get your payroll system up and running as painlessly and quickly as possible, so please, call with any questions.

Thank you for trialling Smoothpay - we look forward to the challenge of providing you the best payroll experience in New Zealand.

### Getting training, support and assistance for SmoothPay

SmoothPay provides "Direct-to-Desktop" support and training - you learn how to use SmoothPay more quickly in a one-on-one training environment - using your data, and on your computer.

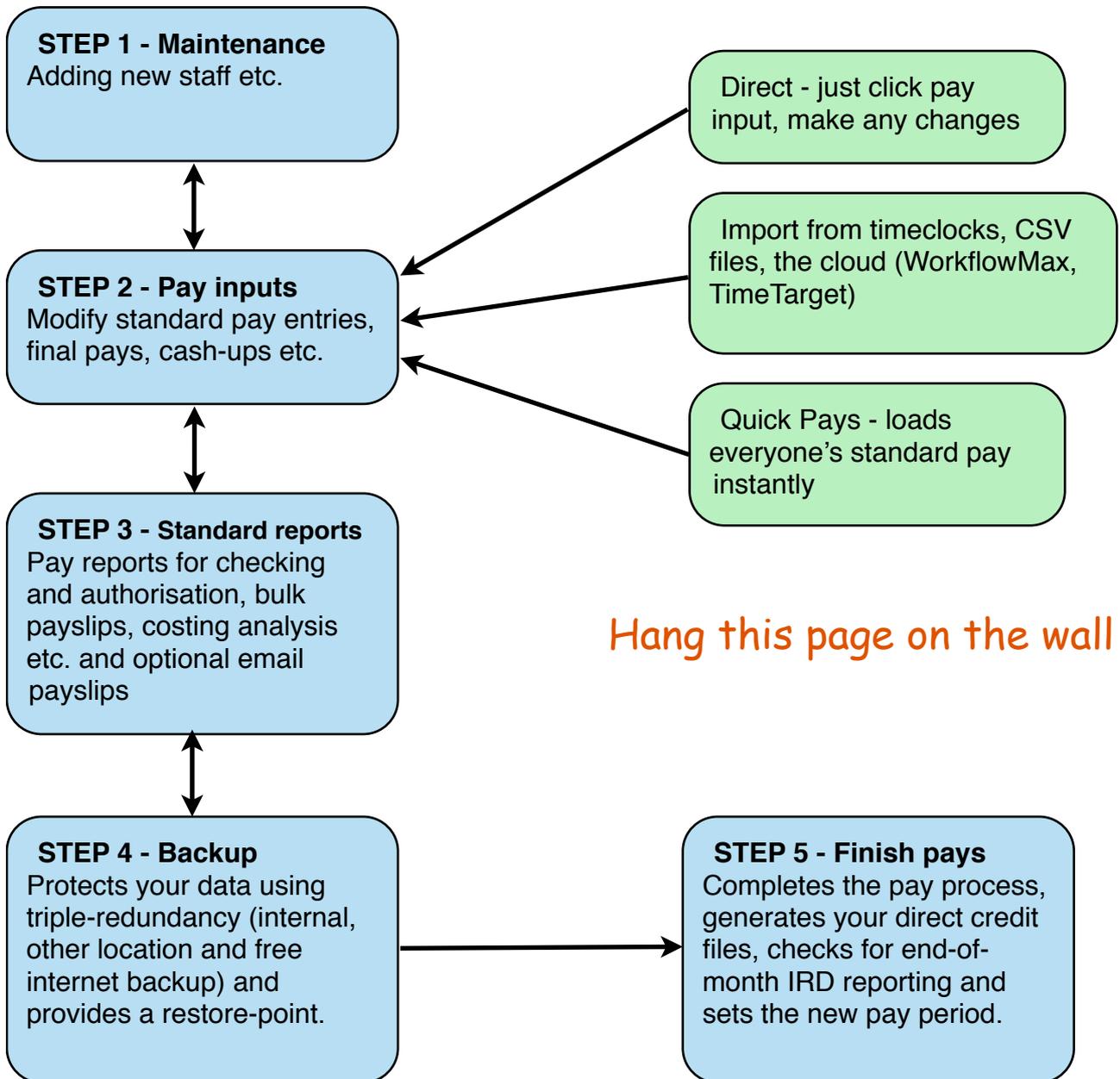
We use a licensed and branded TeamViewer Quick Support tool to provide this service, both as part of your evaluation and as needed while your subscription remains current.

To contact our helpdesk or request online training, just call:

**(06) 353 6462**

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# SmoothPay's easy 5-step pay process



More detailed coverage, examples and tutorials are available in the online help (F1 and Help menu) and from the SmoothPay website.

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# Migrating data from other payroll records

SmoothPay has been providing payroll software since 1995, and we have a lot of experience in assisting clients to move their valuable payroll history from other payroll systems towards the modern, powerful and compliant SmoothPay Payroll.

## Here's a brief on how to proceed for data transfer from existing computerised payroll:

- contact our helpdesk on (06) 353 6462 to discuss data transfer options - we have processes to transfer data from most common NZ payroll databases and generally only require a current backup of your data
- your existing data will be migrated into Smoothpay's open DBF format and returned to you in ready-to-check format along with suggestions of what needs checking
- when you're happy with the quality of the data migration then we perform a final migration
- you attend to any data and compliance issues (e.g. most common NZ payroll systems do not comply with the Holidays Act, the Parental Leave and Employment Protection Act etc., and many are pretty limited in how they manage Govt. agency payment orders, debt reduction payments and even common Student Loan and KiwiSaver issues)
- You start using SmoothPay for regular pay periods

## Here's an alternative for user's coming from manual/spreadsheet-based systems:

- Capture each employee's historical pay totals Add your employees - you need to have their IR330 (Tax Declaration), bank account/s, historical pay details etc.
- Capture each employee's historical pay totals (this can be done as individual pay batches for accuracy, or "averaged" by simply capturing totals from 1 April and totals from their last anniversary date.)
- Capture each employee's leave balance, for each leave type, remaining from their last Holidays Act accrual
- Establish their Standard Pay entries (typical pay entries such as usual hours, usual allowances, deductions and bank accounts) - Note that any required allowances, deductions, extra bank accounts, cost centres etc can be added on-the-fly whilst you set up each employee's pay.
- Start using SmoothPay for regular pay periods

Note that SmoothPay is one of very few (if any) Holidays Act compliant payroll systems in New Zealand and it is expected that you will use it that way. Please see our compliance section for more information.

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# What does “compliance” mean for payroll?

Many payroll software suppliers claim varying degrees of compliance, and others "talk" about compliance but don't actually implement the rules. This makes such systems little more than pay calculators requiring significant effort to process payroll correctly, and often produce inaccurate results.

SmoothPay is New Zealand's leading provider of Holidays Act, Parental Leave Act and IRD compliant payroll software - but what does that mean for you?

## Holidays Act Compliance

### Annual Leave

Payroll must accrue, value and consume annual leave in weeks otherwise it is non-compliant (no ifs, buts or maybes - non-compliant payroll means your staff will typically be short-changed).

The Act is clear, and although it muddies the waters a bit by allowing other accrual methods (*with written agreement from the employee as to what constitutes a week*) you would still need to ensure that the amount of leave taken and the values paid meet or exceed the same calculations using weeks. If it can't do that, then it is non-compliant (*and illegal*).

Employee's are entitled to payment for any week of leave taken to be valued at the better of their current contract (*may be determined by averaging the last 4 weeks*), an agreed weekly amount, or their average weekly earnings over the last 52 weeks (*the divisor is generally reduced by absent weeks, and the accrual anniversary may be deferred due to periods of recorded Leave Without Pay*).

Employees and employers often expect leave to accrue as you go (*this is not compliant, the Act prescribes accrual of 4 weeks on each service anniversary*), and expect it to show on payslips "accrued to date", in "hours" etc., none of which is correct, is not recommended by the Department of Labour, and is at best misleading by implying the employee has a leave entitlement which they do not have a legal right to. The risk to employers showing leave estimated (*or worse, accrued*) to date is that the employee has an expectation to an entitlement and the employer may be paying an extra 8% premium on leave paid in advance of their real entitlements if the employee leaves.

### Sick Leave

*(and most "other" leave such as Alternative and Public Holiday Leave)*

Payroll must accrue, value and consume sick leave in days otherwise it is non-compliant.

Sick leave is valued as follows:

If you know what the employee would have earned had they been at work (*and you need to take into account any possibility of overtime, any potential productivity bonuses and any other payments that could accrue for a day at work*) then pay that amount.

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If you don't know (*or are not exactly sure*), then you must value the day based on the employee's average daily pay over the last 52 weeks (*even though that amount might be significantly different to a "normal" day*). This requires that your payroll provides a means of recording how many days the employee is being paid for every pay period for at least the last 52 weeks.

### **Alternative Leave**

Payroll must value this as per the Sick Leave methods described above.

It is not correct to accrue hours-for-hours: if an employee works any part (no matter how short) of any public holiday then they are entitled to receive a whole day of alternative leave to replace the Public Holiday (and you don't need to pay them for the remainder of the public holiday, which may again affect "salary" staff).

### **Recording hours worked and days paid**

Payroll must provide a way to record the number of days paid per pay period otherwise it is non-compliant. This is to ensure that you have the means (*even though you may never need to use it*) of determining an employee's average daily pay.

Many payroll systems allow users to record "1" as the units of salary being paid (just an example) and fail to record how many days that payment represents.

Similarly, your records must keep track of time worked, even for salaried staff.

### **Salaried Employees**

The term and common usage of "salary" is deemed to mean that an employee receives the exact same amount of pay per period, regardless of hours worked, leave taken, etc.

Unfortunately, this common usage isn't protected or even defined by the Holidays Act, and consequently paying staff for annual leave by paying them their salary instead of potentially higher Average Weekly Earnings is non-compliant (*an employee may receive more for going on holiday than staying at work*).

Furthermore, given that a salary covers all hours worked, and that you are required to record the actual hours worked to ensure that the employee is receiving the minimum hourly rate, then if their "salary" divided by the actual hours worked produces a rate less than the minimum wage then you are obliged to top up their pay. Again illustrating that a "salary" has no real meaning and may vary (*you cannot contract out of an Act: you cannot make an agreement that opts out or reduces the minimum requirements of an Act*).

## **Parental Leave Compliance**

The Parental Leave and Employment Protection Act prescribes numerous additional leave entitlements (*special, maternity, partner/paternity, extended, preference*) as well as an additional 12 month "shadow" period after extended leave has ended - collectively referred to as Parental Leave.

Payroll must provide a way of identifying annual leave accruals that occur during the period of Parental Leave (*up to 2 years, including its shadow*), as this leave is valued differently to the provision of the Holidays Act.

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Payroll must provide a means of correctly valuing any such accrued leave using the Parental Leave Act rules at the time the leave is consumed.

PL accrued leave is valued either at the average weekly earnings (*using 52 as the divisor*) if the leave is taken within the PL period (*including it's shadow*) which can mean a significantly lower value than the employee might expect. If the leave is taken after the shadow period, then the Holidays Act AWE calculation applies instead (*divisor may be reduced by absent weeks/LWOP*).

## IRD compliance

Many payroll systems implement simplistic rules for taxation calculation, and indeed many of the rules specified by IRD in their payroll developers specifications are ill-defined and often open to interpretation.

SmoothPay provides the following (and much more):

- Correct PAYE calculations for all tax codes and all pay cycles
- Correct calculation of Extra Pay payments (*where the tax rate is determined by earnings over the last 4 weeks*), and also provides employee Extra Pay Tax Elective options
- Auto-reduction of child support and all other government agency payment orders where employee's protected net pay limit would be exceeded
- Correct ESCT calculations and automatic setting of the ESCT rate based on previous years earnings
- Automatic production of correctly formatted irFiles for electronic filing of IR345, IR348 and KS1 schedules
- A full range of tax reconciliation reports

Note that SmoothPay is one of very few (if any) Holidays Act compliant payroll systems in New Zealand and it will encourage you to use it that way.

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