

Deductions Collected for Payment to other Agencies

SmoothPay provides easy methods for collecting payments from staff to be passed on to other agencies such as **Courts, WINZ, Inland Revenue** tax arrears, **rent, debt repayments** and so on.

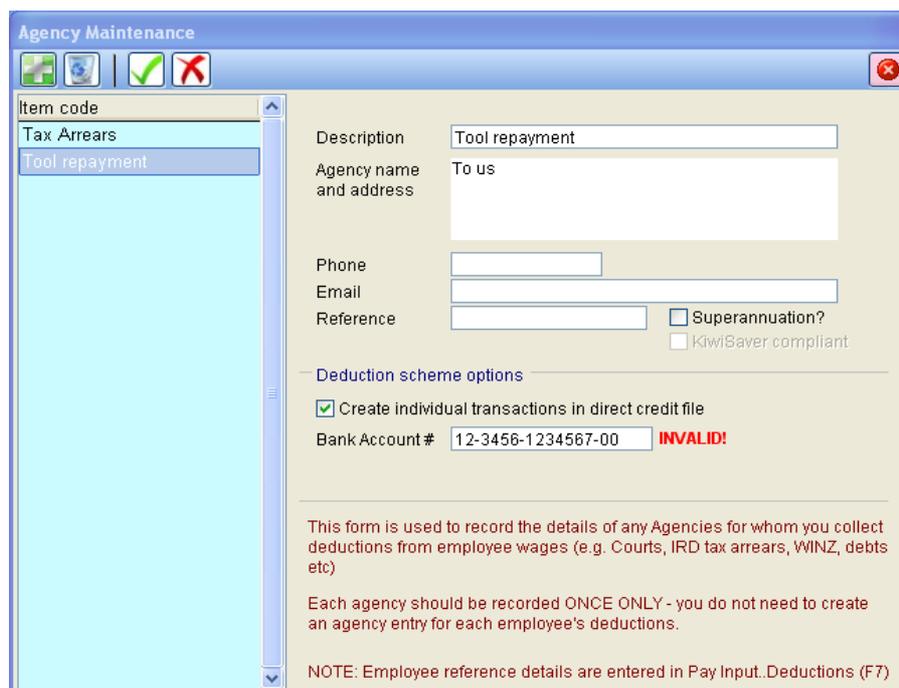
- **You only need ONE agency record for any distinct agency** (and this is where the agency details, bank account number etc are set.)
- You then **link a suitable deduction code to the agency** and identify if the payments are to be itemised (or not) for the direct credit file.
- *If you need to you can have more than one deduction code linked to the same Agency recipient (usually required only where the employee has multiple instances of a debt payable to the same agency, such as multiple fines, multiple debts to the same agency etc.).*
- Each employee making payments has the **deduction code added to their standard pay** and you can specify a total amount to be paid off, how much to be paid each period, their individual reference details for direct credit.
- If the payment is to any Government agency then tick the **Government Agency** option to enforce "protected net pay" rules to avoid excessive deductions occurring.

Creating an Agency

- Choose **Payroll Codes...Agencies** - add an entry (our example – Tool repayment for tools charged to the employer's account and to be paid off by the employee)

The "Agency name" is the recipient of the payments deducted from wages (e.g. whoever the debt is owed to)

If you specify a Bank Account number then any Deductions linked to this Agencies will be collated and included on your Direct Credit Schedule File.



Creating a Deduction linked to an Agency

- Choose **Payroll Codes...Deductions** - add an entry and link it to the appropriate Agency
- This Deduction's Method of Calculation should be "amount per pay period", although any of the Methods of Calculation provided can be used.

The screenshot shows the 'Deduction Maintenance' window. On the left, a list of item codes includes ADVANCE, TOOL (highlighted), SOCIAL, TAXARR, and UNION. The main area contains the following fields and options:

- Deduction code: TOOL Inactive
- Description: Tool payment
- Category: Deduction
- Method of calculation: Amount per pay period (with 'Fine Tune' button)
- Use a scale of rates (with 'Edit scale' button)
- Agency: Tool repayment
- GST method: None (applies only to regd employees)
- Stop GST to GL? (set only if GST has already been accrued in GL)
- Ledger account: CONTROL (Wages Control Account)
- Employer calculation (employer calculation only - does not affect employee's net pay. Useful for subsidies etc)

NOTE: Rates/amounts are entered when this code is used during pay input

- Link this Deduction to the correct Agency (as illustrated)

Add an agency payment (deduction) into an Employee's Pay Input

- For each Employee paying off a debt, choose **Pay Input...F7 (Deductions)**
- Click Add Entry, then click on Deduction Code and select the relevant Deduction code (e.g. Tool repayment in this instance - you'll note that an agency deduction has an extra area at the foot of the usual deduction fields where you establish the rules for the deduction.

Deductions Entry for L. MacPherson

Description	Units	Rate	Value
Tax arrears	1.00	125.440000	125.44
Tool payment	1.00	25.000000	25.00

Buttons: Add entry, Delete entry, OK

Deduction Line Editor

Deduction code: TOOL Units: 1.00 Rate/Amount: 25.000000
 Comment: Value: 25.00

Calculation method: Amount per pay period

Agency details required for this deduction

Tool repayment Particulars: mcperson Code: tool Reference:

This is a reducing balance deduction, and the balance owed is \$ 150.00

- Prioritised Deductions (Protected and priority amounts may reduce depending on net pay value) -

Priority: Compulso Rate/Amount attempted each pay: 25.000

Government agency? Do not deduct below net pay of \$

- If you specified "Individual transactions" in the agency setup (*this is usual for payments to other agencies so that the receiving agency can identify the account being paid*) then enter the details required to appear in each of the **Particulars, Code** and **Reference** fields - this information will then appear on the agency's bank statement.
- Balance to be paid off:** If the employee owes a known amount then tick "This is a Reducing Balance Deduction, and the Balance Owed is \$" enter the "Balance Owed".
 - The "Balance Owed" can be manually altered as more Debt is incurred or a Lump Sum is paid off the amount owed. You can also view or edit the "Original Balance" by pressing F2 in the "Balanced owed" field.
 - The amount of the Rate/Amount Attempted Each Pay is taken from the Reducing Balance (if specified) until the balance reaches zero, when it will automatically stop deducting.
- Payments can be prioritised** (some may be less urgent than others) - this is normally set to Compulsory.
- The amount specified in the "each pay" field will be deducted each pay period until removed from the employee's standard pay or until the balance owed reaches zero.
- Protected net pay:** You are also able to protect a certain amount of net pay by ticking the "Government agency" option.
- The "Do not Deduct Below Net Pay of \$" option is not required for Government deductions, but may be used to further restrict other deductions if needed (e.g. *paying back an advance on pay, but you want to ensure they receive at least \$100 net pay etc*).
- Make sure you save the new Deduction as part of the Employee's Standard Pay by clicking the "Save Input as Standard Pay" button on the Pay Input screen once the Deduction has been set up.

Reporting on Agencies, Allowances and Deductions

- Reports..Listings: provides a list of agencies, and payments being made to each agency



- Reports..Employee reports..Allowance and Deduction History lets you examine transactions for any/all allowance and deduction for any date range.



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