

PAY2K End of Year Checklist

This checklist is a guide to the sequence of steps you should take to complete the End of Tax Year processing in Pay2k. It is a guide only and some steps may not be appropriate for your school/business, or you may have further requirements to fulfil.

<input type="checkbox"/>	Ensure you are running Pay2k version 1.00.501 or later. This version has the payment summary layouts required for June 2011.
<input type="checkbox"/>	Complete the final pay for June 2011. Process as normal the last pay for the Tax year. If you use SAS2000 then you should also transfer the pay to the General Ledger using the FILE ▶ GL TRANSFER program.
<input type="checkbox"/>	Run Yearly Reports. Run Pay2K reports that will help you reconcile your yearly figures. A good report to run is the Employee History Summary Report, REPORTS ▶ PAYROLL ▶ EMPLOYEE HISTORY (SUMMARY) . Run this for all employees for the full tax year (01/07/2010 to 30/06/2011) to help reconcile gross and tax figures. Another is the Monthly Tax Report (END PERIOD ▶ MONTHLY TAX REPORT). You can run this report for the entire tax year. Also print your Superannuation reports as required.
<input type="checkbox"/>	Check Employees. Make sure your employee address details are up to date. Check that terminated employees are marked correctly. They will be archived or removed during the End of Year process. An employee's termination date can be found on the HISTORICAL tab under EMPLOYEE DETAILS .
<input type="checkbox"/>	Company Details. Ensure School/Company details are all entered under MAINTENANCE ▶ SYSTEM PARAMETERS ▶ GENERAL tab. These fields are exported in the Payment Summary file that goes to the Taxation Office.
<input type="checkbox"/>	<p>Reportable Fringe Benefits. Before printing payment summaries you need to make sure that any reportable fringe benefit is recorded on your employee records. For more details on recording FBT figures see Appendix A.</p> <p>Note: For the FBT Year ended 31/03/2011 the FBT Rate is 46.5% and the FBT Threshold is \$2000. Refer to the ATO web site for full details.</p> <p>FBT Rate http://www.ato.gov.au/businesses/content.asp?doc=/content/76140.htm</p> <p>FBT Threshold http://www.ato.gov.au/businesses/content.asp?doc=/content/76140.htm&page=11&H11</p> <p>Calculation of FBT Rate http://www.ato.gov.au/businesses/content.asp?doc=/content/52011.htm&page=4&H4</p>

Continued on next page

<input type="checkbox"/>	<p>Reportable Super. Before printing the payment summaries you need to ensure that all your superannuation transactions that record reportable super have been flagged as reportable.</p> <p>Reminder: Super Guarantee payments are NOT reportable on the Payment summaries.</p> <p>For details on identifying the reportable super transactions see Appendix B</p> <p>Refer to the ATO web site for full details on Reportable Super http://www.ato.gov.au/businesses/content.asp?doc=/content/00189411.htm</p>
<input type="checkbox"/>	<p>Deductions. Before printing the payment summaries you need to ensure that all deductions for Union fees, Professional Association fees or Work Place Giving have been identified. For details on identifying Deduction see Appendix C.</p>
<input type="checkbox"/>	<p>Payment Summaries. Produce Payment Summaries and send the file to the Taxation Office. Full details on producing payment summaries can be found in Appendix D.</p>
<input type="checkbox"/>	<p>Close End of Year. The close end of year clears figures and archives or removes terminated employees. It also takes a copy of your data in case you need to review the past tax year. Appendix E explains this step in detail.</p>
<input type="checkbox"/>	<p>Upgrade Pay2k. Before processing your first pay for July 2011 you need to upgrade to the new version of Pay2k. It contains the changes to apply the Flood Levy Tax for the 2011-2012 taxation year. We will notify you via email when the new version of Pay2k is available.</p>
<input type="checkbox"/>	<p>Update Tax Constants. Before processing your first payroll in July, you need to update the tax constants as the ATO have advised that employers should use the new rates from July 1, 2011. Human Edge will provide a file and instructions prior to the end of June. You should not run this until you have completed your final pay for June.</p>

Appendix A: Recording Reportable Fringe Benefits in Pay2K

What are reportable fringe benefits?

If you have any employees that have received fringe benefits over the value of \$2,000.00 for the period 1st April 2010 to 31 March 2011, then the "grossed up" value, or reportable fringe benefit amount, must appear on their Payment Summary. The grossed up value is the amount an employee would have to earn to achieve an equivalent amount under normal tax conditions (assuming a nominal tax rate of 46.5%). For example if an employee received fringe benefits to the value of \$3000, then the reportable fringe benefit, or grossed up value, would be:

$$\$3000 / (1-0.465) = \$5607$$

Setting the FBT rate

To setup Pay2k you need to ensure that the nominal FBT Rate has been entered correctly into Pay2k:

●	Go to MAINTENANCE ▶ TAX CONSTANTS
●	Select EDIT mode.
●	<p>If you want Pay2k to calculate each employees grossed up value (as demonstrated above) then enter 0.4650 in the FBT Rate field.</p> <p>OR</p> <p>If you have a 3^d party that handles salary packaging and FBT requirements, and they already provide you the grossed up amounts, then set the FBT Rate field to be 1.0</p>

Recording Employee FBT figures:

Pay2K can be configured to track the amount of FBT received by an employee during the year by marking specific TRANSACTION TYPES as FBT related, generally these are salary sacrifice/packaging transactions. If you have done this then your FBT figures will already be recorded on the employee records. All you need to do is check to see if the figures are correct.

If you prefer to enter the FBT figures manually, at the end of the Tax year, then follow these steps.

For each employee who receive fringe benefits over the value of \$2000 (grossed up value \$3738) then:

●	Go to MAINTENANCE ▶ HUMAN RESOURCES ▶ EMPLOYEE DETAILS .
●	Find the employee's who receive fringe benefits over the value of \$2000 (grossed up value \$3738).
●	Click on the HISTORICAL tab and select EDIT .
●	If Pay2K is setup to calculate the grossed up value then enter the employee's value of FBT benefits in the FBT PRE-APRIL field, otherwise enter the grossed up value.

Appendix B: Reportable Super

The amount of Reportable Super has to be included on the Payment Summaries.

Information on which superannuation contributions are reportable is available from the ATO web site at

<http://www.ato.gov.au/businesses/content.asp?doc=/content/00189411.htm>

Reminder: The reportable employer super contributions on the payment summaries should:

- NOT include super guarantee payments for the employee.
- INCLUDE additional employer contributions made. For example, super contributions made on behalf of an employee under a salary sacrifice arrangement.

Refer to the ATO documentation for full details of which super amounts are reportable.

To identify in Pay2k the transaction type that record reportable super

●	Select MAINTENANCE ▶ TRANSACTION TYPES.
●	FIND a super transaction that records reportable super.
●	Ensure the REPORTABLE SUPER ON PAYMENT SUMMARY field is ticked.
●	Ensure that the PORTION REPORTABLE field is set to the correct percentage.
●	SAVE
●	Repeat these steps for each superannuation transaction that is reportable.

The Reportable Super report in Pay2k lists each employee with their superannuation and the amount of superannuation that has been identified as reportable.

The report is located in

END PERIOD ▶ SUPERANNUATION REPORT ▶ REPORTABLE SUPER

Run the report for the full tax year (1/7/2010 to 30/6/2011)

Appendix C: Deductions

The amount deducted for union or professional association fees or for work place giving is reported separately from other deductions in the empdupe file that is sent to the ATO.

To identify which deductions are for union or professional association fees or for work place giving.

●	Select MAINTENANCE ▶ ALLOWANCES/DEDUCTIONS.
●	Select the DEDUCTION tab.
●	Select EDIT.
●	Set the DEDUCTION TYPE column to the appropriate value for each deduction. The setting options are: <ul style="list-style-type: none"> ● Union/Professional Assoc ● Work Place Giving ● Blank for all other deductions.
●	SAVE

Appendix D: Producing Payment Summaries

Before printing Payment Summaries you need to ensure that all information used on the payment summary is correct. School / Business information such as address and ABN details should be entered through **MAINTENANCE** ▶ **SYSTEM PARAMETERS** ▶ **GENERAL** tab. All Employee address details, date of birth (optional), & tax file numbers should be checked using **MAINTENANCE** ▶ **HUMAN RESOURCES** ▶ **EMPLOYEE DETAILS**.

Notes:

Pay2k produces plain paper payment summaries. If this is the first time you will be submitting payment summaries on plain paper then you need to register with the Taxation Office to submit them on plain paper. You will need to provide the name of the software you use. You should tell them it is "HUMANEDGE EDGE PAYROLL VERSION 1.00.501".

To lodge the Payment Summary annual report using the ATO ECI (Electronic Commercial Interface) software you need to be registered with the ATO to obtain access to their online services and download the ECI software. Refer to the ATO web site for details on the ECI software

<http://www.ato.gov.au/businesses/content.asp?doc=/content/00144032.htm>

Printing Payment Summaries:

●	Go to END PERIOD ▶ PAYMENT SUMMARY
●	Make sure all employees that need payment summaries are listed and selected on the left hand side. If an employee has an asterisk (*) next to their Tax File Number it may be incorrect and should be checked before proceeding.
●	Select the REPORT ORDER you require for the report and the payment summaries. The options are code, last name, department, or cost centre.
●	Print the report first by using the PRINT or PREVIEW buttons on the right hand side of the screen. Check the figures on this report to ensure they reconcile with the Employee History report, and also the tax amounts that you have paid to the Tax Office for PAYG tax.
●	Make sure the Year Ending field reflects the correct date. You can also enter the PAYG Summary date and/or the name of the signatory. If you do these will print on the summary and save them having to be hand written.
●	Run the Payment Summaries. The Payment Summary has one page. Some school choose to print a second copy, just in case an employee loses the original.
●	Run the Payment Summaries again for your own records, if required.

Producing the ATO transfer file:

●	Go to END PERIOD ▶ PAYMENT SUMMARY
●	Click on the ATO TRANSFER FILE button at the bottom right hand side of the screen.
●	Make sure all the employees who received a payment summary are listed and selected on the right hand side.
●	Fill in your school/company details on the left hand side. All fields should be entered.
●	Make sure the Test Run option is NOT SELECTED.
●	<p>Just above the CREATE FILE button is the path and filename of where the transfer file will be created. The file name is always EMPDUPE, but you can choose the folder to where it should be written. It is recommended that you first store the file on your hard disk. By writing the file to your hard disk, instead of straight to a disk, you will retain a copy of the file. If for any reason the Tax Office cannot read the original file you send them, you will be able to easily make another copy without having to go back to an old Pay2k database to re-run.</p> <p>Tip: If you write the file to the hard disk then remember its location, as the file will need to be copied to a disk for sending to the Tax Office.</p>
●	Click the CREATE FILE button. Pay2k will warn that this is a Production Run of Payment Summaries and will report if there any problems with exporting the information (ie: the ATO does not accept full stops in address fields so Pay2k will report these. You should fix these errors and run again).

Sending the File to the ATO:

Once you have created your Payment Summary transfer file you need send it to the ATO.

You can send the file to the ATO on Magnetic Media or through the ATO's ECI (Electronic Commercial Interface).

Note: To use ECI you need to be registered with the ATO to get access to their online services and download their ECI software. For information on the ECI refer to the ATO web site

<http://www.ato.gov.au/businesses/content.asp?doc=/content/00144032.htm>

Send the File on Magnetic Media

●	<p>Copy the file to a new disk, e.g. a floppy diskette. It's best to use new media as old media may cause problems with the Tax Office successfully reading the file. Use Windows Explorer to ensure that the file EMPDUPE appears on the disk. (E.g. A: Drive).</p> <p>Note: Refer to the ATO Magnetic Media Information form for the media types that are accepted. This form is available from http://www.ato.gov.au/content/downloads/MEI30459PSARMagMediaV8.pdf</p>
●	<p>Clearly label the disk, with your school / business name and a unique six character identifier. For example</p> <p style="text-align: center;">St. Mary's Primary – South Melbourne Identifier: STM001</p>
●	<p>Fill in the 'Magnetic Media Information' form supplied by the ATO. This form must accompany the disk. The 6 character identifier that you have written on the disk must also be entered on the form.</p>
●	<p>Send the disk and form, in a computer disk mailer or post pak to the address listed on the Magnetic Media Information'.</p>

Send the File using ECI

●	Login to the ECI software
●	Upload the empdupe file according to the instructions from the ATO on using the ECI software.

Appendix E: Close End of Year

The Close End of Year step in Pay2k performs the following functions:

- Clears both Month to Date and Year to Date figures from employees, transactions, and departments.
- Archives or Removes employees who have been marked as terminated.
- Provides the option to remove history records (ie: records used for reporting previous pays and also payslip enquiry). If you wish to remove all past history and start the New Year with nothing then set the 'Date to Keep Employee History From' to 01/07/2011.
- Provides the option to delete terminated employees that have no history.

As the Close End of Year may remove data a backup database is made. By default the name given to this backup is based on your current database and the current date. As this is the End of Year we suggest you give the file the following name:

Pay2k-June 2011 EOY.mdb

(to be recognised as a Pay2K database the filename must start with Pay2k-)

Running Close End of Year:

Important! You must run the Close End of Year prior to processing your first pay for the New Year.

●	Go to END PERIOD ▶ CLOSE END OF YEAR
●	Select the 'Date to Keep Employee History From'. The default is to keep all history. Note: The 'Date to Keep Employee History From' option deletes all pay history in the database up to the specified date.
●	Select if you want to 'Delete terminated employees that have no history'. The default is to keep the employee information. Note: This option will not delete terminated employees with pay history in the database. The terminated employees will be marked as Past Employees. The past employees pay information will be available in the database to appear on previous year reports. Provided you have selected to keep the employee pay history. The 'Delete terminated employees that have no history' option will delete terminated employees with no pay history. It will delete terminated employees whose pay history will be fully deleted by the 'Date to Keep Employee History From' selection. The ability to keep past employee information became available in March 2007. Prior to this date terminated employees were always deleted by the Close End of Year process.
●	Set the Backup database filename to Pay2k-June 2011 EOY.mdb
●	Select OK