

2017 Ace Payroll compliance upgrade

3.44A 2017 upgrade

What's new in this release

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Installing your March 2017 upgrade

Did you know that you can download the latest version from within Ace Payroll?

Simply follow these 3 easy steps.

STEP 1

Backup your payroll data to an external drive and close any open programs.*

*You may need to log in as a Windows administrator do this.

STEP 2

Go to Utilities > Ace Payroll Online > Download An Upgrade and follow the onscreen instructions.

STEP 3

Start Ace Payroll, press F5 and check it displays the latest version number 3.44A.

If you experience any difficulties, please check you are connected to the internet and have administration rights to install new software.

Alternatively
you can insert
the enclosed
CD and follow
these steps.

1 Open Ace Payroll, select Utilities then System Information

2 Write down the Program Folder location (the upgrade will be installed to this folder)

3 Quit Ace Payroll

4 Insert CD and follow onscreen instructions

5 Open Ace Payroll and press F5 to check you're running the latest version.

News

Inland Revenue holiday pay ruling reminder

Back in March 2016, Inland Revenue issued a ruling stating that certain types of holiday pay must be taxed at the higher PAYE rate of extra pay, rather than the regular salary or wages rate.

We released software version 3.43D on 31 March to help you handle these new requirements.

The higher extra pay rate will be applied to holiday pay in advance, cashed up holiday pay, and termination payments. As you add holiday pay, Ace Payroll will calculate the correct PAYE rate for you.

Here's how it would work if you entered **holiday pay in advance** for an employee:

- 1 Click **Calculate Pays**, then **Leave**.
- 2 Click **Holiday Pay**.
- 3 For this example, click **Current Employee** (but remember, the **Termination Payment** and **Cash Up Holiday Pay** options will also attract the extra pay rate).
- 4 You'll be prompted to **Enter Days** taken and **Enter Daily Rate**, and then **Confirm** the details you've entered.
- 5 Click **Holiday Paid In Advance** (the **Taking Paid Holidays** option will attract the regular salary or wages rate).
- 7 If you want, you can click **Report** to see how the rate was calculated.
- 8 When you're done with the **Report**, return to the previous screen and continue. You'll be prompted to **Confirm** the details to finalise the holiday pay.
- 9 The holiday pay will be entered in the **Calculate pays** window. If you need to, you can edit it by clicking in the field.

Holiday & Leave

Public Holiday Taken - pay an employee for a public holiday on which they did not work.
Sick Leave Taken - for an employee away on sick leave.
Holiday Pay - either taking annual leave, or on termination.
Bereavement Leave - when the employee has suffered a bereavement.

Public Holiday Worked - use this method when an employee works on a day that is a public holiday.
Alternative Holiday Taken - when an employee takes an alternative holiday that arose from their working on a public holiday.
Alternative Holiday Sold - to pay an employee if they have not taken an alternative holiday after twelve months.
Leave Without Pay - to itemise days off for an employee on leave without pay.

Current or Final Holiday Pay Annual Leave entitlement

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Current Employee - your employee is taking leave and wants to be paid some or all holiday pay that is due to them.

Termination Payment - select this option if your employee is terminating their employment with you.

Cash Up Holiday Pay - at the request of an employee, cash up to one week of the annual leave entitlement.

Holiday As Per Tax Consent Full Year

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Holiday After Full Year Service

Reporting	Weekly	Daily	Data Entry
Annual Average	600.00	120.00	<input type="checkbox"/> 1. Enter Days Taken <input type="checkbox"/> 2. Confirm Daily Rate
Four Week Average	600.00	120.00	
Current Usual	600.00	120.00	
270 Days Owing (to last anniversary 29/01/2016)			<input type="checkbox"/> Holiday Pay Paid

Taking Paid Holidays - the holiday pay is taxed as part of the regular pay.
Holiday pay paid in substitution of the employee's ordinary salary or wages when the employee takes annual paid holidays. This type of holiday pay is "salary or wages". The gross amount of holiday pay should be allocated appropriately to the number of days/weeks of leave taken, and then the PAYE tables applied.

Holiday Paid In Advance - the holiday pay is taxed as an extra pay.
Annual accrued holiday entitlement paid as a lump sum before the holiday is taken (holiday pay paid in advance). This is treated as an "extra pay" and PAYE should be deducted using the rates for extra pay.

Extra Pay Annualised Earnings Report

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What You Are Doing

- You have paid some holiday pay that is an extra pay, were selecting the extra pay tax rate, and are now checking the calculation of the annualised gross earnings.
- You paid **\$400.00** of holiday pay to **CARTRIGHT, Roland T** for the period ending **22/01/2017**.
- It is the **Commissioner's Position** that this holiday pay is taxed as an extra pay.
- The estimated annualised gross earnings are **\$31,600.00** suggesting the **Low** rate of **18.89%**.

Extra Pay Annualised Earnings Report

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What You Are Doing

- It is the **Commissioner's Position** that this is taxed as an extra pay, for which you have chosen the **Low** rate of **18.89%**.
- Press the **BACK** button to change the above values.
- Press the **CONFIRM** button to record the extra pay tax rate, once you are confident of the data entered.

Back **CONFIRM**

Compliance update

2017/18 tax and compliance changes

With new financial year fast approaching, you can trust MYOB Ace Payroll to simplify your tax obligations.

This compliance upgrade includes:

- + Fully updated ACC rates and thresholds for the 2017/18 financial year.
- + If you have an employee using a Special Tax Code the PAYE on extra payments will now be calculated using that code.
- + The ACC Levy Threshold cap will now be applied to extra pay amounts and holiday pay that's paid in advance.

Enhancements

Filter one off reports by department

If you assign employees to departments and have frequently used the **One Off Report** - you can now filter the report to show employees for a single department.

When choosing your **One Off Report** options, click **Selected Only** in the **Department** box and then select the department you want to report on.

The screenshot shows the 'One Off Report' screen. At the top, a note says: 'This report returns the Gross, Tax, Student Loan and Nett Pay together with total Deductions and After Tax Extras paid to your employees.' Below this, there are two sections for selecting employees: 'All Employees' (checked) and 'One Employee' (unchecked). To the right, there is a 'Department' section with 'All Departments' (unchecked) and 'Selected Only' (checked), which has a pink oval around it. Below these are date range fields ('Report From: 01/12/2016' and 'Report To: 31/01/2017'). On the right, there is a 'Detail' section with 'Itemised' (checked) and 'Totals Only' (unchecked). At the bottom are 'GO' and 'stop' buttons.

Holiday Pay entitlement calculations made easier

Your employees might need to change the number of days they work per week. You can now choose how to handle their outstanding holiday pay entitlements.

You can choose to either:

Keep the current number of days they are owed, and work out future holiday pay entitlements based on their new working arrangement.

or

Recalculate their existing holiday pay entitlement balance based on the new working arrangement. This will result in the number of days they're owed going up or down, depending on whether they're working more or fewer days per week.

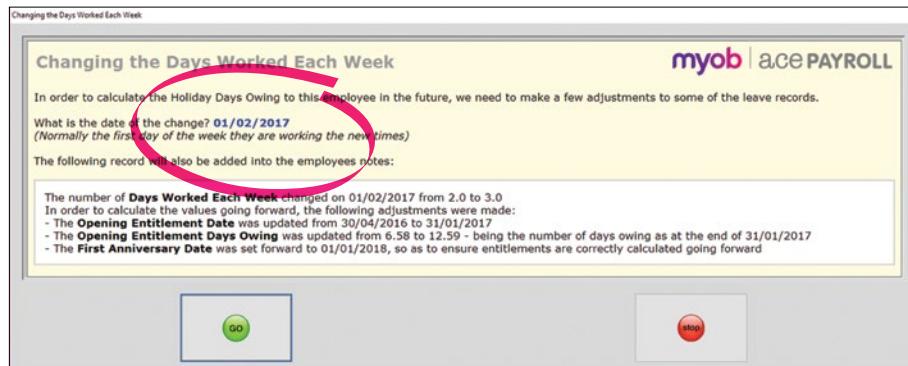
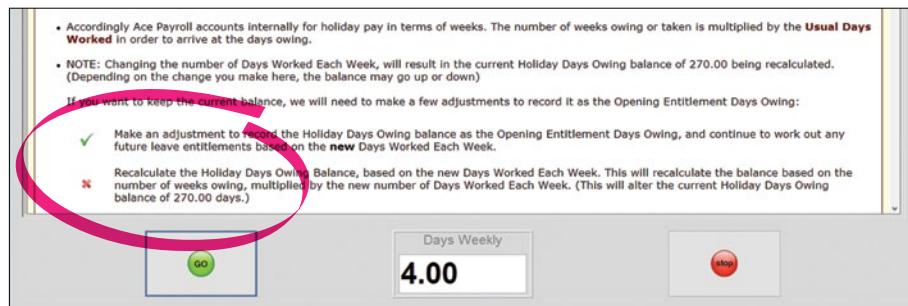
For example, say an employee who currently works 2 days a week has an entitlement balance of 4 days (2 weeks). From 1 February, they will work 3 days a week. You can now choose to:

Keep the leave balance owing as 4 days, and calculate future entitlements based on the increased number of working days.

or

Increase the employee's opening leave balance as at 1 February to 6 days, which is still 2 weeks, based on the increased working days per week.

After entering the new number of days worked, click the date showing in the **Changing the Days Worked Each Week** window to enter the date that the change takes effect.



Product updates

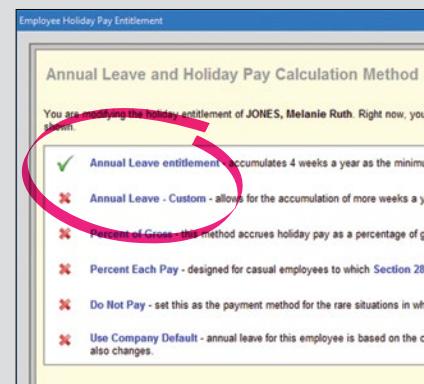
Renamed holiday pay calculation methods

In this release, you'll notice that two of the holiday pay calculation methods have been renamed.

Previously you could choose from "As Per Act" and "As Per Act - Custom". These have been renamed to "Annual Leave entitlement" and "Annual Leave - Custom".

Note that the underlying holiday pay calculations for these two methods have not changed.

If your employees are entitled to four weeks leave per year, select the "Annual Leave entitlement" calculation method. If they're entitled to more than four weeks leave per year, select the "Annual Leave - Custom" method.



Tax on extra pays

A "Lowest Rate of 11.89%" has been added when making extra payments to employees whose grossed-up 4 weekly wage is under \$14,000 to ensure that the correct amount of PAYE is deducted for these types of payments.

Note: this includes the ACC surcharge of 1.39% that is applied to these types of payments when relevant.

