

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.

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 myob | ace PAYROLL

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 myob | ace PAYROLL

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 After Full Year Service myob | ace PAYROLL

CARTRIGHT, Roland T - Started 29/01/2001

Reporting	Weekly	Daily	Data Entry
Annual Average	600.00	120.00	1. Enter Days Taken
Four Week Average	600.00	120.00	2. Confirm Daily Rate
Current Usual	600.00	120.00	Holiday Pay Paid

270 Days Owing (to last anniversary 29/01/2016)

1 Day
\$400.00
\$400.00

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.

Lowest Rate 11.89% - annual earnings below \$14,000

Low Rate 18.89% - earnings between \$14,000 and \$48,000

Middle Rate 31.39% - earnings between \$48,000 and \$70,000

High Rate 34.39% - annual earnings above \$70,000

Annualised gross earnings are **\$31,600.00**.

We suggest the **Low** rate of **18.89%**.

See the **report** of annualised gross earnings.

Extra Pay Annualised Earnings Report myob | ace PAYROLL

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%**.

- 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.

This report returns the Gross, Tax, Student Loan and Nett Pay together with total Deductions and After Tax Extras paid to your employees.

All Employees
From First To Last

One Employee

Report From Date Range 01/12/2016
Report To 31/01/2017

Department
 All Departments
 Selected Only

Department
Sales

Detail
 Itemised
 Totals Only

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.

• Accordingly Ace Payroll accounts internally for holiday pay in terms of weeks. The number of weeks owing or taken is multiplied by the **Usual Days Worked** in order to arrive at the days owing.

• NOTE: Changing the number of Days Worked Each Week, will result in the current Holiday Days Owing balance of 270.00 being recalculated. (Depending on the change you make here, the balance may go up or down)

If you want to keep the current balance, we will need to make a few adjustments to record it as the Opening Entitlement Days Owing:

- Make an adjustment to record the Holiday Days Owing balance as the Opening Entitlement Days Owing, and continue to work out any future leave entitlements based on the **new** Days Worked Each Week.
- Recalculate the Holiday Days Owing Balance, based on the new Days Worked Each Week. This will recalculate the balance based on the number of weeks owing, multiplied by the new number of Days Worked Each Week. (This will alter the current Holiday Days Owing balance of 270.00 days.)

Days Weekly
4.00

Changing the Days Worked Each Week

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In order to calculate the Holiday Days Owing to this employee in the future, we need to make a few adjustments to some of the leave records.

What is the date of the change? **01/02/2017**
(Normally the first day of the week they are working the new times)

The following record will also be added into the employees notes:

The number of **Days Worked Each Week** changed on 01/02/2017 from 2.0 to 3.0
In order to calculate the values going forward, the following adjustments were made:
- The **Opening Entitlement Date** was updated from 30/04/2016 to 31/01/2017
- The **Opening Entitlement Days Owing** was updated from 6.58 to 12.59 - being the number of days owing as at the end of 31/01/2017
- The **First Anniversary Date** was set forward to 01/01/2018, so as to ensure entitlements are correctly calculated going forward

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.

Employee Holiday Pay Entitlement

Annual Leave and Holiday Pay Calculation Method

You are modifying the holiday entitlement of JONES, Melanie Ruth. Right now, you have:

- Annual Leave entitlement - accumulates 4 weeks a year as the minimum.
- Annual Leave - Custom - allows for the accumulation of more weeks a year.
- Percent of Gross - this method accrues holiday pay as a percentage of gross pay.
- Percent Each Pay - designed for casual employees to which Section 28 applies.
- Do Not Pay - set this as the payment method for the rare situations in which you do not pay for holiday.
- Use Company Default - annual leave for this employee is based on the company default. This method also changes.

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.

Confirm Tax Calculation

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Extra Emolument Tax Calculation for Anna Avery - Pay Date: 12/04/2017
Annualised gross is greater than \$70,000
Tax at high rate of 34.39%

Lowest Rate 11.89% Low Rate 18.89% Mid Rate 31.39% High Rate 34.39%

Earnings during the last four weeks from 16/03/2017 to 12/04/2017

Date	Gross
22/03/2017 payment made	\$2,403.85
29/03/2017 payment made	\$2,403.85
05/04/2017 payment made	\$2,403.85
Payment this pay excluding the extra emolument	\$2,403.85
Total payments made during the last four weeks	\$9,615.40
Multiply \$9,615.40 by 13 for the annualised gross	\$125,000.20
Add the extra emolument being paid here - Bonus	\$1,000.00
Total annualised gross	\$126,000.20