

2017 Ace Payroll compliance upgrade

March 2017 upgrade

What's new in this release

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News

Inland Revenue Holiday Pay ruling reminder

2017-2018 Compliance updates

Tax changes

Schedular Payment Changes

Enhancements

Filter one-off reports by department

Holiday Pay entitlement calculations made easier

Export payroll journals to MYOB Essentials

Product updates

Renamed holiday pay calculation methods

Tax on extra pays

System diagnostic & usage information

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 3.44B.

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

Alternatively follow these steps if you're installing from a CD

- 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

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.

Ace Payroll has been updated to help you handle these 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.

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 Owning (to last anniversary 29/01/2016)			\$400.00

Lowest Rate 11.89% - annual earnings below \$14,000	<ul style="list-style-type: none"> Annualised gross earnings are \$31,600.00. We suggest the Low rate of 18.89%. See the report of annualised gross earnings.
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	

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%**. This report shows the annualised gross estimation using salaries over the last four weeks from 26/12/2016 to 22/01/2017.

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.

Compliance updates

The 2017 Ace Payroll compliance release contains compliance updates for the 2017-2018 financial year that come into effect 1 April 2017

Tax Changes

- + The annual ACC threshold increases from \$122,063 to \$124,053.
- + The maximum ACC levy increases from \$1,696.67 to \$1,724.33.
- + The annual student loan repayment threshold for 2017–2018 is \$19,136.
- + 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.

Schedular Payment Changes

The following changes apply to contractors:

- + Most contractors will have the ability to elect their own withholding rate, subject to a minimum of 10%. Ace Payroll now supports tax rates up to 100%. **Note:** If the contractor provides their name and IRD number but does not choose a rate, the standard rate for the type of payment should be used.
- + The No-Notification rate that applies when contractors don't provide their IRD number is changing to 45%.
- + The IRD has advised that contractors on the WT tax code should not have KiwiSaver payments deducted from their pay or included in the Employer Monthly Schedule (IR348). We'll remind you about this if you try to enter KiwiSaver details for an employee that has been assigned the WT tax code, or select the WT tax code for employees who are already registered for KiwiSaver.

We recommend that you review the tax rates entered for all employee records with the WT tax code.

To enter a custom percentage:

- 1 Open the employee's record.
- 2 Click the **Taxation** tab.
- 3 Click the tax code.
- 4 Scroll down to the **Contractors Withholding Tax** section.
- 5 Click the **percentage** link.
- 6 Enter the required percentage and then click **Go**.

Withholding Percent Rate

Enter Percentage Required

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- You have selected the percentage tax code with no ACC Earning Premium.
- This means that tax will be deducted from your employee at the exact percentage rate you enter here.
- No additional amount will be deducted for the ACC Earning Premium.

Percent

15

GO stop

To review an employee's withholding tax rate:

- 1 Open the employee's record.
- 2 Click the **Taxation** tab.
- 3 Click the tax code.
- 4 Scroll down to the **Contractors Withholding Tax** section.
- 5 Click the **Withholding Tax Rates** link.
- 6 If the tax rate that's currently highlighted in yellow is incorrect, double-click the correct rate for the appropriate Nature of Payment description.
- 7 Click **Go**.

Current Withholding Tax Rates

- The amount of deduction for withholding payments is a flat rate without earner premium.
- The amount to deduct depends on the nature of the work performed.
- Double click the appropriate rate.

Nature of Payment	Normal	No Dec
Agricultural or Horticultural contracting	15%	45%
Board of Trustees / community boards	33%	45%
Caretaking, watchman, street or road cleaning	15%	45%
Cleaning - Commercial	20%	45%
Commissions to insurance agents and salespeople	20%	45%
Company directors' fees	33%	45%
Contractors labour only building	20%	45%
Demonstrating goods or appliances	25%	45%
Droving	15%	45%
Fees payable to examiners	33%	45%
Forestry or bush work or flax planting or cutting	15%	45%
Freelance journalists	25%	45%
Gardening, weed or vermin destruction - commercial	20%	45%

GO stop

If you process pays prior to 30 April 2017, for any employees who are assigned a WT tax code but have no IRD number recorded in Ace Payroll, the software will prompt you to review the tax rate.

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

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

Department
 All Departments
 Selected Only

Department
Sales

GO

Detail
 Itemised
 Totals Only

stop

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

GO

stop

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

GO

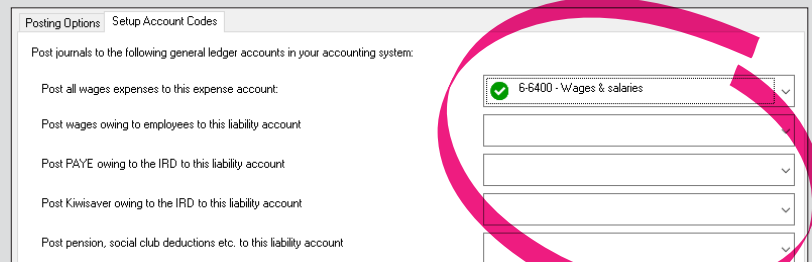
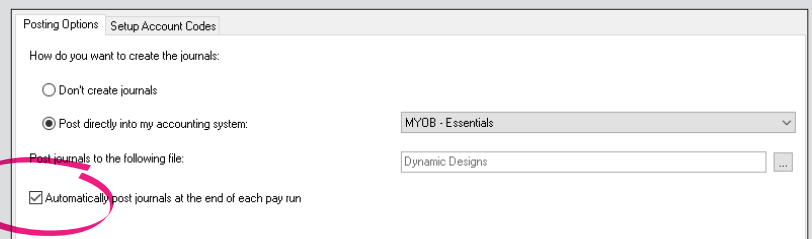
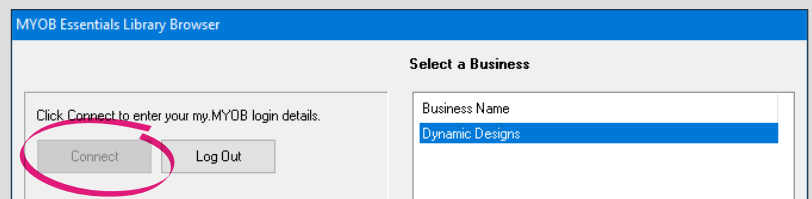
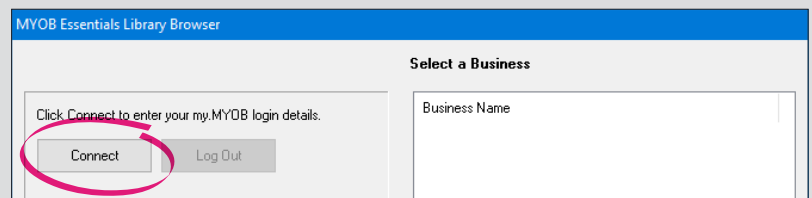
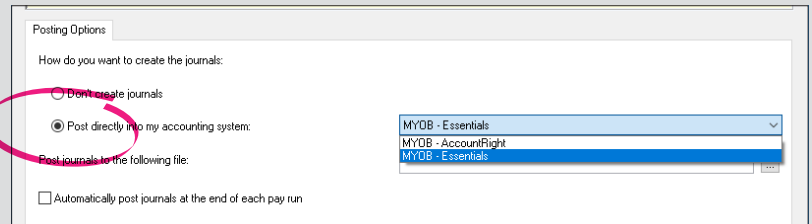
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Export payroll journals to MYOB Essentials

Using MYOB Essentials for your day-to-day accounting and bookkeeping needs? Now there's an easy way to get your payroll journal entries into MYOB Essentials. Just set it up once and all the journal entries will be worked out for you and automatically added to your MYOB Essentials file after each pay run or one-off payment.

Here's how to integrate Ace Payroll and MYOB Essentials:

- 1 Click **Setup** and then **Setup Journals**.
- 2 Click the **Post directly into my accounting system** option and then select MYOB - Essentials from the list.
- 3 Click the [...] button and then click **Connect**.
- 4 Sign in using your MYOB account details (the same ones you use when accessing MYOB Essentials).
- 5 Click the business name you want to connect Ace Payroll to, and then click **OK**.
- 6 Unless you want to initiate the journal export yourself each time (via **Utilities > Export Data**), select the **Automatically post journals at the end of each pay run** option.
- 7 Click the **Setup Account Codes** tab and then select the MYOB Essentials accounts you want to use for the journal entries.
- 8 Click **Go**, and you're done.



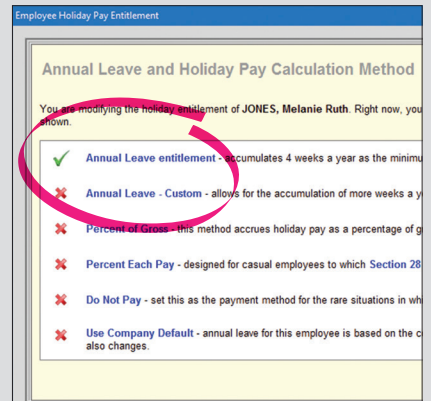
Product updates

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".

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.

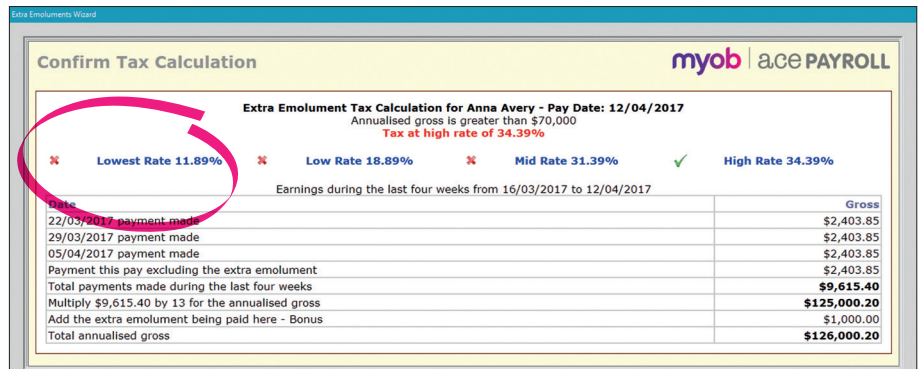


Note that the underlying holiday pay calculations for these two methods have not changed.

Tax on extra pays

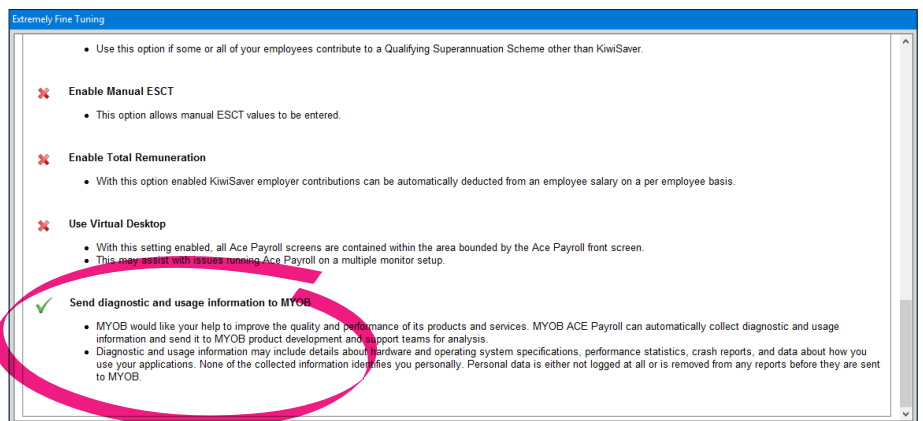
A "Lowest Rate of 11.89%" has been added when making extra payments to employees whose grossed-up 4 weekly wage is under \$14,000 to ensure that the correct amount of PAYE is deducted for these types of payments.

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



System diagnostic and usage information

To help improve the quality and performance of Ace Payroll, this release adds a Send diagnostic and usage information to MYOB option to the Extremely fine tuning window, in the Setup menu. When this option is ticked, information about your system will be sent to MYOB periodically.



Diagnostic and usage information may include hardware and operating system specifications, performance statistics, crash reports, and data about how you use your applications. None of the collected information identifies you personally. Personal data is either not logged at all or is removed from any reports before they are sent to MYOB.