

Starting a New Payroll Year using MYOB software



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Table of Contents

| | |
|---|-----------|
| STARTING A NEW PAYROLL YEAR USING MYOB SOFTWARE | 3 |
| YOUR END-OF-YEAR PAYROLL CHECKLIST | 4 |
| UNDERSTANDING WHAT THE FUSS IS ABOUT | 5 |
| What if I'm not ready to close off the old year but I need to process pays for the new year? | 5 |
| What happens with pay periods that cross year-end? | 6 |
| PREPARING TO START A NEW PAYROLL YEAR | 6 |
| How do I balance PAYG tax for the year? | 6 |
| How do I balance total wages? | 7 |
| Why do I need to match my totals against my Business Activity Statements? | 7 |
| How do I balance superannuation? | 8 |
| What other accounts do I need to balance? | 9 |
| PRINTING PAYMENT SUMMARIES IN MYOB | 10 |
| How do I check that my version of MYOB complies with current ATO requirements? | 10 |
| How do I set up payment summaries in MYOB? | 10 |
| What allowances go where? | 12 |
| What about termination pays? | 12 |
| How do I report for RESC super? | 12 |
| What do I include in reportable fringe benefits? | 14 |
| How do I review my payment summaries? | 14 |
| What's the Verify Payroll window about? | 14 |
| What on earth is an EMPDUPE file? | 15 |
| What's the magnetic media form all about? | 16 |
| What should I do with my payment summaries once they're printed? | 16 |
| Can I email rather than print my payment summaries? | 16 |
| Can I lodge my payment summaries online? | 16 |
| TROUBLESHOOTING PAYMENT SUMMARIES | 17 |
| What if I'm missing a tax file number for an employee? | 17 |
| I don't have an address for one of my ex-employees. What do I do? | 17 |
| How do I stop suppliers or subcontractors coming up in my payment summary window? | 17 |
| Can I print payment summaries again if I make a mistake? | 18 |
| The ATO said my data was unreadable. What next? | 18 |
| The ATO returned my EMPDUPE file saying my software wasn't compliant. What next? | 18 |
| STARTING A NEW PAYROLL YEAR | 18 |
| Which payroll reports should I print at the end of the payroll year? | 19 |
| How do I back up payroll at end of year? | 19 |
| How do I start a new payroll year? | 20 |
| What about new tax tables? | 20 |
| Do I need to upgrade to AccountRight Live in order to get the latest tax tables? | 20 |
| What about other reforms, such as reporting for taxable payments in the construction industry, and showing super on payslips? | 21 |
| I don't subscribe to MYOB Cover. How do I get hold of the new tax tables? | 21 |
| Do I have to buy my tax tables from MYOB? | 22 |
| How do I find out about employee wage rates? | 22 |
| What about changing the superannuation rate? | 22 |
| OTHER PUBLICATIONS | 23 |

Starting a New Payroll Year in MYOB

- Understanding why you need to start a new payroll year
 - Preparing to start a new year
 - Printing payment summaries
 - Troubleshooting payment summaries
 - Backing up — don't forget! — and then starting a new year
-

The end of financial year is a bit of a pressure cooker for many businesses, coping with stocktakes, a final flurry of sales and purchases and last but not least, finishing off the payroll year. However, if it's your first year using MYOB software, you'll be pleasantly surprised at how easy the payroll part of this whole shemozzle is.

This document walks you through the four stages of starting a new payroll year. The first stage is checking that all your figures balance — after all, employee payroll is a serious business, and you want to get your info right. Depending on how accurate your bookkeeping has been up until this point, this first stage can take anything from half an hour to several days. (And here's hoping that the several days scenario doesn't apply to you!)

The second stage, when you get to print all your employee payment summaries, is much easier. However, if this is the first time you've used MYOB, you do need to set up the payment summary template. Also, if you pay extra superannuation to employees, you also need to report for the extra super paid. (You can read more about this topic later in this document.)

With your payment summaries printed, the third stage is checking that they all look correct. If you spent time getting your figures to balance at the beginning, this stage is quick, and easy.

Last, but not least, you tell MYOB that you've done your stuff and you're ready to move on. Don't forget the next bit: You make two backups (one on your local hard drive, one on a removable disk). Then, you click the button to start a new payroll year.

As part of this last stage, you also need to upgrade your payroll tax tables. Although there are no major changes in tax rates for the 2013-14 year, there are changes to the Medicare levy and to the payment thresholds for student loan repayments.

Your End-of-Year Payroll Checklist

Work through this checklist, step by step, ticking off each item as you go.

Step One: Reconcile your payroll accounts

- Have you balanced PAYG tax for the year?
- Have you balanced gross wages against your Profit & Loss report?
- Do total wages for the year balance against total wages as per W1 in your Business Activity Statements for the year?
- Does total PAYG tax for the year balance against total PAYG as per W2 in your Business Activity Statements for the year?
- Have you balanced your superannuation payable account?
- Have you reconciled all bank accounts and electronic clearing accounts?

Step Two: Print payment summaries

- Did you remember not to include any salary sacrifice superannuation in your Gross Payments?
- Did you report any superannuation payments (including salary sacrifice) over and above the regular 9 per cent?
- Did you ensure that all employees have correct tax file numbers and address details?
- Did you report for any fringe benefits over \$2,000?
- Did you check that the totals on your payment summaries match against your Employees Activity report?
- Did you check that your version of MYOB software generates payment summaries that comply with ATO requirements?
- If you are in the building and construction industry, did you remember to lodge the taxable payments report for all subcontractors?

Step Three: Finishing up

- Have you sent a CD and a magnetic media form to the ATO, or lodged your empduppe file data with the ATO via your AUSkey?
- Have you sent each employee a payment summary?
- Have you printed (or saved on your computer as a PDF) all necessary end-of-year payroll reports?
- Have you made at least two backups?

Step Four: Starting a New Year

- Have you started a new payroll year?
- Have you downloaded your MYOB compliance update? (This compliance update is preferred, but not absolutely essential -- see later in this document for details.)
- Have you upgraded your MYOB company file, if required?
- Have you checked that your tax tables are up to date? (Your tax table revision date should be 01/07/2013.)
- Have you checked the latest award information and pay rates for all employees (minimum rates change 1st July 2013)?
- Have you updated your superannuation contribution rate to 9.25%?

Understanding What the Fuss is About

With MYOB Payroll, starting a new payroll year is one of those things that often catches people unawares. You go to process your first pay run for July and a disconcerting message pops up: 'You may only enter paycheques for your current payroll year'. With a sinking feeling, you realise that there's another learning curve ahead, and you've only got a couple of hours in which to master it.

Starting a new payroll year is similar to starting a new financial year — you tell MYOB software that you've finished recording transactions for the old year and you're ready to start afresh. There's one big difference however: with end of financial years, you can continue recording transactions for the new year before you've completed the old, but with end of payroll years, you can't.

The main reason for this is that tax tables often change on July 1 and it would be impractical to have two sets of tax tables running at once. In addition, it makes sense to get your payroll year closed off and balanced as soon as possible. After all, the deadlines for providing employees with payment summaries is July 14.

When you start a new payroll year in MYOB software, you erase the payroll history for every employee (you don't erase the payroll transactions themselves, as these stay until you start a new financial year). The process itself only takes a few seconds.

The deadline for payment summaries is July 14 each year

What if I'm not ready to close off the old year but I need to process pays for the new year?

As you're probably already aware if you're reading this question, you can't process pays for the new year until you've closed off the old. However, in real life, closing off the old year in such a short timeframe may not always be practical — maybe your bookkeeper rings in sick, maybe you don't realise until it's pay day, maybe you're having problems getting everything to balance.

Your only choice in such situations is to make a backup of your company file (in fact, make two backups, just in case) and label these backups 'End-of-payroll year. Do not touch!' and store them in a safe place. Then, proceed with starting a new year. When you're ready, restore your backup (name the restored file something unique, such as 'End of Payroll 2013') and print your payment summaries along with any other payroll reports you may require.

There's one real downfall of working in this way: if you discover mistakes in your payroll records when you go to print payment summaries and reports, such as duplicate pay transactions or incorrectly calculated super, then you'll have to remember to fix the mistake both in your restored payroll file and in your current company file.

What happens with pay periods that cross year-end?

In terms of employees and payment summaries, the thing that's important is the date of payment, not the date that the work was performed. So, if on July 1 you pay your employees for the period June 17-30, the pay goes into the new payroll year — you don't have to make any adjustments.

Where confusion arises is accountants may, on occasion, adjust your Profit & Loss report to allow for wages owing, but not paid. Using the above example, an accountant may make an accrual for wages owing as at June 30, thereby showing expenses for the year more accurately. This is an entirely separate issue and should not concern you as the person responsible for payroll.

Preparing to Start a New Payroll Year

The actual act of starting a new payroll year in MYOB is over in the blink of an eye. What takes the time is making sure that all your payroll records are ship-shape: balancing PAYG, superannuation, total wages and payroll clearing accounts. Read the next few questions to find out exactly what's involved.

How do I balance PAYG tax for the year?

Before starting a new payroll year, make sure that the total tax included on employee payment summaries exactly matches the amount of tax paid to the ATO. Here's how you do it:

1. Add up the actual PAYG tax you've sent to the ATO for the last payroll year, including the amount you're about to pay for June (if you haven't already paid it, that is).
2. Subtract any PAYG tax you paid that belongs to the previous payroll year.
3. Add any amounts still owing for the last month or quarter.

Print an Employees Activity Summary report for the year and note down the Total in the Taxes column. Check that this figure matches the total tax actually paid for the year. If they don't, try to find out why.

Figure 1 shows a spreadsheet where the bookkeeper has recorded PAYG tax due and PAYG tax paid, month by month, and noted where problems arose. These workings show one possible strategy of how to diagnose problems with your PAYG tax payments.

| | A | B | C | D | E | F |
|----|--------------------------------|---------------------------|------------------------|--------------------|---------------------------------------|---|
| 1 | PAYG Tax Reconciliation | | | | | |
| 2 | | Amount Due as Per | Amount Actually | Difference | Reason | |
| 3 | Month | Employees Register | Paid | | | |
| 4 | July | \$ 1,010.10 | \$ 1,010.10 | \$ - | | |
| 5 | August | \$ 1,075.10 | \$ 860.00 | \$ 215.10 | Used wrong report when making payment | |
| 6 | September | \$ 1,612.65 | \$ 1,612.65 | \$ - | | |
| 7 | October | \$ 1,677.65 | \$ 1,677.65 | \$ - | | |
| 8 | November | \$ 2,516.48 | \$ 2,516.48 | \$ - | | |
| 9 | December | \$ 2,581.48 | \$ - | \$ 2,581.48 | Forgot to lodge report | |
| 10 | January | \$ 1,801.00 | \$ 1,801.00 | \$ - | | |
| 11 | February | \$ 1,866.00 | \$ 1,866.00 | \$ - | | |
| 12 | March | \$ 1,931.00 | \$ 1,931.00 | \$ - | | |
| 13 | April | \$ 1,202.00 | \$ 1,417.10 | -\$ 215.10 | Adjustment for error in August | |
| 14 | May | \$ 1,109.80 | \$ 1,109.80 | \$ - | | |
| 15 | June | \$ 1,118.00 | \$ - | \$ 1,118.00 | Not yet paid | |
| 16 | | \$ 19,501.26 | \$ 15,801.78 | \$ 3,699.48 | | |
| 17 | | | | | | |

Figure 1: If necessary, create a spreadsheet to balance your PAYG liability account.

Total tax on employee payment summaries must match with the PAYG tax you pay to the Australian Tax Office for that year.

How do I balance total wages?

In order to make sure that you have recorded all pay transactions correctly, you need to compare total wages according to your payroll reports against total wages according to your Profit & Loss report.

First, print a Profit & Loss report for the year. Add up the Year-to-date totals for all wages and allowances (with bigger payrolls, wages may be split across several different cost of sales and expense accounts). Next, print an Employees Activity Summary report for the year and note down the Total in the Wages column.

The total wages according to your Profit & Loss report should match total wages according to the Employees Activity report! If the totals don't match, here are some possible reasons why:

- **Wages not recorded in payroll:** Did you pay any casuals and not put them through payroll, entering their payments through Spend Money instead of Process Payroll? Not a good idea. You should record all wages transactions through payroll and give everyone a payment summary, even if someone only works for you for a day.
- **Subcontractors allocated to wages expense:** Did you pay subcontractors and allocate them to wages expense? If so, separate them out and allocate these payments to a separate Subcontractor Expense account.
- **Employee pays recorded in the wrong place:** Have you accidentally recorded an employee's pay using Spend Money instead of Process Payroll? If you have, your payment summaries won't be correct.
- **Starting MYOB midyear:** Did you start payroll midyear? The problem may lie with your opening balances in payroll History.
- **Employee advances:** Did you pay any employees an advance? If so, the advance appears in the total Wages column, but doesn't appear in your Profit & Loss. In this example, it's okay that total wages in your Profit and Loss don't equal total Wages in your Employees Activity Summary. However, make sure that your payment summaries *don't* include employee advances.

Total wages in your Profit & Loss report should balance with the total wages on employee payment summaries.

Why do I need to match my totals against my Business Activity Statements?

One of the crosschecks that the Australian Taxation Office does when you lodge your payment summaries is to check that the totals on your payment summaries match with the cumulative figures you've lodged during the year on your Business Activity Statements. If the figures don't match, you may well receive a letter asking you to explain or verify your figures.

The easiest way to do this check is to dig out the copies of your Business Activity Statements for the past 12 months. Then, using a spreadsheet, create a monthly or quarterly summary that

lists total wages (that's W1 on your Activity Statement) in the first column, and lists total PAYG tax (that's W2 on your Activity Statement) in the second column.

On the last row, add what you think June's figures should be (you can either create a draft Business Activity Statement using the BASlink feature in MYOB, or you can print an Employee Activity Summary for this period). Your reconciliation should look similar to Figure 2.

| | A | B | C |
|----|---|-----------------|-----------------|
| 1 | Wages as per Business Activity Statement | | |
| 2 | | W1 | W2 |
| 3 | July to September | 10,200.00 | 1,982.00 |
| 4 | October to December | 12,342.00 | 2,352.00 |
| 5 | January to March | 13,212.00 | 2,452.00 |
| 6 | April to June | <u>9,102.00</u> | <u>1,700.00</u> |
| 7 | | 44,856.00 | 8,486.00 |
| 8 | | | |
| 9 | Totals as per Payment Summaries | 44,856.00 | 8,486.00 |
| 10 | | | |
| 11 | Difference | - | - |
| 12 | | | |
| 13 | | | |

Figure 2: Matching the figures on your Activity Statements against your payment summaries.

If the totals on your Business Activity Statements for the year don't match with your payment summaries, you're probably best to re-generate your Employee Activity Summary report for each period so you can find out where you made the mistake. Then, depending on the seriousness of the error, you can either choose to lodge a revised Business Activity Statement for the period which you got wrong, or you can take up the adjustment in June.

For example, if you realise when you do this reconciliation that you'd totally missed reporting PAYG tax on your December BAS, then you're best to figure out what December's statement should have been, and lodge a revised statement. Alternatively, if you realise that you made a mistake of \$45 in December (maybe you reported \$1072 tax, rather than \$1027), then it's probably easiest simply to adjust the figure in W2 of your June Business Activity Statement by this amount.

How do I balance superannuation?

The idea with superannuation payable is that as each month or quarter progresses, the balance in the liability account increases with every pay you record. Then, when you pay employee superannuation, you reduce the balance of this account.

You can see how this works in Figure 3. The beginning balance of Superannuation Payable on July 1 is \$1,200, and this exact amount is paid during July. During August, total credits to this account amount to \$1,482.69, and you can see that the ending balance of Superannuation Payable is \$1,482.69.

Here's how to balance your own super account, month by month by month:

1. Go to the Find Transactions menu and click the Account tab. Select Superannuation Payable (this always starts with the number 2) and enter July 1 as your From date and July 31 as your To date. Note down the Total Credits.
2. Repeat this month by month, until you have a figure for Total Credits for each month up to the current date.

- Now note down how much you've paid for each month, or for each quarter if you pay quarterly. (Stay in the account inquiry window to look at Total Debits for each month so you can see how much you've paid.)
- Compare what you should have paid (Total Credits) with what you actually paid (Total Debits) for each month or quarter. The two should match!

The balance of your Superannuation Payable account on June 30 represents the amount of super you still owe for the year just gone.

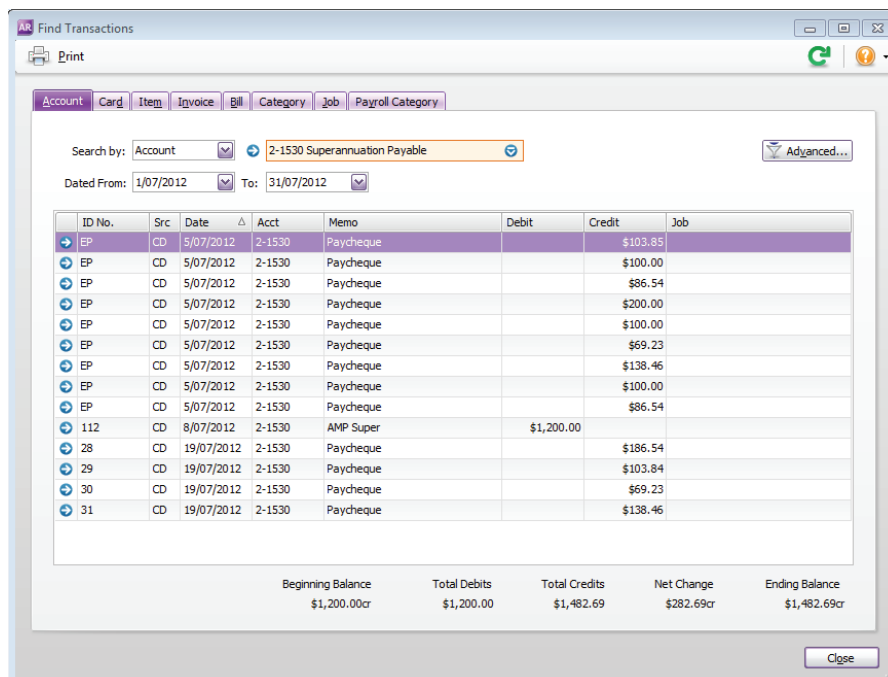


Figure 3: Reconcile your superannuation liability account, month by month.

What other accounts do I need to balance?

To earn five brownie points as bookkeeper extraordinaire, here are a few last housekeeping chores:

- Double-check that all payroll clearing accounts balance, such as your Electronic Clearing Account or your Payroll Cheque Account.
- Make sure you reconcile all employee deduction accounts, such as Salary Packaging Payable, Child Support Payable, Union Fees Payable and so on. The balance of these liability accounts as at June 30 should all equal the amount you intend to pay in July.
- Reconcile the bank account from which you pay employees, right up to June 30. Investigate any uncleared employee payments — these could be duplicate transactions and cause problems with your payroll reports.

Printing Payment Summaries in MYOB

Unless you have an overwhelmingly good reason otherwise, you should print your payment summaries directly from MYOB software. Writing payment summaries out by hand is like cutting the grass with scissors — why would you? Especially when using a lawnmower is easy as pie. . .

How do I check that my version of MYOB complies with current ATO requirements?

The ATO allow EMPDUPE versions 10.1.0, 10.0 and 9.0. In other words, you need to have version 18.5 or later (that's for AccountRight Standard or Plus), version 12.5 or later (Premier), AccountRight Live version 2011 or later, or version 6.5 or later (Premier Enterprise).

To see what version of MYOB software you're currently using, go to the Help menu within MYOB and select About.

How do I set up payment summaries in MYOB?

To print payment summaries, simply head to the Payroll command centre, click Print Payment Summaries, select Individual Non-Business as the format (if prompted), and then click Next.

The first step asks you to confirm your company name details and address. Here's a tip: If you're an authorised officer, enter your name in the Authorised Signatory field. (Doing this means that you don't have to sign each payment summary by hand.)

The next step in the payment summary process is the trickiest step of all, especially the first time you do it. The idea is that you click in the Payment Summary Field column on the left (the first category is Gross Payments) and then you click in the Select column on the right to select the payroll category or categories that fill this box.

Here's how to get it all going:

- 1. Set up Gross Payments:** Click against Gross Payments on the left-hand side and then, on the right-hand side, select all wages categories that are part of your employees' gross wages, such as Base Hourly, Base Salary, Holiday Pay, Sick Pay and so on (you can see how this works in Figure 4). Don't include any employee allowances at this point, and don't include any employee advances.
- 2. Select any deductions that come off Gross Payments:** If any employees have salary sacrifice super, click against Gross Payments on the left-hand side and then, on the right-hand side, select the salary sacrifice super category. (MYOB then deducts this amount from the employee's gross pay in their payment summary.)

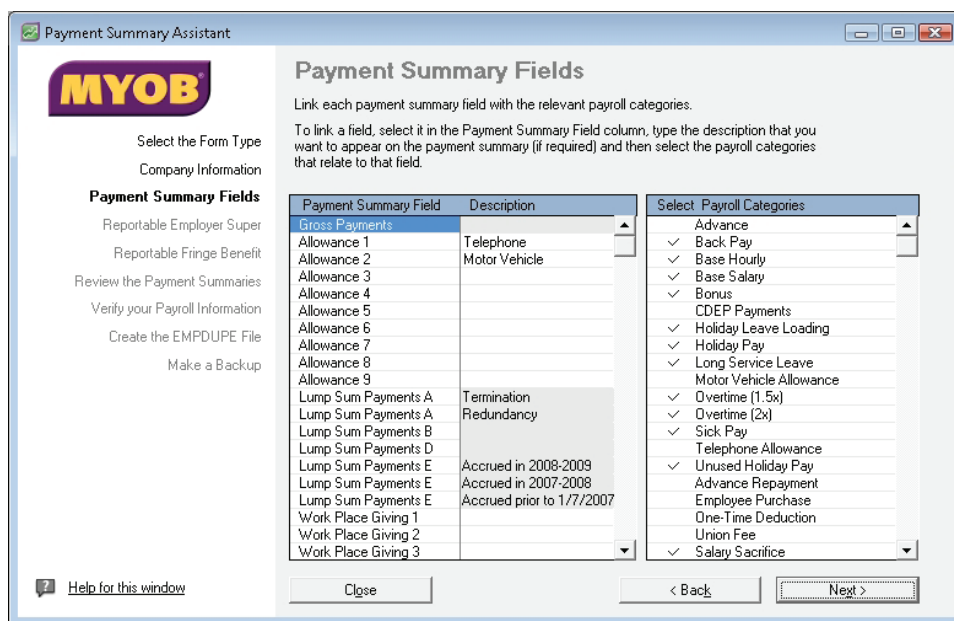


Figure 4: Click against the payroll categories you want to include in Gross Payments.

3. **Separate employee allowances:** To report on employee allowances such as tool or uniform allowances, click first against Allowance 1 on the left-hand side and type a short description in the Description column, such as 'Motor Vehicle', 'Uniform' and so on. Repeat this for each different kind of allowance you pay. Then, for each allowance category listed on the left-hand side, go to the right-hand side and select the payroll category that belongs to it.
4. **Report for lump sums:** Go to www.ato.gov.au for more about lump sum payments if you need to, but essentially, the lump sum boxes are only used if you pay out long service leave related to August 1993 or earlier, or if employees receive back pay that relates to a period more than 12 months ago.
5. **Show union fee deductions:** If any employees had union fees deducted from their pay, select the Union Fees category on the left, enter the name of the union in the Description column and select the appropriate union fee deduction category on the right.
6. **Report for CDEP payments:** If you made any CDEP payments, select the appropriate wages category in the same way (CDEP refers to wages received from employment programs within indigenous communities).
7. **Check PAYG tax is selected:** PAYG tax should automatically be correct, but check that this is the case. Click Total Tax Withheld on the left-hand side and then check that PAYG Withholding is clicked on the right-hand side.

Don't include any amounts you pay to employees under a salary sacrifice arrangement in Gross Payments.

What allowances go where?

You get three different kinds of employee allowances:

- Employee allowances that you include as part of gross pay, and which are taxable.
- Employee allowances you show on payment summaries separately from gross pay, and which are taxable.
- Employee allowances that you don't show anywhere on payment summaries, and which aren't taxable.

For the most detailed summary of what allowance fits in what category, go to the ATO website and search for the webpage called 'Withholding from Allowances'. On this page, Tables 1 and 2 give a succinct summary of which allowances to tax, and which allowances to show on payment summaries.

However, a very quick summary of the most common kinds of allowances is this:

- Include any allowances that relate to working conditions or special duties (such as overtime or shift loadings) in gross wages on employee payment summaries.
- Show any allowances where you expect the employee to claim deductions (such as tool or uniform allowances) separately on payment summaries under allowances.
- Don't include overtime meal allowances or travel allowances (up to the reasonable allowances amount) on payment summaries.

What about termination pays?

Lots of people get confused about the difference between a *regular employee termination pay* (when an employee resigns and receives a payment for unused annual leave in their final pay) and an *employment termination payment*.

For the full detail, go to the Business section of www.ato.gov.au, and search on 'Employment termination payments'. However, for a quick heads up, read on:

- Unused holiday pay paid at termination *isn't* deemed to be part of an employment termination payment (ETP). You simply include this amount in Gross Payments on payment summaries.
- Payment in lieu of notice, payment for unused RDOs, or a genuine redundancy payment, does count as an employment termination payment.
- If you do make an ETP to an employee, you need to provide employees with a separate ETP payment summary within 14 days of this employee's departure, and you also need to tax this payment at a different rate. Again, refer to the ATO website for more information.

How do I report for RESC super?

In July 2009, the Australian Taxation Office announced changes to the way employers report employee superannuation, defining a new category of super called *Reportable Super Contributions (RESC)*. Any super that an employer is obliged to report on an employee's payment summary is defined as RESC.

So what does RESC include? Put very simply, RESC includes:

- Super that you deduct from an employee's pay under a salary sacrifice arrangement.

- Any super over the 9 per cent minimum (shortly to be 9.25 per cent minimum) that you pay to the employee as part of their employment offer. (If a business or organisation offers all employees more than 9 per cent, and the employee isn't able to influence this decision, then the amount over 9 per cent doesn't count as part of RESC.)

The good news? If, like 98 per cent of employers, you simply pay your employees 9 per cent super (in other words, the legal minimum), then you don't have to do anything. You don't need to report employee super on your payment summaries.

Alternatively, if any employees have a salary sacrifice arrangement, or you pay any employees at a rate that's higher than 9 per cent, then you *may* have to report the additional amount of this payment separately.

This document is about printing payment summaries, not about setting up employee superannuation in payroll, but here's a couple of pointers to make sure you're doing things right:

- If any employee has a super salary sacrifice arrangement, make sure you select Salary Sacrifice as the type of superannuation in your Payroll Categories for this employee.
- If you pay additional super over and above the regular 9 per cent for any employee (due to change to 9.25% in the 2013-14 year), ask your accountant whether this counts as *reportable super*, or not. (Reportable super is super that you have to show on payment summaries.)
- With any additional super, you're best to separate the non-reportable and reportable amounts using different payroll categories. For example, if you pay an employee 11 per cent super, use the Super Guarantee category for the first 9 per cent, and create a separate super category under Employer Additional Super for the remaining 2 per cent.

Back to your payment summary. When you get to the Reportable Employer Super section, click the Link Superannuation Categories button and select any super categories that you have to report, such as Salary Sacrifice Super or Employer Additional Super. In Figure 5, you can see how this works.

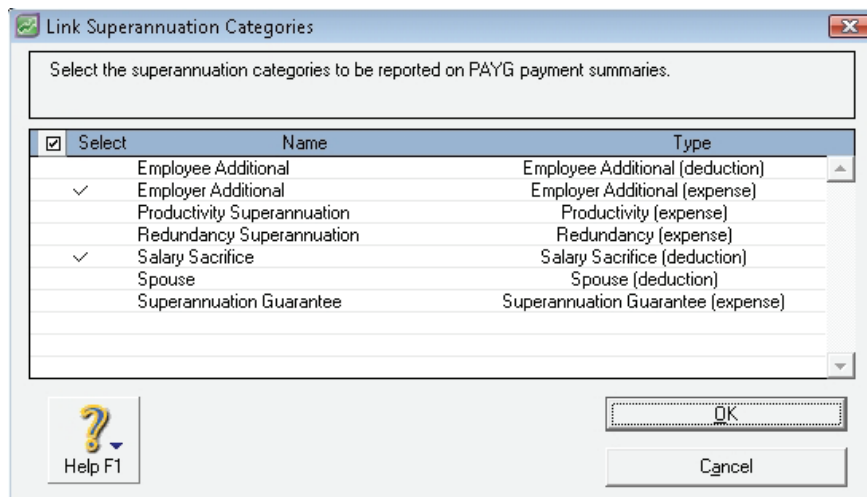


Figure 5: To report RESC correctly, you must first link the relevant super categories.

Remember: The new Reportable Super rules only apply to the reporting of extra super over and above the minimum 9 per cent. Don't make the mistake of including the standard 9 per cent super guarantee on payment summaries.

What do I include in reportable fringe benefits?

If the value of fringe benefits provided to an employee during the year (that is, between April 1, 2012 and March 31, 2013) exceeds \$2,000, you need to enter the grossed-up taxable value of these benefits on this employee's payment summary. This value is known as a *reportable fringe benefits amount*.

You calculate this value by multiplying the value of the fringe benefit by 1.8692. For example, imagine you pay an employee \$3,000 worth of fringe benefits. To calculate the amount to show on their payment summary, you do this sum:

$$\$3,000 \times 1.8692 = \$5,607.60$$

If you're in any doubt about constitutes a fringe benefit, visit the ATO website at www.ato.gov.au or seek advice from your accountant.

Even though the payroll year runs from 1 July to 30 June, remember that the fringe benefits year runs from 1 April to 31 March.

How do I review my payment summaries?

In the sixth stage of the Payment Summary Assistant, you're asked to review all the information you've recorded so far.

The first step is to click the Save Payment Summaries button to save the payment summaries as PDF documents onto your hard drive. (Why? Because next week when some employee comes into your office and declares they're lost their summary, you can easily provide them with a copy.)

The next step is simply to click the Print Payment Summaries button, and finally print your summaries. (Alternatively, if employees are happy to receive payment summaries by email, you can skip this stage. See 'Can I email rather than print my payment summaries' for more details.)

You may find that when you go to save or print your payment summaries, MYOB prompts you have info is missing, such as address details or tax file numbers. If you can't find this information, skip ahead to [What if I'm missing a tax file number for an employee?](#) or [I don't have an address for one of my ex-employees](#) for more assistance.

What's the Verify Payroll window about?

The second-last step of the Payment Summary Assistant, shown in Figure 6, provides totals for you to check. This is where you confirm that the information you're about to send to the tax office is correct.

Before going any further, you need to check that the following is correct:

1. The *number of records* should correspond to the number of payment summaries printed.
2. *Total tax withheld* should correspond to the total tax shown in your Employees Activity Summary report.
3. *Total gross payments* should correspond to total wages in your Employees Activity Summary report, excluding any employee allowances or advances. There will be a slight difference due to rounding (the Gross Payments figure doesn't include cents, but the Employees Activity Summary report does).

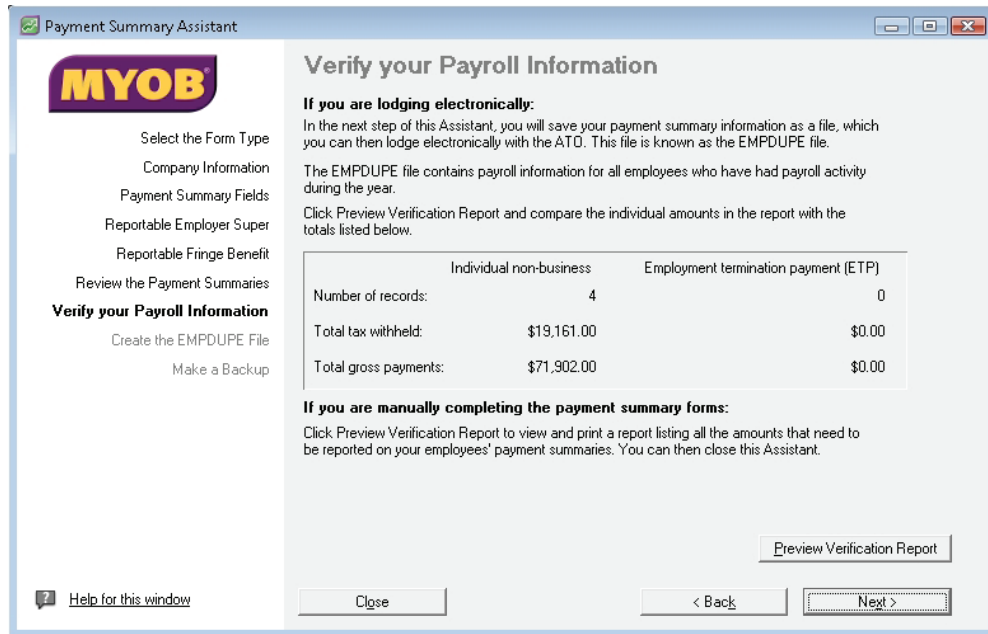


Figure 6: Check that the info in your EMPDUPE is correct.

If you find that any errors with these amounts, first check that you have set up your payment summaries correctly (see [How do I set up payment summaries in MYOB?](#) for details). If you still have problems matching up amounts, seek advice from an MYOB Certified Consultant or from your accountant.

What on earth is an EMPDUPE file?

If you're printing plain paper payment summaries, the second-last step of the payment summary process asks you to 'Create the EMPDUPE File'.

When you click the button to create this file, MYOB prompts you to save this file in a folder on your computer (your Payment Summaries folder that sits inside your MYOB program folder is usually an okay bet).

If a message crops up 'This file already exists. Do you want to replace it?' click Yes if you're redoing your empdupe file because you made a mistake first time around. On the other hand, if the empdupe file that you're about to replace belongs to last payroll year, click No and instead, change the name of your empdupe file to incorporate the year, for example, 'empdupe2013.a01'. This way you won't overwrite your file from the previous year.

By the way, this empdupe file doesn't contain any confidential information about your business. All your empdupe file contains is your company name and ABN, along with employee names, addresses, tax file numbers and payroll totals. In other words, the empdupe file does not contain any information that wouldn't be on an ordinary payment summary.

After you save your empdupe file onto your hard drive, make an additional copy onto a CD or flash drive. This is the info that you need to send to the Australian Taxation Office, along with a magnetic media form, by August 14 each year.

What's the magnetic media form all about?

If you plan to send your EMPDUPE file to the ATO in the post (as opposed to lodging your EMPDUPE file electronically), then click the Print Magnetic Media Form button immediately after you create your EMPDUPE file.

MYOB automatically prints most essential details on this form, with the exception of Section C, where you're prompted for an identifier. This identifier is simply any old number that you write both on the CD or flash disk where you've saved the EMPDUPE file and on the form, so that if the two should become separated, the ATO can pair them up again. Your phone number usually does just fine.

What should I do with my payment summaries once they're printed?

With your payment summaries complete, here's what to do:

1. Look over the payment summaries briefly, checking that the figures look reasonable.
2. Tear up any zero value payment summaries (in some older versions of MYOB, if you haven't made departed employees inactive, MYOB software prints a payment summary for every employee in your Cards List, even if they haven't worked for you in years).
3. Unless you completed the Authorised Signatory field and your signature is already printed on each summary, sign each one.
4. Make a copy for your own records.
5. Post or hand out the payment summaries to your employees by 14 July.

Can I email rather than print my payment summaries?

You sure can. The only thing that you need to do first is contact your employees and ask if they're okay to receive their payment summary electronically as a PDF file. If your employees are happy with this method, then you can go right ahead.

Can I lodge my payment summaries online?

Yes. By registering for an AUSkey (a single online user ID and password that enables you to access multiple government services) you can lodge your EMPDUPE file (that's the file that MYOB creates at the end of the payment summary process) online.

The advantages of working in this way is that not only is lodging online quicker and easier than sending a CD in the post, but that you know instantly if there are any errors with your EMPDUPE file.

To register for an AUSkey, visit www.ato.gov.au and search on Online Services. Note that after receiving your AUSkey, you will need to download the Electronic Commerce Interface (ECI) software.

Troubleshooting Payment Summaries

If you're one of those methodical people who are naturally good at record-keeping, then chances are you won't need to read any of the following questions. On the other hand, if you're a busy person trying to juggle a few balls in the air at once, sooner or later you'll encounter an employee for whom you don't have a tax file number or an address, a supplier who appears in your payment summary list for no reason or an accountant who queries the amounts on an employee's payment summary. Good news is, for every problem there is a solution. . .

What if I'm missing a tax file number for an employee?

When you go to print payment summaries, you'll find that you can't proceed without a valid tax file number for every employee. If the employee is still working for you, simply ask them to give you their number as soon as possible. Alternatively, if you can't get hold of the employee, see if they fit into one of the following scenarios:

| | |
|-------------|---|
| 333 333 333 | The employee is under 18 and earns less than \$350 per week |
| 444 444 444 | The employee is an Australian government pensioner |
| 111 111 111 | The employee has been working for you for less than 28 days |
| 000 000 000 | The employee has chosen not to quote a tax file number |

If an employee doesn't provide you with a tax file number, you're meant to deduct tax at the highest marginal rate (although certain exemptions do apply). If you haven't been deducting tax at this rate and the reason you don't have the employee's tax file number is that you never thought to ask them for it, then you're in a tricky situation. Again, the best solution is to track down the employee and find out their number.

I don't have an address for one of my ex-employees. What do I do?

If you don't have an address for one of your ex-employees, or a payment summary is returned to you by Australia Post, simply forward the payment summary to the ATO with a covering letter explaining the situation.

How do I stop suppliers or subcontractors coming up in my payment summary window?

If a supplier or subcontractor appears in your payment summary window, this means that at some point you've created a new card for this supplier but inadvertently selected Employee as the Card Type, rather than Supplier. A simple enough mistake, but a hassle because even if you make this card inactive, the supplier's name still appears when you go to print payment summaries.

The solution is to go to the Personal Details side menu under the Payroll Details tab of the supplier or subcontractor's card and change their Employment Basis from Individual to Labour Hire. Also, make the card inactive and create a new card for this supplier, this time remembering to select Supplier as the Card Type. After you start a new financial year, you'll be able to delete the inactive supplier card.

Can I print payment summaries again if I make a mistake?

Yes. So long as you haven't lodged your EMPDUPE file with the ATO yet, you can still make changes and reprint payment summaries. Essentially, printing payment summaries is just like printing any other report — you can run the payment summary process as many times as you like.

The ATO said my data was unreadable. What next?

The rejection rate of electronic payment summary reports is surprisingly high. You'll know if your data is rejected if, a few weeks after you send your payment summary report, you receive a letter that says your data was unreadable. The solution is easy. Just find the copy of your payment summary report (usually called 'empdupe.a01' although you may have edited the name to include the year), copy this onto a new CD, and send it off again.

By the way, here's how to avoid this situation happening in the future:

- Double-check that your data copied correctly by opening the empdupe file from the CD. (You can view the file in your word processor, just don't save the file when you exit.)
- Mail your CD using a special Australia Post Computer Disk & Photo Mailer envelope. (Sometimes normal mail goes through an x-ray machine that zaps electronic data.)
- If you're using a MAC and burning a CD, make sure to select a PC-compatible setting when initialising the CD burn process.
- Ditch using CDs altogether and instead, register for the Electronic Commerce Interface (ECI) service. Refer to '[Can I lodge my payment summaries online](#)' earlier in this ebook for more details.

The ATO returned my EMPDUPE file saying my software wasn't compliant. What next?

From time to time, the ATO changes the file format requirements of your payment summary (empdupe) file. Normally you won't have to worry about this, as MYOB software keeps right up-to-date with ATO requirements. However, if you're running an older version of MYOB software you may come across the situation where the ATO rejects your file, saying that your software isn't compliant.

The solution is to upgrade your version of MYOB software or, if you're stony broke, to write your payment summaries and lodge your annual report by hand.

Starting a New Payroll Year

So you've balanced all your payroll accounts, printed payment summaries and sent your annual report off to the Tax Office? Now all you have to do is print a few reports, make special backup archives, copy a duplicate of your company file onto your hard disk and do the deed. . .

Which payroll reports should I print at the end of the payroll year?

If you get audited, you could be asked for all kinds of reports, anything from lists of pay transactions to annual wage reconciliations. For this reason, your end-of-payroll year backups are much more important than any printed report. However, here are the basics if you want to have something printed in hard copy:

- An Employees Activity Summary report with Year-to-Date selected as the Period.
- Copies of all payment summaries issued to employees.
- The Superannuation Accrual by Fund [Summary] report with Year-to-Date selected as the Period.
- The Employees Activity Summary report dated from the beginning of your workers' comp year up to June 30. For example, if your workers' comp year runs from April 14 to April 13 each year, print this report dated from April 14 to June 30.

How do I back up payroll at end of year?

When you start a new payroll year, MYOB software clears out the employee totals from the previous year, starting again from scratch. This is fine, but you may well need to refer to this information again, whether it's for employee queries, management information or workers compensation audits. That's why it's essential to make a backup before starting a new payroll year and to store this backup separately from your other daily or weekly backups.

Back up as you normally would, saving your company file onto removable media such as a CD, DVD, removable hard drive or flash drive. However, when naming your backup file, don't accept the default name that MYOB software offers (usually a string of numbers ending in either the letters 'sit' or 'zip'). Instead, type your own file name, something like 'EOY Payroll 2013', as shown in the screenshot below. (For more about backup procedures, refer to [Making the Most of MYOB Business Software](#).)

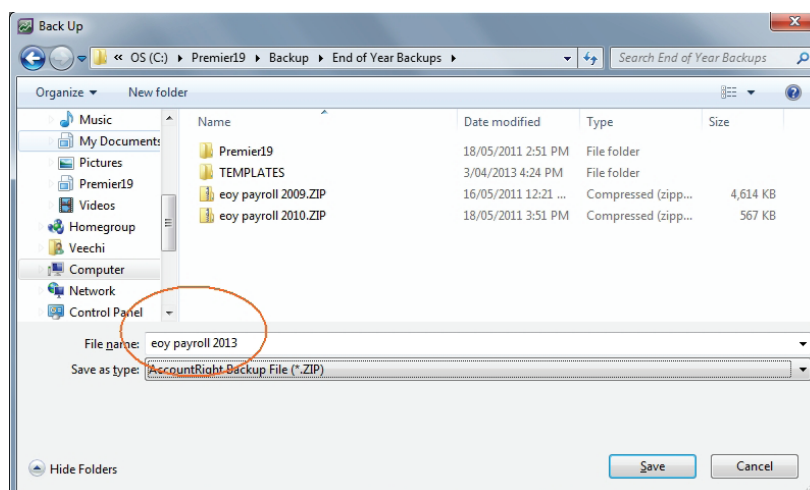


Figure 7: Give your end of year payroll backup a distinct name.

Once you've made one backup, make an extra backup just in case. Label both backups clearly and store in a safe place, with one backup set off-site. Note that end of payroll year backups are in addition to both your ordinary daily backups and to your end of financial year backups.

Protect yourself from fire or theft by keeping at least one backup set off-site (away from the office or, if you work at home, away from the house) at all times. Also, remember that for workers compensation purposes, you must keep your payroll records for at least seven years.

How do I start a new payroll year?

The final step of starting a new payroll year in your company file is so easy, it's almost surprising. However, if you're reading this question having just opened up this document, then stop. Before you start a new payroll year, do make sure everything balances and your records are complete — head back to [Preparing to Start a New Payroll Year in MYOB](#) for more details.

Assuming you've done your checks and balances, go to your File menu, select Start a New Year and then select Start a New Payroll Year. You'll see a warning saying all payroll history records for the year just gone will be deleted. It's true! So, if you really did reconcile your wages, print the end of year reports and do two sets of backups, go ahead and click Continue. With a brief flicker on the screen and a couple of seconds delay, the process will be complete.

What about new tax tables?

Tax tables change most years, but this year the changes are relatively minor. Tax rates are actually the same, and the only difference is very minor changes to Medicare levy thresholds and student loan repayment thresholds.

If you subscribe to MYOB's Cover program, or you pay for MYOB on a monthly subscription basis, you should receive an email with a link pointing to the download for this update sometime during the last week of June. Simply click the link provided on this email and follow the instructions to download the Compliance Update.

Alternatively, if you subscribe to MYOB's Cover program and you haven't received an email yet, then you can check for updates online. Go to the Help menu in MYOB, select Updates and then Check for Updates. (If the Check for Updates option is greyed out, you need to select Register for Updates first.) You should see the Compliance Update listed in the Software Manager window. Select this update, click Install, and follow the instructions to proceed.

After you've installed the update, you still need to tell MYOB that you want to use the new tax tables. To do this, go to your Setup menu and select Load Payroll Tax Tables.

To check that you now have the latest tax tables, go to your Setup menu, select General Payroll Information, and double-check that the Tax Table Revision Date now reads as 1/07/2013.

Do I need to upgrade to AccountRight Live in order to get the latest tax tables?

No. You don't have to upgrade to the latest version of AccountRight in order to upgrade your tax tables. If you use AccountRight Standard or Plus version 19 and you subscribe to MYOB Cover, you'll have a choice at June 30 between upgrading to the new generation of AccountRight, or simply installing the compliance update. (This scenario only applies to users of AccountRight Standard or Plus — the new generation of AccountRight is not yet available for Premier users.)

Are you wondering whether to upgrade, or not? The good news is that the service packs have increased the speed of the new generation of AccountRight significantly, and dealt with

many of the more irritating bugs as well. The bad news is that the speed is still slower than AccountRight version 19 — and indeed, because this is an SQL product, the new generation of AccountRight will probably always run a bit slower than version 19 used to.

Is this reduction in speed tolerable? The answer depends primarily on the processing speed and RAM on your computer, but also on the size of your company file and how many transactions you record daily. If you're using an old computer, definitely give the upgrade a miss. If you're using a relatively new computer with a bit of grunt and you already subscribe to MYOB Cover, you could try installing the new software and test speed using the Clearwater demonstration file. If this seems okay, upgrade your company file, and test the speed once more. If the speed is good, then you can go ahead and enjoy the benefits that the new version provides. (If you're unhappy with the speed and you haven't recorded many transactions, you can always ditch the upgrade and return to AccountRight version 19.)

What about the other reforms, such as reporting for taxable payments in the construction industry and showing super on payslips?

If you are in the building and construction industry, then you almost certainly have to produce a special taxable payments report summarising all payments you have made to subcontractors during 2012/13. This process is relatively complex, and how you do it very much depends on what version of MYOB you are currently using. For more information, see our ebook called *Working With Taxable Payments Using MYOB*, available for \$6.95 from www.veechicurtis.com.au.

In terms of showing superannuation on payslips, this was put forward as a possible reform in late 2011, but has not been passed as legislation yet. As at June 2013, there is no requirement to show employee superannuation on payslips. If this reform does go through, it almost certainly won't be effective until July 2014.

I don't subscribe to MYOB Cover. How do I get hold of the new tax tables?

Tax tables refer to the special formulas required for calculating PAYG tax on employee wages and in recent years, these tax tables have changed slightly every July.

Although many MYOB users complain bitterly about being forced into subscribing to annual cover in order to receive updates every time new tax tables come out, MYOB shows no sign of changing what must be a very lucrative policy.

If you don't subscribe to MYOB Cover, you have three choices:

- You can purchase an upgrade. (However, the price of the annual upgrade is usually pretty similar to a year's subscription to MYOB Cover, and MYOB Cover also provides unlimited technical support.)
- You can download free tax table sheets from www.ato.gov.au and then manually edit the tax amount on each employee's pay every week.
- You can purchase third-party tax tables from www.fghtables.com for the modest price of \$66. Read to the next question to find out more about FGH.

Do I have to buy my tax tables from MYOB?

No, you don't. You can also purchase tax tables from a company called FGH (visit <http://www.fghtables.com> for more details). The tax tables cost \$66 and you can use the same tables across multiple companies so long as each company uses the same serial number.

MYOB's policy on third-party tax tables is that 'it is a risk for the client as it's unclear what rigour has gone into testing the tax tables, and who's responsible if it does all go wrong'. The choice of course is yours; if you're worried, you can always buy these tax tables and double-check the tax calculations for the first couple of pay runs.

Certainly, these tax tables are a cheaper option than upgrading if you are one of those people who are only upgrading in order to keep tax tables up to date.

One note however is that FGH don't support the latest SQL version of MYOB AccountRight.

How do I find out about employee wage rates?

At the time of writing, the national minimum full-time wage for permanent employees is \$606.40 per week (casuals receive an additional 23%). However, this is set to be reviewed for the 2013-14 year. For the latest updates, go to www.fairwork.gov.au.

The minimum wage rates at Fair Work Australia apply to all private sector businesses in Australia, with the exception of sole traders and partnerships in Western Australia, where state awards still apply.

If you currently pay an employee above the relevant modern award, you're not obliged to increase this employee's wages by the amount announced by Fair Work Australia each year. However, you must check that the rate you pay is still greater than the new minimum rate.

What about changing the superannuation rate?

You may be aware that the superannuation guarantee rate changes to 9.25% from 1/7/2013. Don't forget to update this rate in your MYOB file. Put simply, all you need to do is go to your Payroll Categories, click the Superannuation tab, double-click your SGC Superannuation category, and change the rate from 9% to 9.25%. However, there are a couple of other minor changes in the way superannuation is calculated, including changes to age thresholds and so on. For a complete summary of calculating super for employees, including these updates, go to www.veechicurtis.com.au, navigate to the Online Bookshop, click eBooks, and check out the ebook called Managing Employee Superannuation with MYOB Payroll.

Other Publications

All titles are available from www.veechicurtis.com.au

MYOB Software for Dummies -the Simple MYOB Guide for Everyone

[MYOB Software For Dummies](#) provides you with a jargon-free, plain English guide that explains how to use MYOB for beginners. Now in its seventh edition, MYOB Software for Dummies has sold over 60,000 copies in Australia alone, and covers all new software versions released in 2011/12. Click [here](#) to view sample chapters, table of contents and other details.

Making the Most of MYOB AccountRight – The Comprehensive MYOB Guide

[Making the Most of MYOB AccountRight](#) was the first MYOB book published in Australia and has sold over 75,000 copies. Beginning with the basics and building to more advanced topics, this MYOB bible takes a question-and-answer approach, providing concise solutions to over 600 of the most commonly asked questions. The ninth edition covers all new software versions released in 2011/2012. Click [here](#) to view sample chapters, table of contents and other details.

Bookkeeping For Dummies – the Comprehensive Guide

[Bookkeeping for Dummies](#) provides a step-by-step bookkeeping health check, defining all of the common jargon for both the bookkeeping novice and the seasoned expert. This book teaches you how to build your own list of accounts and create systems for calculating employee payroll, superannuation and employee leave. [Bookkeeping for Dummies](#) provides an expert guide to determining business profitability and growth as well as lots of tips for non-profit organisations. The answer to all of your bookkeeping questions . . .

Small Business For Dummies and Business Plans For Dummies

Providing the perfect companion to our MYOB books are the titles [Small Business For Dummies](#) and [Business Plans For Dummies](#). Now in its second edition, the popular Small Business for Dummies is packed with information about starting and growing a business in Australia, making the essential pocket-companion for any small business person. With [Business Plans For Dummies](#), you discover how to create a blueprint for growth and profits, differentiate your business from the competition, create financial projections, be a great manager and last but not least, expand your business.