

Process Document General

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Process :	Hidden Liability Calculation on Non-Taxable Allowances
Note:	

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1.1. Settings Impacting Superannuation and other Liability Calculations

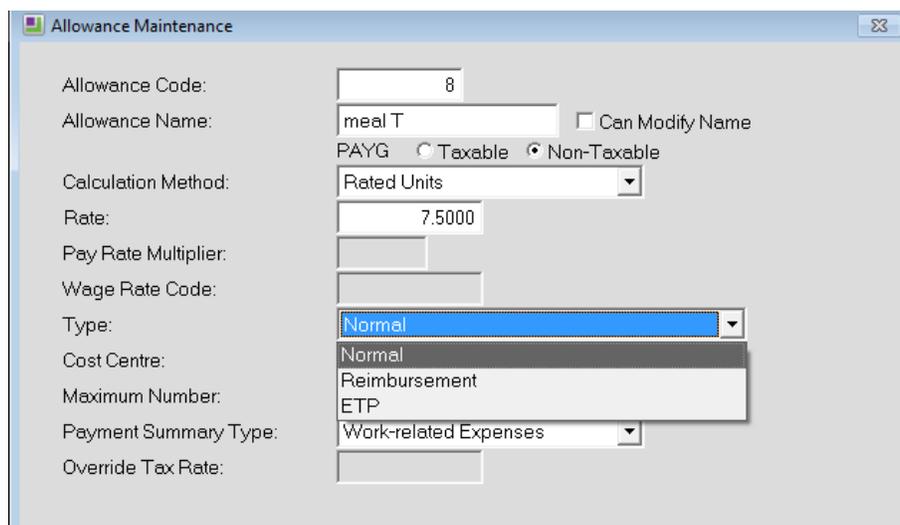
Non-Taxable Allowances

Even though the Liabilities button is not visible when Non-Taxable is selected for an allowance some of the liabilities are still calculated and posted during payroll processing.

To accommodate for various industries and pay agreements, MYOB has added flexibility that may appear incorrect and hidden.



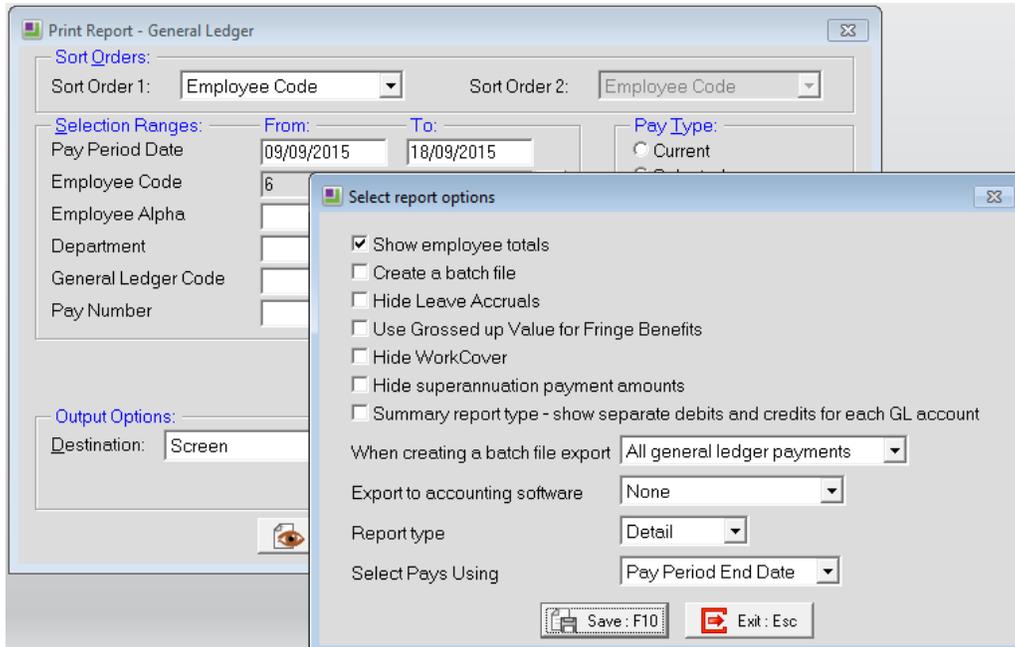
- Leave does not accrue and ticks are ignored when Allowance is non-taxable.
- Superannuation and Work Cover are calculated if ticked.
- Payroll Tax tick will include this allowance if set as Type normal or ETP and excluded if set as Reimbursement.



1.2. How to Identify Incorrectly Superannuation Calc and other Liabilities

- a. Printing General Ledger Report and noticing that superannuation is being posted as a different amount when an allowance is being paid, or the super doesn't work out at exactly e.g. 9.5% of the gross wages.

There will be a separate Work Cover entry for the Allowance.



The Demonstration Company

General Ledger Report

Pay Period Date from 09/09/2015 to 18/09/2015, Employee Codes: 6

	Hours	Debit	Credit	General Ledger	Description
6 Russel, George Thomas					
RDO	-1.90	-26.60	0.00		
Wages: Ordinary	38.00	532.00	0.00		
Wages: Ordinary	38.00	532.00	0.00		
RDO	-1.90	-26.60	0.00		
A 7 travel allowance T	0.00	300.00	0.00		
Direct Credit	0.00	0.00	-766.40	9800-10	Net Pay Clearing
Direct Credit	0.00	0.00	-466.40	9800-10	Net Pay Clearing
PAYG	0.00	0.00	-39.00	9900-20	PAYG Clearing
PAYG	0.00	0.00	-39.00	9900-20	PAYG Clearing
Long Service Leave Accrued	0.00	5.89	0.00		
Personal Leave Accrued	0.00	12.92	0.00		
Annual Leave Accrued	0.00	30.37	0.00		
Long Service Leave Accrued	0.00	5.89	0.00		
Annual Leave Accrued	0.00	30.37	0.00		
Personal Leave Accrued	0.00	12.92	0.00		
Superannuation: 2 IOOF	0.00	76.99	0.00		
Superannuation: 2 IOOF	0.00	48.01	0.00		
WorkCover	0.00	0.00	-13.24	9900-70	WorkCover
WorkCover Rounding	0.00	0.01	0.00	9900-70	WorkCover
WorkCover	0.00	0.00	-8.30	9900-70	WorkCover
Annual Leave Accrued	0.00	0.00	-30.37	9400-10	AL Provision
Annual Leave Accrued	0.00	0.00	-30.37	9400-10	AL Provision
Personal Leave Accrued	0.00	0.00	-12.92	9400-20	Pers. Leave Provisio
Personal Leave Accrued	0.00	0.00	-12.92	9400-20	Pers. Leave Provisio
Long S Leave Accrued	0.00	0.00	-5.89	9400-50	LSL Provision
Long S Leave Accrued	0.00	0.00	-5.89	9400-50	LSL Provision
Superannuation(employer)	0.00	0.00	-76.99	9700-00	Superannuation
Superannuation(employer)	0.00	0.00	-48.01	9700-00	Superannuation
WorkCover(travel allowance T)	0.00	4.50	0.00		
WorkCover(Wages: Ordinary)	0.00	7.98	0.00		

- b. Checking the Allowance settings by clicking Taxable and clicking the Liabilities button shows that Superannuation and other liabilities are ticked.

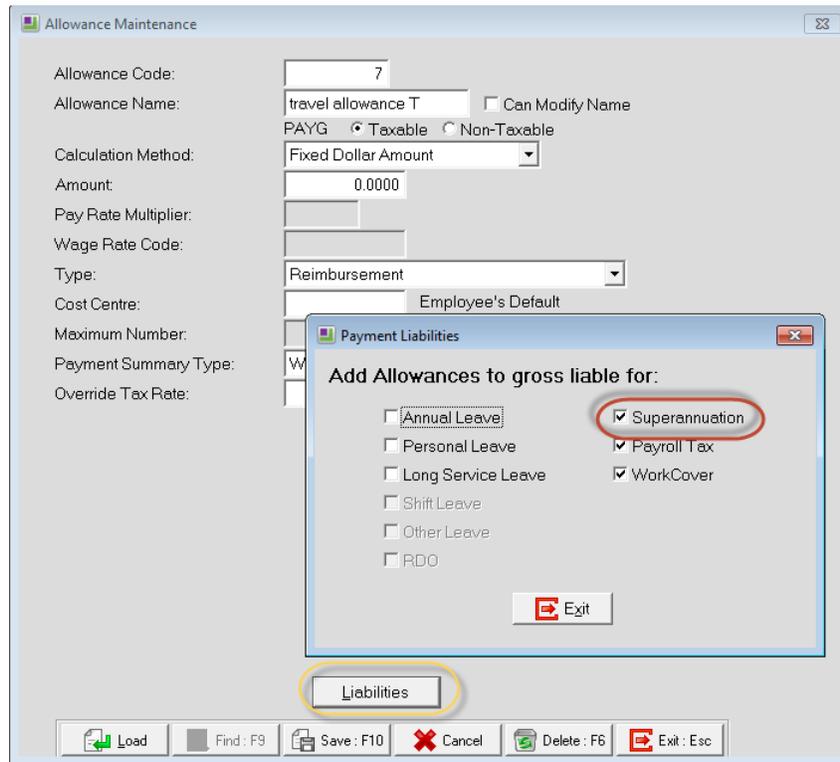
The screenshot shows the 'Allowance Maintenance' window with the following details:

- Allowance Code: 7
- Allowance Name: travel allowance T
- Calculation Method: Fixed Dollar Amount
- Amount: 0.0000
- Type: Reimbursement
- Payment Summary Type: Work-related Expenses
- Override Tax Rate: (empty)

Key settings highlighted in the image:

- Can Modify Name
- Taxable
- Non-Taxable
- Liabilities

Buttons at the bottom: Load, Find: F9, Save: F10, Cancel, Delete: F6, Exit: Esc



- c. Printing the Payroll Tax report you notice a figure in Other Payments column and checking the Pay Summary report it reveals an allowance that shouldn't be included in Payroll Tax.

Payroll Tax - NSW
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Month	Year	Salary & Wages	Fringe Benefits	Super Contribution	Other Payments	State Wages	Interstate Wages	Total Australian Wages	Threshold	Tax Payable
September	2015	1037.40	0.00	102.11	37.50	1177.01	0.00	1177.01	50000.00	0.00
Totals:		1037.40	0.00	102.11	37.50	1177.01	0.00	1177.01	50000.00	0.00

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Pay Summary

Pay Period End Date from 16/09/2015 to 30/09/2015, Employee Code from 6 to 6 Superannuation Guarantee Scheme Applied

	Units	Hours	Days	Amount	Non-cash Amount
6 Russel, George Thomas					
Wages					
1 Ordinary		38.00		532.00	
1 Ordinary		40.00		560.00	
1 RDO Accrual		-1.90		-26.60	
1 RDO Accrual		-2.00		-28.00	
Total Wages				1037.40	
Gross Pay				1037.40	
PAYG					
PAYG	2			83.00	
Total PAYG				83.00	
Non-Taxable Allowances					
8 meal T				37.50	
Total Non-Taxable Allowances				37.50	
Superannuations					
2 IOOF Superannuation					48.01
2 IOOF Superannuation					54.10
Total Superannuations Post-Tax					102.11
Net Pay					
Direct Credit	2			991.90	
Total Net Pay				991.90	
WorkCover	2				17.65
Total				1074.90	119.76
Payroll Expenditure				1194.66	

1.3. How to Fix Incorrect Liabilities

- a. Process One-Off pays to reverse the incorrect entries (we recommend reversing the entire pay at the original date, though this may not be practical).
- b. Set the Liabilities for the NT Allowance as required.
- c. Process One-Off pays for the same entries at the same date as the reversal.

1.4. Configuration Required

Check the Liability setting for all your Allowances and contact Momentum if you are uncertain of the impact.

1.5. Customisation Required

No customisation is required to support this process.

1.6. Change Management

Corrections need to be made to the existing payroll and EXO Business for Liability adjustment.

1.7. Known Issues

There are no known issues that would impact this process.