# **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.

Payment Liabilities	×
Add Allowances to gross lia	ble for:
Annual Leave	Superannuation
🗆 Personal Leave	🔽 Payroll Tax
🗆 Long Service Leave	🗹 WorkCover
🗖 Shift Leave	
🗖 Other Leave	
F RDO	
	1

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

Allowance Maintenance	23
Allowance Code: Allowance Name: Calculation Method: Rate: Pay Rate Multiplier: Wage Rate Code: Type: Cost Centre: Maximum Number:	8 meal T Can Modify Name PAYG Taxable • Non-Taxable Rated Units • 7.5000 Normal Reimbursement
Payment Summary Type: Override Tax Rate:	ETP Work-related Expenses

- 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.

Print Report - General Ledger Sort Orders: Sort Order 1: Employe	E Code   Sort Order 2: Employee Code
<u>Selection Ranges:</u> Pay Period Date	From:         To:         Pay Iype:           09/09/2015         18/09/2015         C current
Employee Code	6 Select report options
Department	Show employee totals
General Ledger Code Pay Number	Create a batch file     Hide Leave Accruals
	Use Grossed up Value for Fringe Denetits     Hide WorkCover     Hide superannuation payment amounts
- Output Options:	Summary report type - show separate debits and credits for each GL account
Destination: Screen	When creating a batch file export All general ledger payments 💌
	Export to accounting software None
	Report type Detail
	Select Pays Using Pay Period End Date 💌
	Exit : Esc

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	The De	nonstratio	n Comp	any	Page: 1
General Ledger Report					
ay Period Date from 09/09/2015 to	0 18/09/2015, E	mployee Codes:	6		
	Hours	Deb it	C red it	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		

Printed on: 02 Sentember 2015 00:22:25

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

Allowance Maintenance	8
Allowance Code:	7
Allowance Name:	travel allowance T Can Modify Name PAYG C Taxable (Non-Taxable)
Calculation Method:	Fixed Dollar Amount
Amount	0.0000
Pay Rate Multiplier:	
Wage Rate Code:	
Туре:	Reimbursement
Cost Centre:	Employee's Default
Maximum Number:	
Payment Summary Type:	Work-related Expenses
Override Tax Rate:	
Find : F9	Save : F10 🗱 Cancel 😨 Delete : F6 💽 Exit : Esc

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Allowance Maintenance	8
Allowance Code: Allowance Name:	7 Travel allowance T Can Modify Name PAYG © Taxable C Non-Taxable
Calculation Method: Amount:	Fixed Dollar Amount
Pay Rate Multiplier: Wage Rate Code: Turne:	Peimhursement <b>v</b>
Cost Centre:	Employee's Default
Payment Summary Type: Override Tax Rate:	Add Allowances to gross liable for:  Annual Leave  Personal Leave  Conservice Leave  Cother Leave  RD0
	Exit
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.

				Pay The D	emonstration	X - NSV Company	Date: 03/09/2015 09:52:22 AM Page: 1			
Salary & Fringe Super Other State Interstate Month Year Wages Benefits Contribution Payments Wages Wages						Interstate Wages	Total Australian Wages	T hreshold	T ax 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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#### The Demonstration Company

#### **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				$\frown$	
8 meal T				37.50	
Total Non-Tax able 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	
WorkC over	2				17.65
Total				1074.90	119.76
Payroll E xp enditure				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.

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