

# End of Payroll Year Guide 2016

How to use your software to process  
our end of payroll year tasks

# End of Payroll Year Guide 2016

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# End of Payroll Year Guide 2016

## End of payroll year Process

This guide is for:

- > AccountRight Plus
- > AccountRight Premier
- > AccountRight Enterprise
- > AccountEdge
- > AccountEdge Pro
- > AccountEdge Network Edition

If you manage your payroll using AccountRight or AccountEdge, this guide steps you through what you need to do to stay ATO compliant for the 2015-2016 payroll year.

If you're using MYOB Essentials Accounting, you can still use this guide to identify the key tasks required at the end of the payroll year.

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### Got our EOFY Guide?

After completing the steps in this guide, see our [End of Financial Year Guide 2016](#) to help close your financial year.

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## Step 1 Process the last pays for the year

Ensure that you've entered all pays to 30 June 2016 before continuing.

In the new AccountRight, make sure you don't have any saved pay runs that still need to be processed, as these will be cancelled when you close the payroll year.

Once you close the payroll year you won't be able to enter or edit any pays dated in a closed payroll year.

## Step 2 Print the key payroll reports

### To print payroll reports

1. Go to the Reports menu and choose Index to Reports.
2. Click the Payroll tab and print the following reports:
  - > **Employees Activity Summary:** Print this report for the full payroll year. This report lists each employee's total wages, entitlements, deductions, employee expenses and taxes. The Activity Report derives its information from pays recorded using the Pay Employees function only, so it does not include any history that may have been manually entered in the employee's card.
  - > **Employees Register Summary:** Print this report for the full payroll year. This report lists each employee's total wages, entitlements, deductions, employee expenses and taxes but derives its information from the payroll history contained in the employee cards only. The payroll history is also the basis for the information used by the Payment Summary Assistant.

- > **Entitlements Balance Detail:** Print this report to review your employees' leave entitlements. Choose the date range 01/07/15 to 30/06/16 as the period to identify the current balances for each employee. The opening hours will include the carry over figure and the total available hours indicate the lifetime balance.
- > **Superannuation reports:** Ensure you have printed your superannuation reports for the month of June 2016 or the April-June quarter. Some superannuation reports for these periods cannot be generated once you close the payroll year, so print to ensure you have enough information to pay your contributions.

### NOTE

If you've made direct adjustments to the payroll history information in your employees' cards, the Employees Activity and Employees Register reports will not match.

The only time these reports should differ is when you've commenced using the payroll function part-way through the year and have entered opening payroll balances in the Pay History tab of your employee cards. If a mistake has been made on a Pay Employee transaction, you shouldn't manually adjust the payroll history within an employee card, as there will be no audit trail and the general ledger accounts will not be updated. Instead, you should delete the incorrect pay and re-enter it.

Also note that payment summaries retrieve their figures from the employee Payroll History, so if this information is incorrect, the payment summaries will also be incorrect.

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## Step 3 Ensure you are SuperStream ready

SuperStream is a government reform to simplify the superannuation system. It requires employers to submit their employees' super contributions electronically in a simplified and consistent manner.

SuperStream is mandatory for all employers making super contributions, APRA-regulated super funds and self-managed superannuation funds (SMSFs) receiving contributions.

### When do I need to implement a SuperStream solution?

- > If you have 20 or more employees you had until 30th June 2015 to meet the SuperStream requirements.
- > **If you have 19 or fewer employees you have until 30th June 2016.**

For all SuperStream requirements, visit [ato.gov.au/datastandardcontributions](http://ato.gov.au/datastandardcontributions)

The latest versions of AccountRight and AccountEdge (and MYOB Essentials Accounting) have SuperStream compliant solutions available as part of an active support subscription. For more information, visit [myob.com/superstream](http://myob.com/superstream)

## Step 4 Reconcile PAYG withholdings

Using the payroll reports that you printed at step 2, you should now be able to reconcile your year-to-date PAYG withholding figures.

This process will check that you've remitted the full amount of PAYG withholdings that were collected during the payroll year.

To reconcile PAYG withholdings you'll need to total all the payments that have been made to the Australian Taxation Office during the year. Compare the total payments made to the ATO with the total PAYG figures appearing on the Employees Activity and Employees Register reports.

Total PAYG remitted to the ATO	\$
Total PAYG showing on the EmployeesActivity / Register reports	\$
Variance	\$

If there is a variance between the PAYG remitted to the ATO and the Payroll Activity and Payroll Register reports, you'll need to print these payroll reports for each month and compare them to the figures paid to the ATO for the PAYG Withholdings until you find the discrepancy. (See Step 2 for reasons why the Employees Activity and Employees Register reports may not match).

You can also compare the total gross wages shown on the Employees Activity and Employees Register reports with the Wages expense account in the Profit and Loss Statement for the payroll year. If the two figures do not match (remember to take into account any allowances paid into other accounts), you'll need to print the Employees Activity and Employees Register report for each month and compare it to the monthly Profit and Loss Statements until you find the discrepancy.

## Step 5 Print payment summaries

Once all payroll transactions have been entered and your PAYG withholdings have been reconciled, you're ready to print the payment summaries for your employees.

### TIP

- > If you're unable to print the payment summaries before the first pay run of the new year, make two backups of your company file. Then start a new payroll year and keep using the file. When you're ready to print your payment summaries, restore a backup. Give the restored file a name that easily identifies it as the "before new payroll year" file so that it's not accidentally used to enter data for the new payroll year.

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Record your backup file names and locations here:

1. \_\_\_\_\_
2. \_\_\_\_\_

## Before preparing your payment summaries:

- > Make sure your employee cards contain a current address (including a city and postcode) and a tax file number.
- > For workers paid under labour hire arrangements, make sure their employee card has the Employment Basis set to Labour Hire (Card File > Cards List >

Employee tab > open the card > Payroll Details tab).

- > Have available all details of any fringe benefit amounts and reportable superannuation amounts for your employees.

## To prepare your payment summaries

1. Go to the Payroll command centre and click Print Payment Summaries. The Payment Summary Assistant appears. The Payment Summary Assistant helps you complete your payment summaries.
2. [AccountRight v19 and AccountEdge only] Select the Individual non-business and Employment termination payment option.
3. Click Next.
4. Check Your Company's Payment Summary Information. This window displays your company's name and address, as you entered it in the Company Information window when you set up the company file. This information will appear on your employees' payment summaries, and also in the electronic file (the EMPDUPE file) containing payment summary information that you'll provide to the ATO.

Ensure that this information is correct and also enter your company's Trading Name if you wish.

NOTE: In the State field, you must select one of the following two- or three-character codes:

ACT	Australian Capital Territory	TAS	Tasmania
NSW	New South Wales	VIC	Victoria
NT	Northern Territory	WA	Western Australia
QLD	Queensland	OTH	Overseas addresses
SA	South Australia		

If OTH is selected (your company is a non-resident):

- > The Country field is activated. You must enter your company's country information in this field.
- > The Postcode field defaults to 9999 and cannot be changed.
- > The state and postcode as well as the town must all be reported in the Suburb/Town/City field.

For example, assume your address is  
275 Central Park West, Apartment 14F, New York, NY USA 10024.

This address would be entered as follows:

Street Address - Line 1	275 Central Park West Street
Address - Line 2	Apartment 14F
Suburb/Town/City	New York, NY 10024
State	OTH
Postcode	9999
Country	USA

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The ATO requires each business to provide contact information for the person who processed your business payment summaries as well as your company information.

If you have approval from the ATO, you can also specify an authorised signatory in this window; this person's name will appear in the "Signature of Authorised Person" area on your employees' payment summaries.

[New AccountRight only] If you're a bookkeeper or accountant preparing the payment summaries on behalf of the business, select the option I use a third party service provider to lodge my payment summaries and enter your details in the Service Provider Details step.

When you're satisfied with the information in this window, click Next.

## 5. Set up the payment summary fields

Indicate which payroll categories in your software are reported in each payment summary field on your employees' payment summary. You can also enter a descriptive label for some fields and these will be printed with the amounts for the payroll categories you've linked to the fields.

### IMPORTANT

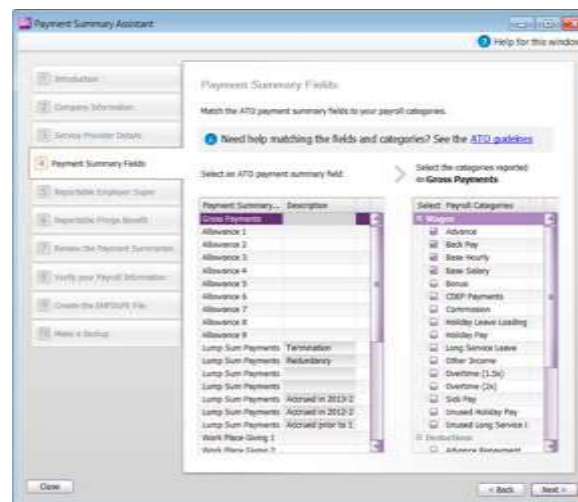
Take care when completing this step. Incorrectly selecting or omitting a category will result in erroneous amounts on the payment summaries. Refer to the ATO website for information about which wages and deductions should be selected for each field. Use the following information to help you complete this window.

### Gross Payments

Select the Gross Payments field on the left. The row will highlight. Now, in the right hand column, select all payroll categories that you want to include in the Gross Payments box on the payment summary. To start with, you may select Base Hourly, Base Salary, Annual Leave and Personal Leave. Also select any relevant salary sacrifice categories. Even if only some of your employees are linked to a certain category, select it if any amounts for any employees have been allocated to that category.

### NOTE

Ensure that you don't select any Allowances, Lump Sum Payment categories, CDEP categories, or Taxes at this stage.



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## Allowances

Select the Allowance 1 field on the left, enter the name of an allowance paid to your employees in the Description column, and then select the relevant allowance category in the right hand column. Select Allowance 2, enter the description of another allowance, and then select the relevant allowance category in the right hand column.

Repeat this for any other allowances you may have. If you have more than nine allowances, enter eight of them as described above, then select Allowance 9, enter the description as Other and select the remaining allowance categories in the right hand column.

## Lump Sum Payments

If you've paid any amounts to your employees that belong to the Lump Sum Payments A, B, D and E boxes, you'll need to select the appropriate field on the left-hand side and click on the right-hand side payroll categories that correspond to the box.

It's recommended that you have dedicated payroll categories set up to report Lump Sum Payments. This enables you to easily report Lump Sum amounts separately to Gross Payments.

## NOTE

Lump Sum Payment C is for any Employment Termination Payments (ETP) eg. cash sum on termination of employment. These payments need to be issued on a separate ETP Payment Summary, which is available in some more recent software versions as a part of the Payment Summary Assistant. Please contact the ATO for further information, via the link in the Payment Summary Fields.

Lump Sum Payment E refers to amounts received for back payment of salary or wages, which accrued more than 12 months ago.

## Community Development Employment Project (CDEP) Salary or Wages

CDEP payments refer to salary or wages received by persons of Aboriginal or Torres Strait Island descent on a "work for the dole" project within their community.

If you've made CDEP payments, select the CDEP field on the left and then select the appropriate CDEP payroll category on the right.

## Tax Instalments Deducted

Select the Total Tax Withheld box on the left. On the right hand side, notice that the PAYG Withholding category is automatically selected. Do not clear this category.

If you've set up other deductions to act as tax deductions (e.g. flat rate of 20% tax set up as a deduction) then also select these.



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## Employment Termination Payments

If you've paid any amounts to your employees that are considered part of an employment termination payment (ETP), select the appropriate ETP field on the left hand side and click the relevant payroll categories on the right hand side. This works best when you've set up ETP wage categories. This is detailed in the following help topics which can be found at [help.myob.com](http://help.myob.com)

> *Processing termination payments in the new AccountRight*

> *Processing termination payments in AccountRight v19 and AccountEdge*

Once you've selected all required payroll categories click Next.

### 6. Enter reportable employer superannuation contributions (RESC)

Enter any applicable RESC amounts in this window. To do this, click the Link Superannuation Categories button and select the superannuation payroll categories that are reportable, for example Salary Sacrifice and Employer Additional. You can also manually enter amounts next to an employee's name.

## NOTE

### Reporting the correct superannuation amount

Reportable superannuation amounts usually include salary sacrifice and over-award superannuation contributions. In most cases, superannuation guarantee and after-tax contributions are *not* reported. For more information about RESC, contact the ATO. Once you've entered or selected applicable RESC amounts, click Next.

### 7. Fringe benefits

Enter the Reportable Fringe Benefit amounts earned by your employees during the corresponding FBT year (in whole dollar amounts).

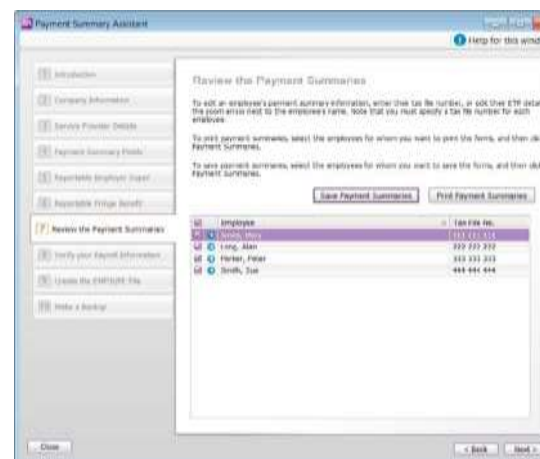
Employers are required to record the taxable value of fringe benefits provided to individual employees. Where the total taxable value of fringe benefits provided to

an employee exceeds \$2000 in a FBT year, employers will be required to report the grossed-up taxable value of those benefits on the employee's payment summary for the corresponding income year. For further information regarding reportable fringe benefits, visit the ATO web site at [ato.gov.au](http://ato.gov.au). After entering the Reportable Fringe Benefit amounts, click Next.

### 8. Review Individual Payment Summaries

You now have the opportunity to review the figures that will appear on each employee's payment summary.

Click the zoom arrow beside each employee's name. You can change the figures or descriptions given to the union fees or allowances for the individual employees. Note that any figures that you change in this window will show with an asterisk (\*) next to them. To change the figure(s) back to their original amounts click the Reset All button (the Recalc button in some versions).



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## IMPORTANT

You need to enter Tax File Numbers (TFN) for all employees whether you print payment summaries for them or not. You can enter your employees' TFNs in the Employee Payment Summary Information window or in the employee cards. If an employee does not have a TFN, use one of the following numbers provided by the Australian Tax Office:

Payee Status	TFN
New payee has not made a TFN Declaration, but 28 days have not passed	111 111 111
Payee is under 18 years of age and earnings do not exceed \$350 per week, \$700 per fortnight or \$1,517 per month	333 333 333
Payee is an Australian Government pensioner payee	444 444 444
Payee chooses not to quote a TFN and has not claimed an exemption from quoting a TFN or does not fit into any of the above categories	000 000 000

### 9. Save and print payment summaries

Once you've reviewed the individual payment summaries, you have the option to Save and Print Payment Summaries. The entries will be checked for compliance with the ATO standards, for example the system will check that all employees have a valid Tax File Number. When you save the payment summaries you can choose where you want to save them.

### 10. Verify your Payroll Information

This window provides a summary of the number of records, total tax withheld, and total gross payments. Click Preview Verification Report to view a report showing details of amounts reported for each employee. You can use this report to complete payment summaries manually if you want.

Number of Records: This will be the number of employees whose information is contained in the EMPDUPE file (even employees for whom payment summaries have not been printed). It does not include any employees whose Salary and Tax is equal to \$0.

Total Tax Withheld: This will be the total PAYG withheld for all employees.

Total Gross Payments: This includes total salary and wages for all employees. It does NOT include Allowances or Lump Sum Payments. Also note that each employee's Total Gross Payments will truncate the cents (as payment summaries do not include cents).

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## 11. Create the EMPDUPE File

This window contains important information about the EMPDUPE file. The EMPDUPE file contains payroll information for all employees, whether or not you've selected to print payment summaries for them. Before creating the EMPDUPE file, you should be sure that you've printed or saved all payment summaries and verified that the amounts on these payment summaries are accurate.

Click Create EMPDUPE file.

The EMPDUPE file needs to be submitted to the ATO. The quickest and easiest way to do this is electronically via the ATO's Business Portal. Select Go to the Business Portal – for more information using the Business Portal, go to [bp.ato.gov.au](http://bp.ato.gov.au) This final window in the Payment Summary Assistant lets you backup your company file. You can click Backup here, or proceed to Step 6.

## 12. Finish

Click Finish to close the Payment Summary Assistant window.



## Step 6 Back up the company file

If you haven't already done so, make two backups of your company file after preparing your payment summaries.

For example, name the backup file "Company\_Name\_10A" and label the disk "Company Name, 30/6/16, payment summary backup A".

Store one backup in your business premises and the other in a secure location away from your business. Record your backup file names and locations here:

1. \_\_\_\_\_
2. \_\_\_\_\_

## To back up your company file in the new AccountRight

1. Go to the File menu and choose Back Up. The Back Up Company File window appears.
2. Select the location where you want to save the backup file. If you like, you can also specify a password to protect your backup file.
3. Click Back Up. Your company file will be backed up to the specified location.

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## To back up your company file in AccountRight v19 and AccountEdge

1. Go to the File menu and choose Backup.  
The Company File Backup window appears.
2. Select the Backup all data and Check Company File for errors options.
3. Click Continue. The data verification process begins and the company file is checked for errors. When the data verification process is complete, a message appears, describing the results.
4. If the verification process did not detect any errors, click OK. The Back Up window appears, prompting you to choose a location to save the backup.
5. If the verification process did detect errors, run the Optimisation Assistant to repair the company file. This assistant is capable of fixing certain types of data errors and can also make your company file more efficient.

To run the Optimisation Assistant, go to the File menu and choose Optimise Company File.

Once you've optimised the file, perform the data verification procedure again to determine if the data errors have been repaired. If errors continue to be detected and the message refers to a particular transaction, open the transaction, review it or delete and re-enter it. If you receive a message referring to a record, such as an inventory item or tax code, open the record to investigate its setup.

If the verification process does not specify transactions or records, you should restore the most recent backup of your company file and use that file instead. You should also check that company file for errors. MYOB also offer a company data file repair service. Visit [myob.com.au/datafile\\_repair](http://myob.com.au/datafile_repair) for more information.

## Step 7 Close the payroll year

When all the previous tasks have been completed, you're ready to close the payroll year (known as starting a new payroll year in AccountRight v19 and AccountEdge).

### After closing the payroll year:

- > You'll be able to enter pays for the new year.
- > The previous year's Payroll History information will be cleared from the employee cards.
- > Entitlement balances will be cleared unless the Carry Remaining Leave Over to Next Year option is selected in the Entitlement Payroll Category windows (accessible by going to the Lists menu, choosing Payroll Categories, and then Entitlements).

## To close the payroll year in the new AccountRight

1. Go to the File menu, choose Close a Year and then choose Close a Payroll Year.  
The Close a Payroll Year Assistant appears.
2. Once you've read and understood the introduction, click Next.
3. Specify the new payroll year. If you're closing the payroll year ended 30 June 2016, you'd select 2017 as the new payroll year (as it covers the 2016/2017 years).
4. Click Next.
5. If you want to create a backup file before purging payroll information, -click Back up and follow the instructions in the windows that appear.
6. When you're ready to close the year, click Close the Payroll Year.  
The Conclusion window shows the details of the new year.

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## To start a new payroll year in AccountRight v19 and AccountEdge

1. Go to the File menu, choose Start a New Year and then choose Start a New Payroll Year. The Start a New Payroll Year window appears. If you haven't backed up your company file, click Backup.
2. Click Continue. You'll be presented with details of all the changes that will occur during the Start a New Payroll Year process. Read this carefully and then click Continue.
3. Specify the new payroll year. If you're closing the payroll year ended 30 June 2016, you'd select 2017 as the new payroll year (as it covers the 2016/2017 years).
4. Click Continue. If you've backed up your company file, and are satisfied with the selections you've made in the Start a New Payroll Year windows, click Start a New Payroll Year.  
The process may take some time if you have a large number of transactions or records in your company file.

## Step 8 Load new payroll tax tables

After you roll over your payroll year and before you can enter pays in the new year, you need to ensure your software complies with the latest tax legislation applicable from July 1.

You can do this by installing the 2016 compliance update on every computer that has AccountRight or AccountEdge.

AccountRight will prompt you to install the compliance update when it's available (usually during the last week in June). To download the compliance update for other versions, or to learn more about what's changed for the new payroll year, visit [myob.com.au/eofy](http://myob.com.au/eofy)

Once you've updated your software, you can load the new tax tables. To do this, go to the Setup menu and choose Load Payroll Tax Tables, then click Load Tax Tables.

To check that you have the correct tax tables loaded, go to the Setup menu and choose General Payroll Information. In the window that appears, the tax table revision date should be 1/7/2016.

Once this process is complete, you're done!