

MacBusiness Payroll changes for 1 April 2011

There are just two tax rate changes this year: an increase in the maximum income for ACC earners levy and a decrease in the tax rate for Non-residential Seasonal Workers (NSW). No software update is required for changing these rates, see our instructions below.

In addition, there are changes to the way leave is managed starting 1 April 2011 as a result of the Holiday Amendment Act 2010. From a MacBusiness Payroll point of view there are two main changes:

- Allowing employees to ask to be paid out a maximum of one week of annual leave
- Changes to the calculation of payments for public holidays, sick and bereavement leave. Specifically, for employees who have an irregular work pattern, the 4 week average calculation is replaced with a 12 month average.

There are other changes outlined in the Act including: transferring public holidays, when to use the new 12 month average, proof of sickness or injury, and a definition of discretionary payments. You can find out more about the Holiday Act changes by going to the Labour Department website:

www.ers.govt.nz/updates/guide-legislation-changes/

For cashing up annual leave we recommend creating a new allowance, see instructions below.

For those employers who use the timesheet feature on the Pay Calculation window, there is a minor update available for \$49 + GST. This update changes the calculation of Average Hours per Day from 4 weeks to 12 months. You do not need this update if you do not use this feature. Contact us after 1 April if you would like this update and we will install it for you using remote access.

Instructions for changing tax rates

The tax rate changes need to be applied AFTER the last pay run for the March 2011 tax year has been posted, and BEFORE the first pay run for April 2011. The best time for this change is just before you load your first pay run with a period ending date in April.

1. Launch PAYROLL using the more powerful of your two passwords (the one starting with "S", or your own password if you have changed it).
2. Click the **Setup** button, then **Preferences**
3. Click the **Tax / ACC / KiwiSvr** tab

In the field labelled **ACC Max Income** enter **111669** (replacing 110018)

In the field labelled **NSW** enter **10.5** (replacing 15)

The tax rates on your screen should now look as follows:

Menu	Find	All	New	Print	Delete	Pay Calc	Employees	Reports
Employer Name	MacBusiness Software Demo Ltd							
Address	2 Merlewood Ave Cashmere Christchurch, 8022							
Contact Name	David Christie							
Contact Phone	03-332 4453	Employer Size	Small					
IRD No.	12-345-678	Payroll Version	v3.8					

Options	Defaults	Tax / ACC / KiwiSvr	Exports/Imports
Tax Rates - M	Tax Credits - ML	Tax Credits - ME	Tax Rates - Other
Tax Rate 1 <input type="text" value="10.5%"/>	Rebate Rate 1 <input type="text" value="10.5%"/>	Rebate Rate 1 <input type="text" value="0%"/>	Tax Rate SB <input type="text" value="10.5%"/>
Tax Level 1 <input type="text" value="14,000"/>	Rebate Level 1 <input type="text" value="5,824"/>	Rebate Level 1 <input type="text" value="24,000"/>	Tax Rate S <input type="text" value="17.5%"/>
Tax Rate 2 <input type="text" value="17.5%"/>	Rebate Rate 2 <input type="text" value="0%"/>	Rebate Rate 2 <input type="text" value="10"/>	Tax Rate SH <input type="text" value="30%"/>
Tax Level 2 <input type="text" value="48,000"/>	Rebate Level 2 <input type="text" value="6,240"/>	Rebate Level 2 <input type="text" value="44,000"/>	Tax Rate ST <input type="text" value="33%"/>
Tax Rate 3 <input type="text" value="30%"/>	Rebate Rate 3 <input type="text" value="-16.8%"/>	Rebate Rate 3 <input type="text" value="-13%"/>	Tax Rate ND <input type="text" value="45%"/>
Tax Level 3 <input type="text" value="70,000"/>	Rebate Level 3 <input type="text" value="9,880"/>	Rebate Level 3 <input type="text" value="48,000"/>	Deduction Rate SL <input type="text" value="10%"/>
Tax Rate 4 <input type="text" value="33%"/>			Threshold SL <input type="text" value="19,084"/>
			Tax Rate CAE <input type="text" value="17.5%"/>
			Tax Rate ED/W <input type="text" value="17.5%"/>
			Tax Rate NSW <input type="text" value="10.5%"/>
	KiwiSaver	ACC Rates	
	Employee minimum rate <input type="text" value="2%"/>	ACC Rate <input type="text" value="2.04%"/>	
	Employee maximum rate <input type="text" value="8%"/>	ACC Max Income <input type="text" value="111,669"/>	
	Employer contribution rate <input type="text" value="2%"/>		

Click Menu to return to the main menu

Instructions for creating an allowance code for paying cashed up annual leave

From 1 April, if an employee requests it, you can pay out up to a maximum of 1 week's annual leave without the employee taking time off work. Note that the employee must already be entitled to the leave, i.e. you cannot pay out leave in advance.

Cashed up leave payments must be identifiable, and be excluded from gross pay for leave calculation purposes, e.g. average rates and final pay. To achieve this we recommend you create a new allowance code.

1. Launch PAYROLL using the more powerful of your two passwords (the one starting with "S", or your own password if you have changed it).
2. Click the **Setup** button, then **Allowances**
3. Click the **New** button
4. Enter a unique code, e.g. **CL**, and a description, e.g. **Cashed up annual leave**
5. Enter the following details:

Rate:	1
Allowance Type:	Leave Taken
Tax Category:	Taxable
Multiply Allowance Rate by Employee Rate:	H
Leave Type:	A: Annual Leave
Include in calculations for:	all blank

All other fields should be blank.

The Allowances screen should now look as follows:

Code:

Description:

Rate: Multiply Allowance Rate by Employee Rate: H ?

Allowance Type:

- Bank Deduction
- Leave Taken
- Ordinary Time
- Other Allowance
- Other Deduction
- Overtime
- Statutory Holiday
- Statutory Holiday Worked

Leave Type: ?

Include in calculations for:

- Time ?
- Work Time ?
- Leave ?
- Accumulating Time In Lieu ?

Bank Deduction details:

Bank Name:

Bank Account:

Bank Reference:

Tax Category:

- Taxable
- Non-Taxable
- Deduction

Exclude from KiwiSaver ?

Click Menu to return to the main menu.

Use this allowance code when paying out cashed up annual leave rather than your usual annual leave allowance code (e.g. AL).

Do I need the update?

The update is only for those employers who use the timesheet feature on the Pay Calculation window, i.e. the double row of boxes where you can enter hours worked each day.

The update changes the calculation of Average Hours per Day on the Leave screen for sick or bereavement leave and public holidays from the past 4 weeks to the past 12 months. This calculation only works if hours are entered for each day worked in the timesheet.

If you don't enter hours per day in the timesheet you don't need this update.

Contact us after 1 April if you would like the update and we will install it for you using remote access. The update will cost \$49 + GST which we will invoice at the end of the month.