



# Super Salary Sacrifice Payroll Items in QuickBooks 2009-10

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## INTRODUCTION

For editions of QuickBooks prior to 2009/10, a workaround was provided for setting up salary sacrifice payroll items in a document called **Setting Salary Sacrifice in QuickBooks**. The workaround was required so that correct figures were obtained on the W1 figure of the BAS.

This issue was resolved in QuickBooks 2009/10, which means that the workaround is no longer required.

Super Salary Sacrifice Payroll items must be reviewed in QuickBooks 2009/10 to make sure that they are still appropriate and especially in view of the new Reportable Employer Super Contributions (RESK) legislation which is effective from 1<sup>st</sup> of July, 2009. For more information on RESK, please refer to the document titled **QuickBooks 2009/10 RESK**, published on the Quicken website.

Depending on the arrangements between the employee and their employer, there could be a need for many salary sacrifice payroll items to be setup in QuickBooks. They could also be set up in different ways depending on their nature. For example a salary sacrifice arrangement for a laptop can be set up as a deduction in QuickBooks.

For *Super Salary Sacrifice* amounts, which effectively reduce the employees Gross Income, it is important that they are set up correctly as a payroll item of type Salary Sacrifice (SS) so that they are correctly reported on the INB Payment Summary.

## EMPLOYEE DETAILS USED IN EXAMPLES

The business scenarios explained in this document make use the following amounts:

Annual salary before salary sacrifice applied	\$90,000
Annual legislative employer contribution (SA)	\$8,100
Total annual remuneration	\$98,100
Annual salary sacrifice amount	\$13,800
Annual salary less salary sacrifice amount	\$76,200
Monthly salary before salary sacrifice applied	\$7,500
Monthly legislative employer contribution (SA)	\$675
Total monthly remuneration	\$8,170
Monthly salary sacrifice amount	\$1,150
Monthly salary less salary sacrifice	\$6,350
Pay frequency	Monthly



## BUSINESS SALARY SACRIFICE OPTIONS

Salary sacrifice arrangements can be setup in QuickBooks to take into account the business policies and procedures. These are:

- Show the annual salary before the salary sacrifice was applied. In other words, the higher rate (\$90,000).
- Show the annual salary less the amount of salary sacrifice. In other words, the lower rate (\$76,200).
- Calculate the legislative employer super (SA) before the salary sacrifice was applied. In other words, the higher rate (\$90,000).
- Calculate the legislative employer super (SA) at the salary less the salary sacrifice amount. In other words, the lower rate (\$76,200).

There are three practical combinations. These are:

A	Show the salary rate before the salary sacrifice was applied. Calculate SA super at rate before the salary sacrifice was applied.	higher rate (\$90,000) higher rate (\$90,000)
B	Show the salary rate before the salary sacrifice was applied. Calculate the SA super at the rate less the salary sacrifice amount	higher rate (\$90,000) lower rate (\$76,200)
C	Show the annual salary less the amount of salary sacrifice Calculate the SA super at the rate less the salary sacrifice amount	lower rate (\$76,200) lower rate (\$76,200)



## BUSINESS EXAMPLE A

This business policy is to:

Show the salary rate before the salary sacrifice was applied.	higher rate (\$90,000)
Calculate SA super at the salary as per position profile	higher rate (\$90,000)

### Payroll Item Wizard Windows

Name used in payments and payroll reports	Recommended Action
Enter the name for super contribution: <input type="text"/>	Enter a meaning name for the business. Typically this would be <i>Salary Sacrifice</i>
<b>Super Contribution</b> <input type="text" value="Salary Sacrifice (SS)"/>	Select <i>Salary Sacrifice (SS)</i> .
<b>Agency for employee-paid liability</b> Enter the name of agency to which liability is paid: <input type="text"/>	Select the name of the super fund
<b>Tax Tracking Type</b> <input type="text" value="Gross Payments"/>	Select <i>Gross Payments</i> . This will reduce the Gross Payments figure by the amount of the salary sacrifice.
<b>Taxes</b> <input checked="" type="checkbox"/> Payroll Item <input checked="" type="checkbox"/> PAYG Tax	Select the <i>PAYG Tax</i> option. The will allow QuickBooks to calculate the PAYG Tax at the lower rate.
<b>Based on Quantity</b> <input type="checkbox"/> Based on Quantity	This checkbox would normally be left un-ticked as salary sacrifice amounts would rarely be based on quantity.
<b>Default rate and limit</b> Enter a percent symbol (%) after the number if this is a percentage. <input type="text"/>	This would be left blank is the amount of salary sacrifice is different for each employee.
<b>Include payments in contributions</b> Select the items that will increase wages for this contribution. <input checked="" type="checkbox"/> Payroll Item	This window is not relevant In cases where the salary sacrifice is based on an amount.



## Employee Record: Payroll Info tab

Salary Sacrifice Employee Contribution	Recommended Action				
<p><b>Earnings</b></p> <table border="1"> <thead> <tr> <th>Item Name</th> <th>Hourly/Annual Rate</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>90,000.00</td> </tr> </tbody> </table>	Item Name	Hourly/Annual Rate	Salary	90,000.00	<p>Enter the salary as \$90,000. This is because the rate for this position, prior to the salary sacrifice agreement is \$90,000.</p>
Item Name	Hourly/Annual Rate				
Salary	90,000.00				

## Employee Record: Super Details window

Salary Sacrifice Employee Contribution	Recommended Action
<p><b>Salary Sacrifice Employee Contribution</b></p> <p>Rate: 1,150.00</p> <p>Limit: </p>	<p>Enter the salary sacrifice amount for the pay period relating to the employee. In this example is it \$13,800 divided by 12.</p>
Employee Settings	Recommended Action
<p><b>Employee Settings</b></p> <p><input type="checkbox"/> Salary Sacrifice items: Reduce Employer Contributions (SA_CA)</p>	<p>Do not select the Salary Sacrifice items checkbox. This is because it is the company policy to calculate the employer legislative super at the salary before the salary sacrifice is deducted.</p> <p>That is:</p> <ul style="list-style-type: none"> <li>• Monthly salary: \$7,500</li> <li>• SA calculated at \$7,500</li> <li>• 9% of \$7,500= \$675</li> </ul>

## Overall Calculation Example

Component	Amount	Comment
Monthly Salary	\$7,500	This is the annual salary divided by 12.
Monthly Salary Sacrifice amount (SS)	\$1,150	This is the amount of salary sacrifice.
Legislative Employer Super (SA)	\$675	This super SA calculation is based on the original salary.
Salary Subject to PAYG Tax	\$6,350	This is the monthly salary less the amount of salary sacrifice.



## BUSINESS EXAMPLE B

This business policy is to:

Show the salary rate before the salary sacrifice was applied.	higher rate (\$90,000)
Calculate the SA super at the salary less the salary sacrifice amount	lower rate (\$76,200)

### Payroll Item Wizard Windows

<b>Name used in payments and payroll reports</b>	<b>Recommended Action</b>
Enter the name for super contribution: <input type="text"/>	Enter a meaning name for the business. Typically this would be <i>Salary Sacrifice</i> .
<b>Super Contribution</b>	<b>Recommended Action</b>
<input type="text" value="Salary Sacrifice (SS)"/>	Select <i>Salary Sacrifice (SS)</i> .
<b>Agency for employee-paid liability</b>	<b>Recommended Action</b>
Enter the name of agency to which liability is paid: <input type="text"/>	Select the name of the super fund.
<b>Tax Tracking Type</b>	<b>Recommended Action</b>
<input type="text" value="Gross Payments"/>	Select <i>Gross Payments</i> . This will reduce the Gross Payments figure by the amount of the salary sacrifice.
<b>Taxes</b>	<b>Recommended Action</b>
<input checked="" type="checkbox"/> Payroll Item <input checked="" type="checkbox"/> PAYG Tax	Select the PAYG Tax option. This will allow QuickBooks to calculate the PAYG Tax at the lower rate.
<b>Based on Quantity</b>	<b>Recommended Action</b>
<input type="checkbox"/> Based on Quantity	This checkbox would normally be left unticked as salary sacrifice amounts would rarely be based on quantity.
<b>Default rate and limit</b>	<b>Recommended Action</b>
Enter a percent symbol (%) after the number if this is a percentage. <input type="text"/>	This would be left blank as the amount of salary sacrifice is different for each employee.
<b>Include payments in contributions</b>	<b>Recommended Action</b>
Select the items that will increase wages for this contribution. <input checked="" type="checkbox"/> Payroll Item	This window is not relevant in cases where the salary sacrifice is based on an amount.



## Employee Record: Payroll Info tab

Salary Sacrifice Employee Contribution	Recommended Action:				
<p><b>Earnings</b></p> <table border="1"> <thead> <tr> <th>Item Name</th> <th>Hourly/Annual Rate</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>90,000.00</td> </tr> </tbody> </table>	Item Name	Hourly/Annual Rate	Salary	90,000.00	<p>Enter the salary as \$90,000. This is because the rate for this position, prior to the salary sacrifice agreement is \$90,000.</p>
Item Name	Hourly/Annual Rate				
Salary	90,000.00				

## Employee Record: Super Details window

Salary Sacrifice Employee Contribution	Recommended Action:
<p><b>Salary Sacrifice Employee Contribution</b></p> <p>Rate: <input type="text" value="1,150.00"/></p> <p>Limit: <input type="text"/></p>	<p>Enter the salary sacrifice amount for the pay period relating to the employee. In this example is it \$13,800 divided by 12.</p>
Employee Settings	Recommended Action:
<p><b>Employee Settings</b></p> <p><input checked="" type="checkbox"/> Salary Sacrifice items: Reduce Employer Contributions (SA_CA)</p>	<p>Select Salary Sacrifice items checkbox. This is because it is the company policy to calculate the employer legislative super at the salary less the salary sacrifice amount.</p> <p>That is:</p> <ul style="list-style-type: none"> <li>• Monthly salary: \$7,500</li> <li>• Monthly Salary Sacrifice: \$1,150</li> <li>• SA calculated at \$6,350</li> <li>• 9% of \$6,350 = \$571.50</li> </ul>

## Overall Calculation Example

Component	Amount	Comment
Monthly Salary	\$7,500	This is the annual salary divided by 12.
Monthly Salary Sacrifice amount (SS)	\$1,150	This is the amount of salary sacrifice.
Legislative Employer Super (SA)	\$572	This super SA calculation is based on the original salary less the salary sacrifice amount.
Salary Subject to PAYG Tax	\$6,350	This is the monthly salary less the amount of salary sacrifice.



## BUSINESS EXAMPLE C

This business policy is to:

Show the annual salary less the amount of salary sacrifice	lower rate (\$76,200)
Calculate the SA super at the salary less the salary sacrifice amount	lower rate (\$76,200)

### Payroll Item Wizard Windows

<b>Name used in payments and payroll reports</b>	<b>Recommended Action</b>
Enter the name for super contribution: <input type="text"/>	Enter a meaning name for the business. Typically this would be <i>Salary Sacrifice</i>
<b>Super Contribution</b>	<b>Recommended Action</b>
<input type="text" value="Salary Sacrifice (SS)"/>	Select <i>Salary Sacrifice (SS)</i> .
<b>Agency for employee-paid liability</b>	<b>Recommended Action</b>
Enter the name of agency to which liability is paid: <input type="text"/>	Select the name of the super fund
<b>Tax Tracking Type</b>	<b>Recommended Action</b>
<input type="text" value="None"/>	Select <i>None</i> . This is because the salary rate has already been reduced.
<b>Taxes</b>	<b>Recommended Action</b>
<input checked="" type="checkbox"/> Payroll Item <input type="checkbox"/> PAYG Tax	Do not select the PAYG Tax option. Because the gross salary has already been reduced QuickBooks will calculate the PAYG Tax at the lower rate.
<b>Based on Quantity</b>	<b>Recommended Action</b>
<input type="checkbox"/> Based on Quantity	This checkbox would normally be left unticked as salary sacrifice amounts would rarely be based on quantity.
<b>Default rate and limit</b>	<b>Recommended Action</b>
Enter a percent symbol (%) after the number if this is a percentage. <input type="text"/>	This would be left blank is the amount of salary sacrifice is different for each employee.
<b>Include payments in contributions</b>	<b>Recommended Action</b>
Select the items that will increase wages for this contribution. <input checked="" type="checkbox"/> Payroll Item	This window is not relevant In cases where the salary sacrifice is based on an amount.



## Employee Record: Payroll Info tab

Salary Sacrifice Employee Contribution	Recommended Action:				
<p><b>Earnings</b></p> <table border="1"> <thead> <tr> <th>Item Name</th> <th>Hourly/Annual Rate</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>76,200.00</td> </tr> </tbody> </table>	Item Name	Hourly/Annual Rate	Salary	76,200.00	<p>Enter the salary as \$76,200. This is because the rate for this position, after the salary sacrifice deduction is taken into account, is \$76,200.</p> <p>That is:</p> <ul style="list-style-type: none"> <li>• Rate before salary sacrifice = \$90,000</li> <li>• Salary sacrifice amount = \$13,800</li> <li>• Rate after salary sacrifice = \$76,200</li> </ul>
Item Name	Hourly/Annual Rate				
Salary	76,200.00				

## Employee Record: Super Details window

Salary Sacrifice Employee Contribution	Recommended Action:
<p><b>Salary Sacrifice Employee Contribution</b></p> <p>Rate: 1,150.00</p> <p>Limit: </p>	<p>Enter the salary sacrifice amount for the pay period relating to the employee. In this example is it \$13,800 divided by 12.</p>
Employee Settings	Recommended Action:
<p><b>Employee Settings</b></p> <p><input type="checkbox"/> Salary Sacrifice items: Reduce Employer Contributions (SA_CA)</p>	<p>Do not select Salary Sacrifice items. This is because the salary rate, used to calculate the employer legislative super, has already been reduced.</p>

## Overall Calculation Example

Component	Amount	Comment
Monthly Salary	\$6,350	This is the monthly salary less the salary sacrifice amount.
Monthly Salary Sacrifice amount (SS)	\$1,150	This is the monthly salary sacrifice amount.
Legislative Employer Super (SA)	\$572	This is 9% of \$6,350.
Salary Subject to PAYG Tax	\$6,350	Note that in this example, the gross pay had already been reduced to allow for the salary sacrifice amount.