Upgrade Guide for Reckon Accounts 2013 (Hosted Premium) Tax Update

Version 1.0

Reckon Australian Development Team

Product Management: Dean Darke, Jasmina Cahill, Piyush Mittal, Samantha Stone, Simon Hutchinson, Eddie Krabs

Software Development: Pranoy Sinha, Michael Davis, Andrew Appleby, Wayne Qiu, Peng Wang, Raymond Cheung, Ramesh Ramalingam

Information Technology: Ken Zhang, Pranoy Sinha, Ela Pishkouhi, Brent Kwon, Ashwin Kumar, Martin Woodroffe, Kowser Hossain

Technical Documentation: Shuang Guo, Samantha Stone

Quality Assurance: Phillip Osman, Khen Chu, Neil Rustidge, John Li, Scott Montgomerie, Elvis Olic

Marketing: Gerald Chait, Rebecca Kington, Kavita Mohanty, Alvin Zeng, Julian Kearney, Samantha Serratone, Perrine Mignot, Tracey Hirschhorn

Contents

Reckon Accounts 2013 Tax Update Introduction

The purpose of this document, **Upgrade Guide for Reckon Accounts 2013 (Hosted Premium) Tax Update**, is to provide you with information on all the relevant changes which will occur as a result of upgrading to release 2. It is important that you read it before upgrading to Release 2.

If you do not use payroll functionality in Reckon Accounts Hosted 2013 Release 1, go to page 11 of this document for step by step upgrade procedure.

The Reckon Accounts Hosted 2013 Release 2 Tax Update addresses the following:

1. PAYG Tax Tables for 2013/14 financial year;
2. Super Guarantee (SGA) rate increase;
3. Update to Reportable Employer Super Contributions (RESC) algorithm;
4. Super payments for employees aged 70 or over;
5. Changes to fuel tax credits;
6. State Payroll Thresholds;

These measures are detailed as below.

PAYG Tax Tables for 2013/14 Financial Year

Although the Federal Budget had no overall major PAYG changes, HELP and SFSS are indexed to CPI and so their thresholds have been adjusted. As a result, new PAYG tax tables apply to Reckon Accounts.

The tax rates for the 2013/14 financial year and effective from 1st of July 2013 are as follows:

Taxable Income	Tax on this income
0- $18,200	Nil
$18,201 - $37,000	19c for each $1 over $18,200
$37,001 - $80,000	$3,572 plus 32.5c for each $1 over $37,000
$80,001 - $180,000	$17,547 plus 37c for each $1 over $80,000
$180,001 and over	$54, 547 plus 45c for each $1 over $180,000

Upgrading to Reckon Accounts Hosted Release 2 will ensure that the correct taxation is applied to salaries and wages in the new financial year from 1st of July 2013.

For more information on the new tax tables, visit the following ATO link:

http://www.ato.gov.au/businesses/pathway.aspx?pc=001/003/024&mfp=001/003&mnu=659

Super Guarantee (SGA) rate increase

The Superannuation Guarantee Act was introduced to ensure that employees receive superannuation support from employers. An employer must provide a set minimum amount of superannuation support for employees, with the current minimum amount being 9.0% of the Ordinary Time Earnings.

One of the most significant changes this year is the rising Super Guarantee rate (SGA). The SGA is going to be increased from 9% to 12% incrementally by 1st of July 2019, with the first increment from 9% to 9.25% effective from 1st of July 2013.

New Reckon Accounts Company Files

In a new Reckon Accounts company file created in Release 2, the default rate of all super payroll items of type **Super Guarantee Act (SGA)** will automatically be updated from 9.0% to 9.25%.

Existing Reckon Accounts Company Files

There will also be an upgrade process for existing Reckon Accounts company files to assist users with this change. The upgrade process will update the following:

- The default rate of all super payroll items of type **Super Guarantee Act (SA)** will automatically change from 9.0% to 9.25%;

- For every employee in the file, where a super item of type **Super Guarantee Act (SA)**has been added against the Employee's Super Details, there will be an automatic update of the default rate from 9.0% to 9.25%.

More on the upgrade rule applied

The upgrade is going to look at all employees who have a super payroll item of exactly 9.0% and upgrade them to 9.25%. This will apply to all employees who fall in this category as a blanket rule. Those who have super payroll items of other percentages, less than 9% or more than 9%, would not be considered and they will need to be updated manually. The reason for this is that we assume that special business rules may still apply for these employees.

Please note that super items of other types, such as Salary Sacrifice (SS), Employee Additional (EA) etc. will not be considered in the upgrade process and would not change.

Once the super payroll items of type Super Guarantee Act (SA) have been updated in the Employee's super detail screen, then the paycheques will automatically pick up the new rate.

Reportable Employer Super Contributions

The Super Guarantee rate change will impact on the way Reportable Employer Super Contributions are calculated in Reckon Accounts in some instances.

In 2009 the Federal Government introduced a new measure called Reportable Employer Super Contributions (RESC) which was addressed in QuickBooks 2009/10 Tax Time Update and has resulted in changes to the way we calculate and report on superannuation contributions.

Reportable Employer Super Contributions are those contributions that the employee has influenced or could reasonably be expected to have influenced. This could be part of Salary Sacrifice (SS) agreement or contributions that are above and beyond the employers Super Guarantee (SGA) obligations or a similar arrangement made under an individual employment contract. The table below shows which transactions are reportable/non reportable, depending on what super payroll item types they are associated with:

Super Payroll Item Type	Included in RESC Calculations (Yes /No)
Super Guarantee Act (SA)	No
Collective Agreement (CA)	No
Employer Additional (EA)	Yes
Salary Sacrifice (SS)	Yes
Co Contribution (CC), Member Voluntary (MV), Productivity (PR), Redundancy (RC), Spousal Deduction (SD)	No

If a business has employees where super has been negotiated at a rate that is above and beyond the Super Guarantee Act (SA) and hence is reportable, the business in Reckon Accounts is able to set up their company file in two ways:

Scenario 1:

1. Set up a Super Guarantee Act (SA) super payroll item @ 9% (SGA rate before 1st of July 2013) and

2. Set up an Employer Additional (EA) payroll item for any additional, reportable super;

Example:

 Employee John Smith has negotiated a super of 15%;

Payroll Officer sets up the file as follows:

1. Super payroll item SA (Super Guarantee Act) to 9% ;
2. Super payroll item EA (Employer Additional) to 6%

EA - 6% is going to be reported to RESC.

In this scenario an SGA rate change from 9% to 9.25% is exactly that, just a rate change and will have no other impact on RESC calculations. Simply, all EA super payments will still be reportable in the RESC box of the Payment Summaries as is the case at present.

Scenario 2:

In this scenario the Payroll Officer sets up the company file in such a way that only one super payroll item is used for the purpose and they elect for Reckon Accounts to automatically calculate amounts which are above the superannuation payroll item default rates and report them on the INB Payment Summary.

In this example, the super payroll items would be set up as a deviation on the individual employee's pay from the default rates set for the super payroll items, and will contain both reportable and non-reportable components. In other words the Payroll Officer would have simply updated the Super Guarantee payroll item to 15%.

The Payroll Officer would have also enabled or ticked the company wide preference called **Calculate RESC difference for SA and/or CA payroll item types**.
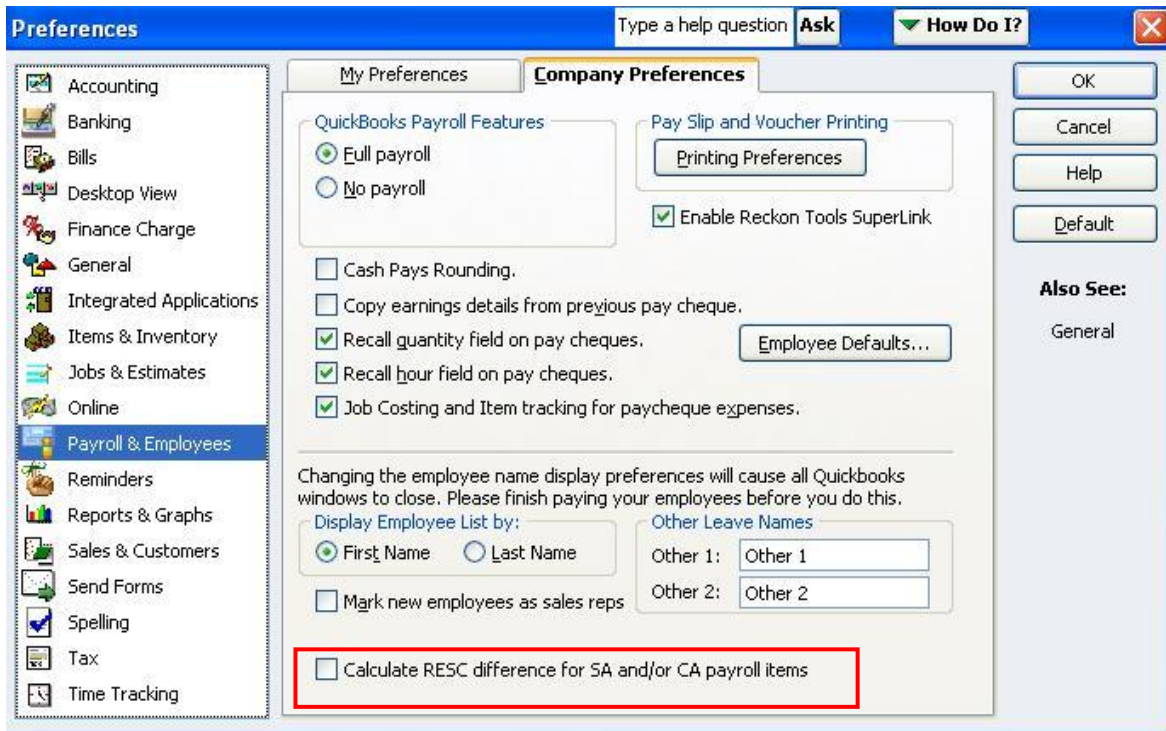
Reckon Accounts will then automatically calculate the difference, where the employee superannuation rate or amount which appears on every paycheque is greater the then the default rate as specified for the super payroll item of type Super Guarantee Act (SA) or Collective Agreement (CA). The difference of 6% will be calculated and added to any existing amounts which are as a result of:

1) Salary Sacrifice (SS) arrangements and
2) Other Employer Additional (EA) amounts;

In this scenario and if the user has opted for Reckon Accounts to automatically work out their Reportable Employer Super Contributions, then the algorithm has been updated with the Tax Update 2013 so that we are calculating the difference above 9.25% and not 9%. This will apply only to the algorithm that looks at super payroll items of type Super Guarantee Act (SA) and no other super payroll items.

RESC calculations are made at the transaction level. The Tax Table Update 2013 will not affect existing calculations made in earlier versions. However, if you need to update an old pay (pre July 1, 2013) then any RESC calculations on a SA super item pertaining to that pay will be based on the new Super Guarantee Act (SA) rate of 9.25%. **It is important to make any adjustments to old pays before applying the Tax Table Update 2013**.

Super payments for employees aged 70 or over

From 1 July 2013, the upper age limit for paying super for an employee has been removed so mature age workers can keep building their retirement savings.

This means there will no longer be a maximum age for super guarantee eligibility. If businesses have eligible employees aged 70 years or older they will now need to make super contributions to their super funds.

Note that this change will be a business process update for Payroll Officers using Reckon Accounts and there will be no change to Reckon Accounts software.

Changes to fuel tax credits

Businesses can claim their Fuel Tax Credits (FTC) through the Business Activity Statement - BAS in the same way that they claim goods and services tax (GST) input tax credits.

The fuel tax credit applies to all taxable fuels, including petrol, consumed on-road for all business purposes in registered vehicles with a gross vehicle mass of 4.5 tonnes or more. Householders may also claim a fuel tax credit for fuel used in the generation of electricity.

From 1 July 2013, carbon charge amounts for liquid and gaseous fuels will increase hence reducing fuel tax credit rates for fuels.

For more information on the new tax tables, visit the following ATO link:

http://www.ato.gov.au/taxprofessionals/content.aspx?doc=/content/00353713.htm

As the FTC is calculated externally from Reckon Accounts and entered manually into the appropriate fields in the BAS, there is no change to Reckon Accounts software.

State Payroll Thresholds

The State Payroll Tax rates have been updated and are correct as of 30/05/2013. They are as follows:

State	Rate
NSW	5.45%
QLD	4.75%
WA	5.50%
VIC	4.90%
NT	5.50%
TAS	6.10%
SA	4.95%

The Tasmanian State Payroll Tax threshold has also been updated from $1.01M to $1.25M.

Upgrading from Reckon Accounts Hosted 2013 Release 1 to Reckon Accounts Hosted 2013 Release 2

Reckon Accounts 2013 Tax Table Update is an update for Reckon Accounts 2013 customers. It includes changes as detailed above in this document, as well as tax tables for the 2013/14 Financial Year.

When do I need to upgrade to Release 2?

This update is for ALL users of Reckon Accounts Hosted 2013. If you currently use Payroll Functionality in Reckon Accounts Hosted 2013 Release 1, you **MUST** upgrade prior to processing the first pay run of the 2013/14 Financial Year.

Reckon Accounts Hosted 2013 Release 1 will be taken offline late July 2013. You will be informed via Email closer to the date.

WARNING!

Reckon Accounts Hosted Release 2 contains tax tables for 2013/14 Financial Year that take effect from 1st July 2013.

You must process employee pays for the 2012/13 Financial Year prior to upgrading your company file to the new release. Otherwise your 2012/13 pay calculations will not be correct.

STEPS TO UPGRADE:

Premium Service users

1. Go to www.reckononline.com.au/login, select 'Accounts Hosted (previously QuickBooks) Premium' and login with your Reckon Accounts Hosted credentials.

2. Click on the **2013 Accounts AU R1** icon and open your company file;


3. Take a copy and/or check financial reports such as your Trial Balance, Profit & Loss and Balance Sheet reports;

4. Create a backup of your 2013 Accounts AU R1 company file(s): File → Save Copy or Backup.

   Choose the option to take a 'Portable Backup' when you intend to back up to your local hard drive. A portable backup is smaller in size than the standard backup and is more practical for local hard drive backups.

   We strongly recommend you that you save your backup and/or portable file to your local disk drive or to your portable disk, as backup files saved on the Reckon Accounts Hosted Server (Q:\) of type .QBB and .QBM may be removed every few days.

5. Exit from 2013 Accounts AU R1.

6. Return to the Reckon Accounts Hosted icon webpage. If you have logged off from the webpage, return to www.reckononline.com.au/login, select 'Accounts Hosted (previously QuickBooks) Premium' and login with your Reckon Accounts Hosted credentials again.

7. Click on the **2013 Accounts AU R2** icon and open your company file; **Note:** You must login as the Reckon Accounts administrator to upgrade your company file.
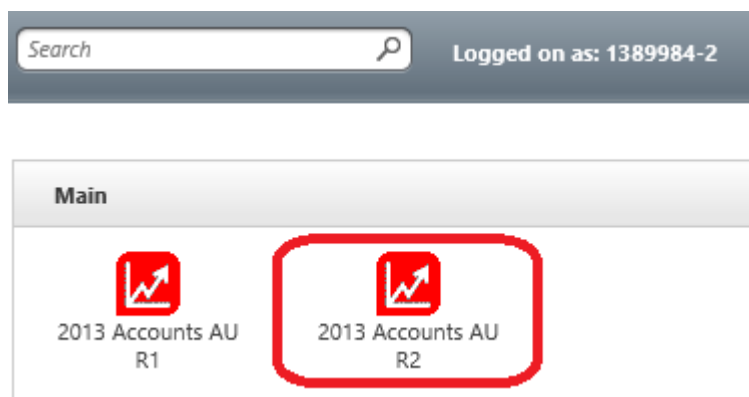

8. Reckon Accounts will ask you whether you would like to update your file to the new version. Type 'YES' and click OK.
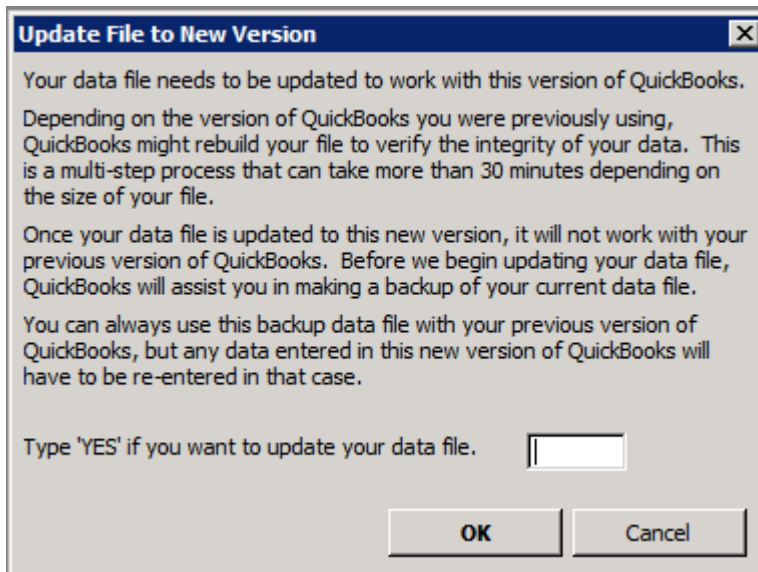
If you are not prompted to update your file to the new version upon starting Reckon Accounts, click File menu → Open Or Restore Company and select Open company file (.QBW) option and click Next. Choose the company file you wish to update then click Open.
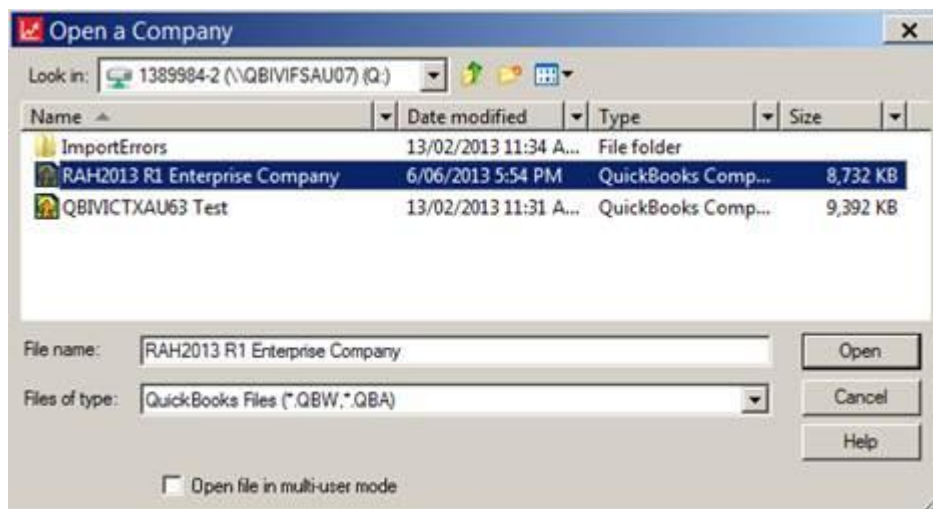

If you choose to restore the backup you created in the previous release, please ensure that you entered the exact file name in the **File name** field on the **Restore To** window.
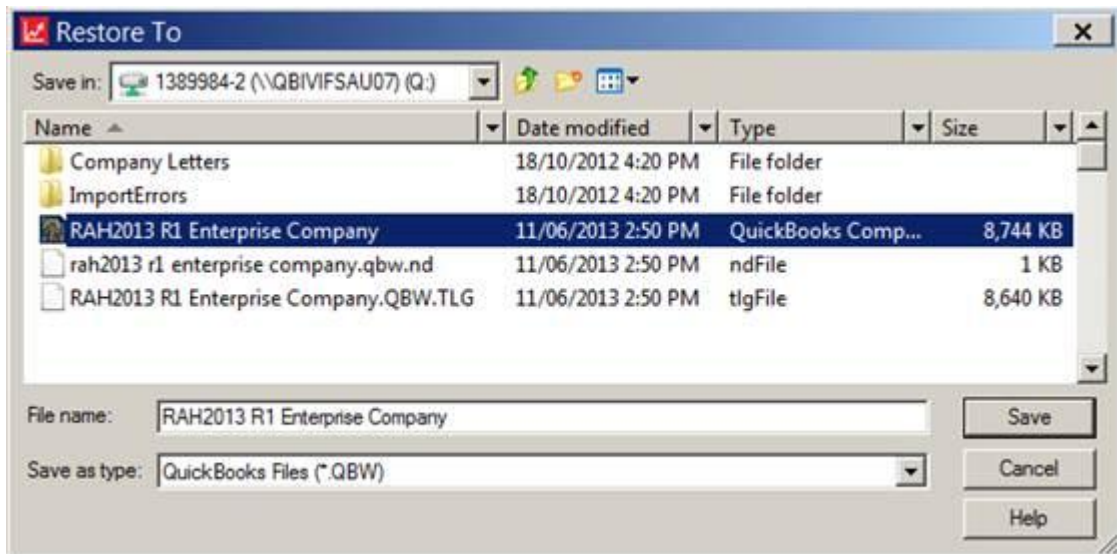
A message will appear asking if you wish to replace the company file. Click Yes to continue to upgrade process.

Warning - Overwriting the file means deleting it completely from the server. Please make sure that you are overwriting an old file, otherwise return to the earlier step and choose, File menu → Open or Restore option and choose select the 'Open company file' option rather than Restoring a backup.
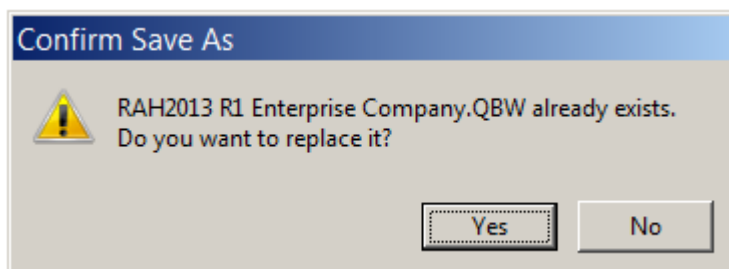

The upgrade time will depend on the size of your Reckon Accounts data file. **It is important that you do NOT exit or cancel out of Reckon Accounts during this time.**

9. Reckon Accounts will then prompt you to take a backup of your company file. Click Finish and Reckon Accounts will automatically backup your file to Reckon Accounts Hosted (Q drive). If you would like to back up your file to an external drive or to your local computer select Options and change the location of your backup by selecting Browse. Once you have selected the correct location click OK. Then click Finish. Reckon Accounts will save the backup to the desired location.
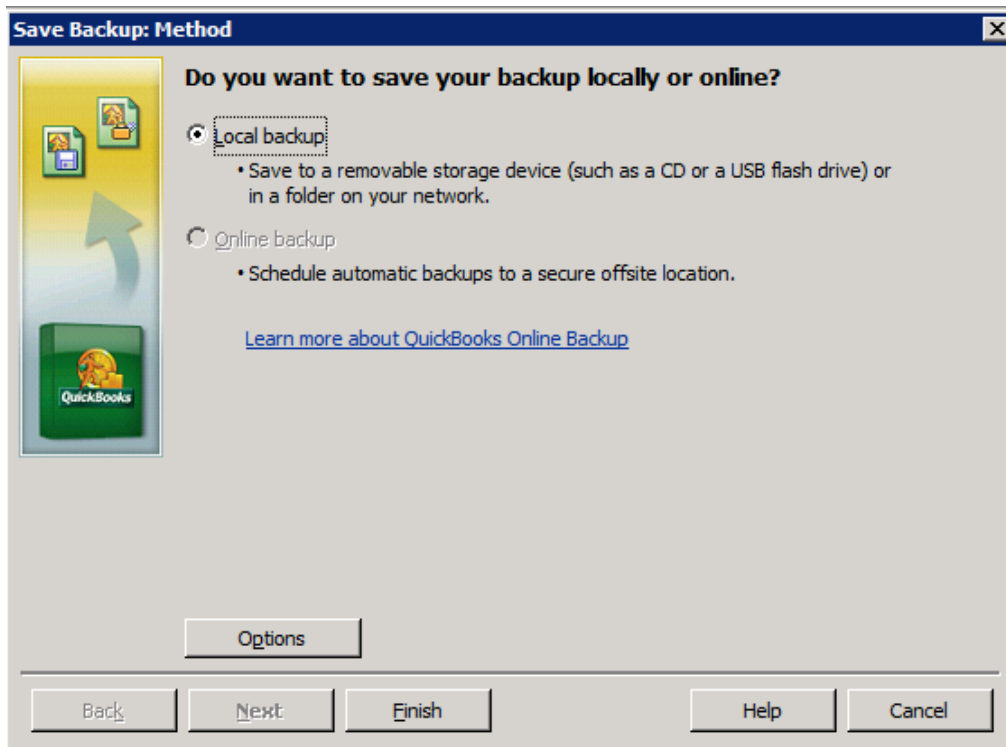
10. Reckon Accounts will now prompt you to Update Company. Click Yes;
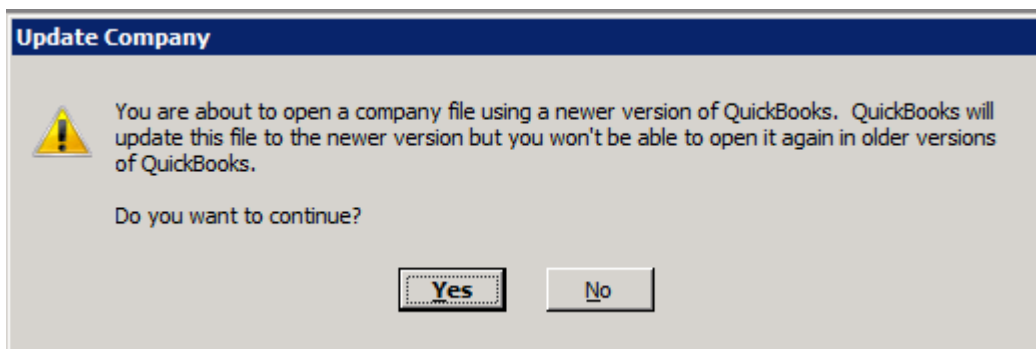
11. Check financial reports such as your Trial Balance, Profit & Loss and Balance Sheet reports against the reports generated in 2013 Accounts AU R1 as per step 3;

12. Congratulations! Your Reckon Accounts file has been successfully updated.

13. If you have multiple Company Files, repeat this process with each of them.