

# Payroll Premier 2012/13 Compliance Update

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## *Overview of the update*

The November update for Payroll Premier 2012/13 changes the termination wizard to introduce new rules that came into effect on July 1<sup>st</sup> 2012. Under the new rules certain Employment Termination Payments now have *Included* and *Excluded* payments. It is up to the payroll officer to determine if a payment has included or excluded payments under the legislation.

## *Summary of Changes*

- New Employment Termination Payment self-print stationary
- Changes to the Termination Wizard to comply with the new Employment Termination Payment law
- Introduction of the Whole of Income Cap for Employment Termination Payments
- Whole of Income Cap preference in each company file. Set to \$180,000 by default
- State Payroll Tax rates updated as of October 2012.
- EMPDUPE file updated to Version 11.

## Installation of the Update

To install the update, it is recommended that you uninstall the original Payroll Premier 2012/13 product from your computer. If you have a multi-user setup with a network path, you may find it easier to install the update of the existing Payroll Premier 2012/13 on each of the computers that the product is installed on.

**Before installation, ensure that Payroll Premier 2012/13 is closed on the computer you are installing the update on.**

Once you have installed the update, please **do not** open your file in the original Payroll Premier 2012/13 product.

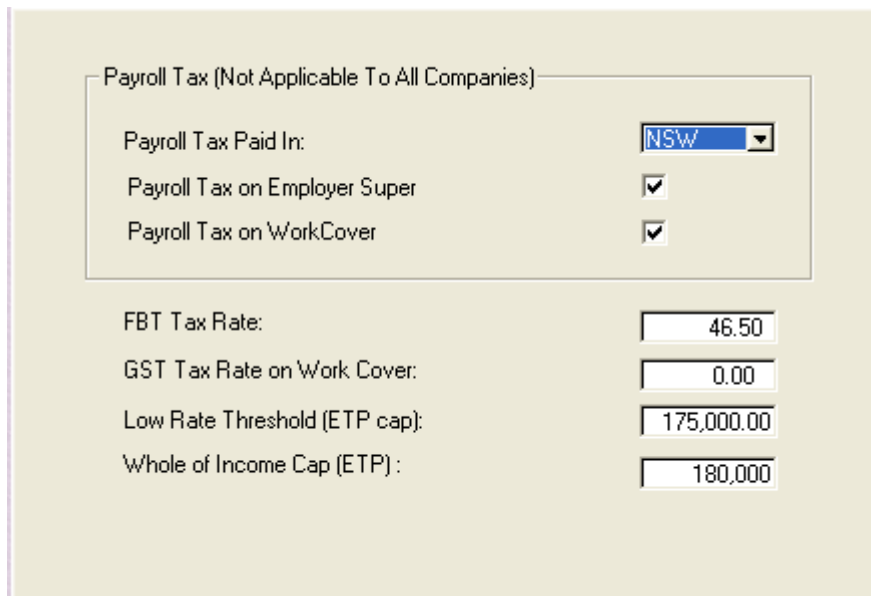
## After Installation

You can check whether you have installed the update correctly by going to the **Help** menu and clicking **About**. The version should display **20121116-1554**. If you have any previously terminated employees with ETP payments from this financial year, you may need to perform these terminations again to give the employee the updated payment summary. Please contact your accountant for advice on this matter.

## Things you may notice after upgrading

### New Whole of Income Cap preference

Once you have installed the update, a new preference will be available in the company file preferences. This preference sets the amount of the Whole of Income Cap.



Payroll Tax (Not Applicable To All Companies)	
Payroll Tax Paid In:	NSW
Payroll Tax on Employer Super	<input checked="" type="checkbox"/>
Payroll Tax on WorkCover	<input checked="" type="checkbox"/>
FBT Tax Rate:	46.50
GST Tax Rate on Work Cover:	0.00
Low Rate Threshold (ETP cap):	175,000.00
Whole of Income Cap (ETP) :	180,000

The preference can be changed in the future if the Federal Government changes the cap amount. By default it is set to \$180,000.

### New reasons for termination

There are two new reasons for termination that can be selected as to why the employee is leaving the business:

- **Voluntary Redundancy**  
Choose this reason when the employee has voluntarily decided to leave the business when redundancy has been offered to the employee. This should not be used when an employee has been forced to leave due to being made redundant.
- **Compensation/Legal**  
Choose this reason when the employee's termination has been subject to a court case and the employee has won compensation.

### Included/Excluded Payments

The Payroll Premier 2012/13 update now includes the feature of *Included* and *Excluded* ETP payments, which reflects the legislation which came into effect on July 1<sup>st</sup> 2012.

An Included payment is one where the *Whole of Income Cap* is applied and amounts exceeding the cap are taxed at 46.5%. An Excluded payment is one where the Whole of Income cap is not applied and the old cap amount of \$175,000 is applied for high payment amounts.

Due to the nature of industrial agreements, employee contracts and individual company circumstances determine whether a payment is an Included or Excluded payment. Reckon does not provide advice as to whether a payment is included or excluded. For further information please call the Australian Taxation Office or your accountant.

### **Death Benefits**

Please note that Death Benefits are not affected by the changes which came into effect on July 1<sup>st</sup> 2012.

### **Terminations which have both Excluded and Included payments**

It is possible for Employment Termination Payments to have both an Excluded and an Included component. Payroll Premier 2012/13 has an extended termination wizard to assist with this situation.

The following termination types in Payroll Premier 2012/13 will offer both Excluded and Included termination payments if required:

- Compensation/Legal
- Redundancy
- Early Retirement
- Invalidity

The other termination reasons don't offer both payments as they cannot have excluded payments. **It is vitally important that you choose the correct reason for termination when an employee leaves.** What you choose affects the EMPDUPE file as well as the ETP payment summary that you will hand to the employee with a summary of information.

## Employment Termination Payments – Termination Wizard

Termination Wizard - Homes Andrew

Enter the ETP payment amount: **EXCLUDED** from the ETP Whole of Income Cap as advised by the ATO.

Pre July 1983 :  [Untaxed]

Post June 1983 :

Post June 1994 :  [Untaxed - Invalidity]

< Previous    **Next >**    [Progress Bar]    Leave

When you select a reason for termination that can have both an Included and an Excluded component, this window of the termination wizard will display twice. The Excluded window will always show first. You can determine if you are entering an Included or Excluded payment by looking at the text which has been highlighted on the screen. In the above example, this is an Excluded payment.

## Employment Termination Payments Summary

Termination Wizard - Homes Andrew

The Termination Wizard has been completed  
Please make sure you are ready to print your ETP Payment Summaries

Whole of Income Cap Amount:  Termination Date:

Right Click for Q-Zoom

Lump Sum A :	<input type="text" value="\$2,587.50"/>	Gross :	<input type="text" value="\$0.00"/>
Lump Sum B :	<input type="text" value="\$0.00"/>	Lump Sums :	<input type="text" value="\$152,587.50"/>
ETP :	<input type="text" value="\$150,000.00"/>	Tax :	<input type="text" value="\$48,065.00"/>
Lump Sum D :	<input type="text" value="\$0.00"/>	Net :	<input type="text" value="\$104,522.50"/>

< Previous    **Finish**    [Progress Bar]    Leave

A new field named **Whole of Income Cap Amount** has been introduced to the Employment Termination Payments Summary window of the Termination Wizard. This field represents how much of the employee's Whole of Income Cap is left. If it shows \$0 that means the employee has exceeded \$180,000 taxable income in the financial year and some or all of his or her ETP payment has been taxed at 46.5%. You can get a summary of the tax calculations by right-clicking the Whole of Income Cap Amount field to view a Q-Zoom summary.