

Payroll Giving Tech Tip

NZ Schools Only



Introduction

Payroll Giving has been introduced so that an employee can be granted an immediate tax credit for their donation(s) to a donee organisation (listed on the Inland Revenue's Donee List). The tax credits for payroll donations are used to reduce the amount of PAYE paid by the employee. Payroll Giving is voluntary for both employers and employees.

Tax credits for payroll donations are reported via an electronic Employer Monthly Schedule (the EMS in IR-File) and an electronic payment form (the EDF in IR-File). Payroll Giving is only available to employees or employers who file their schedule and payment form electronically.

Tax credits for payroll donations are calculated using the following formula:

- Total Donation x 0.3333

The above information is taken from the Inland Revenue IR Electronic Filing – Payroll Specification Document – V3. 01 April 2010 to 31 March 2011.

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Creating a Payroll Giving Donation Paycode

Path: System → Payroll Control File → Pay Codes

The screenshot shows the 'Payroll Control Files' application window with the 'Pay Codes' tab selected. The main form contains the following fields and options:

- Pay Code:** 800
- Description:** Payroll Giving
- Year to Date:** 0.00
- Type:** PG - PAYROLL GIVING
- Default Pay Weight:** 1.00
- Location on Pay Summary:** 0 - DOES NOT APPEAR

Under the 'Criteria' section, the following checkboxes are visible:

- Holidays accrue
- Sick Leave accrues
- RDO's accrue
- Used in Superannuation Calc
- Store Dates against type
- Show Unit on payslip
- Show Rate on payslip
- Used in Workcover Calc
- Attracts a Holiday Loading
- Earning Levy Exempt

Buttons at the bottom include 'Delete', 'Save', 'Clear All', and 'Exit View'. There are also 'Check for Normal Pay' and 'Remove Ticks' buttons.

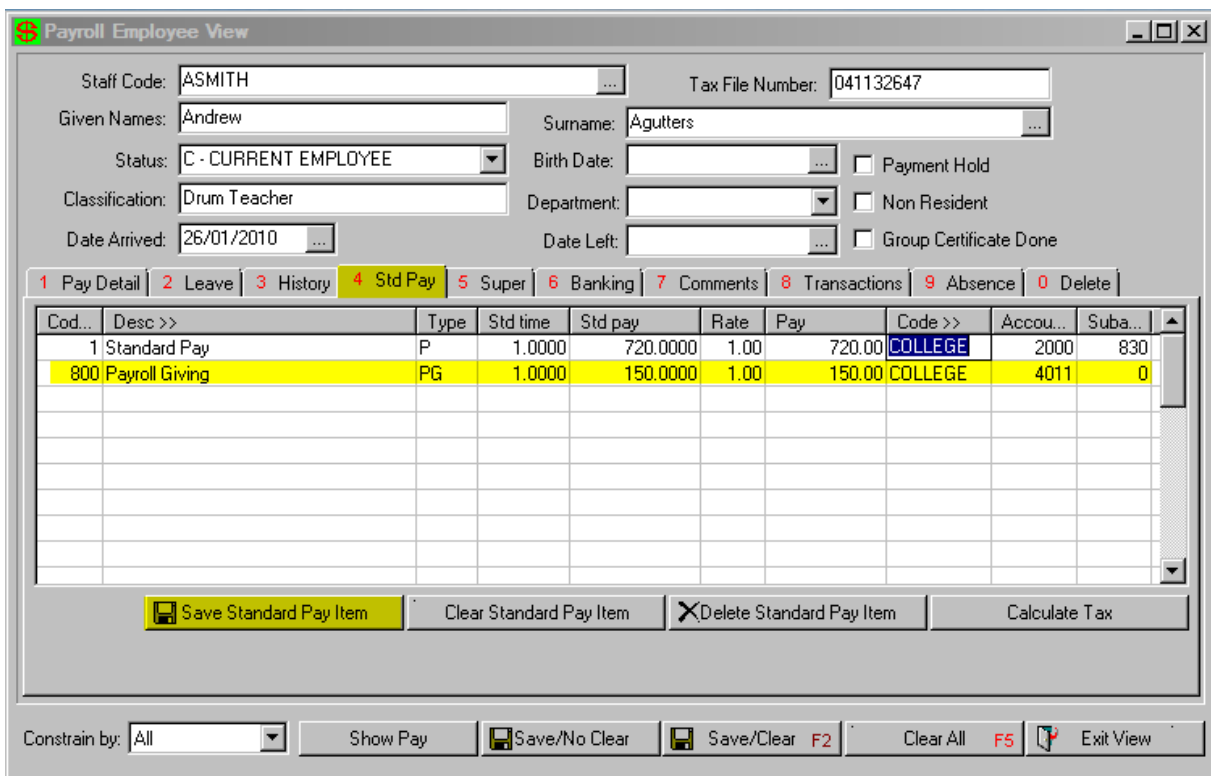
To create the new Payroll Giving codes:

Click Clear All
Paycode – Enter in the number you wish to use for the Payroll Giving
Description – Enter in the paycode description
Paycode Type – Select 'PG – PAYROLL GIVING'
Default Weight – leave as '1'
Location on Pay Summary – leave as '0 DOES NOT APPEAR'
Tick – 'Show Unit on Payslip' and 'Show Rate on Payslip'
Click SAVE to save the new paycode.

NOTE: We would suggest you setup different Pay Codes for each of the Donee's.

Entering in the Payroll Giving against an Employee

Path: Payroll → Payroll Employee View → Std Pay Tab



To allocate the new Payroll Giving codes to an employee:

- | | |
|---|--|
| ● | Select the relevant Employee / Staff Code |
| ● | Select the Std Pay tab |
| ● | Enter in the Payroll Giving Code |
| ● | Select the General Ledger Account – we suggest a liability account |
| ● | Select 'Save Standard Pay Item' to save the new entry |

Reports

Payroll Generation Report

Path: Payroll → Payroll Generation

After Generating the pay you will see the new items on the Payroll Generation Report:

- PG Payroll Giving item
- TG Taxation item which is the tax credits for payroll (eg, 150 x 0.3333 = \$49.99)

School									
Payroll Preparation Report for 23/03/2010									
COLLEGE									
Staff Code:	ASMITH	PayID:	54610	Mr A Smith			Classification: Drum Teacher		
SourceCode	Description	Type	Time Unit	UnitPay	Rate	Total	Ledger Distribution		
1-P	Standard Pay	EL	1.00 H	720.000	1.00	720.00	- Music School Tutors COLLEGE 2000-830		
800-PG	Payroll Giving	EL	1.00 H	-150.000	1.00	-150.00	Have a Heart Appeal COLLEGE 4011-0		
0-T	Taxation	EL	1.00 Tax	0.000	1.00	119.82	PAYE Clearing Account COLLEGE 4061-0		
0-TG	Taxation	EL	1.00 TaxC:	0.000	1.00	-49.99	PAYE Clearing Account COLLEGE 4061-0		
							Net Pay: 600.18		
Banking Detail									
020168026229000		A Smith			500.17				
							\$500.17		
Summary by Paycode:									

Payroll Transaction Report

Path: Payroll → Payroll Transaction Report in Pay Date or Pay Type Order

A Payroll Transaction Report in Pay Date or Pay Type Order will need to be printed to show the amounts to be paid to the Donee's.

Example of Report:

School									
Payroll Transaction Report									
23/03/2010	to	23/03/2010					Payroll		
COLLEGE									
				Code: 800	Type: PG				
Pay: 23/03/2010			1.00 H	(150.00)					
Mr A Smith				Total:	1.00 H	\$(150.00)			
							(150.00)		

Payments to Donee's are to be made via either Creditors or Ledger Payments.