

Smooth Pay Technical Notes and Responses to Questions

Calculation of 6% on Annual Leave Taken.....	2
Also, Why is 6% calculated on Holiday Pay?.....	2
Do I receive a manual?.....	2
Also, Online Help/Online Manual.....	2
How do I set up holiday pay in regard to payment and roll over?.....	2
Why do the previous pay details get transferred to the next pay?	3
Also, Default Pays.....	3
Timeclock Import File Specifications	3
Also, DDNC and AcePays	3
DDNC time import file format specification.....	3
Sample.....	4
File Naming.....	4
“ACE Pays” time import file format specification	4
Sample.....	4
File Naming.....	4
Adjusting employee’s tax rate.....	5
Why does the employee’s net pay change by 5 cents?	5
Why does the employee’s net pay change by 1 dollar?.....	5
Retirement and Redundancy – do I need to create another employee record?	5

Calculation of 6% on Annual Leave Taken

Also, Why is 6% calculated on Holiday Pay?

This is the correct method of dealing with accrued holiday leave (to the best of my knowledge, which is always open to question and re-examination).

In any one year an employee is entitled to three weeks paid leave (this example assumes employee has reached their entitlement, one years employment, and that they are full time). A years employment therefore comprises 49 working weeks, including paid leave for sick, ACC, bereavement and Statutory Holidays, plus 3 weeks paid leave. 6% is derived from the three weeks statutory leave granted by the Annual Holidays Act (in fact it ought to be 124.8 hours, as $52 * 40 * .06 = 124.8$, but never mind...) and as you can see the three weeks is effectively 6% of the entire years work including paid leave.

Final pay calculations should operate as follows: time worked this period + paid leave (if any) + accrued leave remaining as at their last anniversary, then calculate final leave entitlement at 6% on the total. If you have been accruing leave at 6% since their anniversary, enter a final pay as above, print their payslip which shows leave remaining, then add the calculated leave remaining to their pay input. If a final pay is being processed, zero their accrual percentage before you finish the pay (otherwise, the program will calculate a further 6% on the additional leave paid. After the payroll has been finished, set the employee's termination date.

Note that the 6% should not be calculated on the portion of leave accrued since their last anniversary date as they have not yet become entitled to that leave (according to the provisions of the Annual Holidays Act). However, if you do grant leave in advance of their entitlement, and it is not their final pay, then the 6% should be calculated and accrued, as otherwise they would be disadvantaged and the Act would not be complied with as all earnings must taken into account when calculating leave entitlements.

The figures produced on the Leave Liability Report should be adequate as a representation of your liability for accrued leave entitlements.

Do I receive a manual?

Also, Online Help/Online Manual

You may request a printed manual if you require one (they are generally supplied automatically with the evaluation copy of the software unless you have received your copy of the software from some other source than Procomp Systems.)

The online manual is more up to date, easier to use with hot links to topics and search facilities available for key words, such as Holiday, etc.

The online manual contains over 140 pages of information relating to every aspect of the payroll.

To access the online help/manual, press F1 while in Smooth Pay. Note that many of the topics initially displayed will relate directly to the screen you are currently in (context sensitive help), and often include screen shots which you can click on to find out more about the selected area of the screen being displayed.

Any page of information can be printed from the help system. Especially useful are the payroll process and getting started topics, although they are reproduced on the payroll disk packaging.

How do I set up holiday pay in regard to payment and roll over?

Holiday methods and entitlements are setup in the *Employee/Holiday Setup* screen.

Refer online help (press F1), search for Annual Leave Entitlement for the latest information.

Briefly, the employees start date determines when the next rollover is due. Rollover date is the employees anniversary, and is the date at which the average hourly rate is determined from the accumulated totals of earnings and hours collected for the employee. You may leave this date empty for new employees.

In this screen you can set whether the employee receives their annual leave allocation annually (usually 120 or 160 hours), or per pay period (usually 6% or 8%, entered as .06 or .08). Note that casual employees will be paid their

holiday entitlement each time they are paid. Part-time employees should be setup to receive a percentage each pay period. Full time employees normally receive an annual entitlement.

None of the following applies to casual employees.

You can also enter the number of hours leave remaining and the rate at which holiday pay is to be paid. The rate entered should not be less than their current hourly rate (requirement of the Annual Holidays Act). This is your responsibility.

You may also alter the accumulators used to calculate average hourly rate next time the employees anniversary occurs (rollover). This should only be necessary for new employees, and you will need to calculate their totals for :

Hours worked, including actual overtime, and all leave except sick/ACC

Taxable amount earned, including taxable allowances, excluding overtime and sick/ACC

These totals are accumulated from their last anniversary. If they are a new employee (no previous anniversary, you can leave the rollover date empty.

The program will automatically accumulate the necessary totals for you as each pay is processed.

You may pay an employee as much holiday pay as you wish to allow, including in advance of their entitlement.

You may pay an employee at any rate you specify (default is the holiday pay rate stored here) for their annual leave, but bear in mind that you must not pay the employee at less than their current hourly rate for any annual leave taken, and if the leave being taken relates to a previous year's entitlement and the average hourly rate calculated over that period is greater than their current hourly rate, you must pay the higher rate until their previous year's entitlement has been used up.

Why do the previous pay details get transferred to the next pay?

Also, Default Pays

It is recommended that employee's have a default set of pay entries stored for them so that their standard rate of pay, standard allowances and deductions, and standard net pay bank account entries are brought up automatically. If you have not set default pay data for an employee, then each new pay period will fill the employee's payslip entries automatically from the information entered the previous pay period.

If you wish to set default pay information for an employee (eg hours, pay rate, allowances, deductions and net pay allocations), set the employee's **Pay Input** up as you would like it to appear at the start of each pay period, then choose the **Save Default** button.

If you wish to see all the default payments: At the start of a new pay period and before you enter any Pay Input data, choose Wizards/Quick Pay, choose the multi-arrow to move all employees across to the selected for pay column, then Save. Print the Pay Input Audit Trail - contains all default pay details. To undo all the pay input information, just select Wizards/Quick Pay again, choose the multi-arrow to cancel all the pay input and choose Save.

Note: If an employee's pay rate changes, make sure you record the change by saving a new default pay.

Timeclock Import File Specifications

Also, DDNC and AcePays

The following comma delimited file formats are recognised by the Time Clock Data Import routines provided with SmoothPay. The variety of file formats may be added to in the future.

DDNC time import file format specification

1	empid N(10), ;	&& employee unique ID (must be same as SmoothPay)
2	ordtime N(6,2), ;	&& total ordinary time
3	ovvertime N(6,2), ;	&& total time+half (actual hours worked)
4	dbltime N(6,2), ;	&& total double time (actual hours)
5	siktime N(6,2), ;	&& sick hours
6	statime N(6,2), ;	&& statutory hours

7	filler1 N(6);	&& not used
8	filler2 N(6);	&& not used
9	filler3 N(6);	&& not used

Sample

The following illustrates a sample of the contents from a DDNC format file:

```
001050,32.00, 0.00, 0.00, 0.00, 8.00, 0 , 0 , 0
001100,30.42, 0.00, 0.00, 0.00, 8.00, 0 , 0 , 0
001150,32.00, 0.00, 0.00, 0.00, 8.00, 0 , 0 , 0
001200,32.75, 0.00, 0.00, 0.00, 8.00, 0 , 0 , 0
001250,31.50, 0.00, 0.00, 0.00, 8.00, 0 , 0 , 0
001300,31.75, 0.00, 0.00, 0.00, 8.00, 0 , 0 , 0
001350,31.00, 0.00, 3.00, 0.00, 8.00, 0 , 0 , 1
001400,31.75, 0.00, 0.00, 2.50, 8.00, 0 , 0 , 1
```

File Naming

DDNC file names are normally in the format DDddmmyy.TXT eg. DD120497.TXT

“ACE Pays” time import file format specification

1	empid N(10);	&& employee unique ID (must be same as SmoothPay
2	name C(30);	&& employee name
3	ordtime N(6,2);	&& total ordinary time
4	overtime N(6,2);	&& total time+half (actual hours worked)
5	dbltime N(6,2);	&& total double time (actual hours)
6	siktime N(6,2);	&& sick hours
7	statime N(6,2);	&& statutory hours
8	filler1 N(6);	&& not used
9	filler2 N(6);	
10	filler3 N(6);	
11	filler4 N(6);	
12	filler5 N(6);	

Sample

The following illustrates a sample of the contents from an “AcePays” format file:

```
133,AITCHISON RUVE , 4000, 700, 0, 0, 0, 0, 0, 0,0,0
30,BENNIE BARBARA , 0, 0, 0, 0, 0, 0, 0, 0,0,0
106,BRIGHT GWEN , 4000, 1000, 500, 0, 0, 0, 0, 0,0,0
11,CAMPBELL CRAIG , 3950, 600, 0, 0, 0, 0, 0, 0,0,0
105,CAMPBELL DIANA , 2725, 600, 0, 0, 0, 0, 0, 0,0,0
18,DICK KRISTINE , 4000, 1000, 500, 0, 0, 0, 0, 0,0,0
140,EASTON JILLIAN , 4000, 500, 0, 0, 0, 0, 0, 0,0,0
134,ENGERT VAL , 2100, 0, 0, 0, 0, 0, 0, 525, 0,0,0
114,FURJES ELIZABET, 4000, 0, 0, 0, 0, 0, 0, 0, 0,0,0
```

Note that decimal points are not present in the hours fields.

File Naming

ACEPays format file name is normally PAYDATA.FIL

Adjusting employee's tax rate to zero

There are two ways to adjust the tax for an employee to set it to zero (or some other sum).

1. Permanent

Select the employee, modify their employee record to tax code WITHHOLDING and leave the special tax rate at zero or the percentage required.

2. Temporary on Payslip

Select the employee, select Pay Input. Select Extended option and override the PAYE Tax - set the amount to zero. You can make this a permanent adjustment by saving the current payslip as the default.

WARNING: PAYE tax is payable on all earnings and there is no specific exemption for school children, although the IRD advise that if earnings are not more than \$20 per week then PAYE tax need not be deducted as the end of year rebate would permit the amount to be refunded in any case. However, this advice does not mean the earnings are exempt from earner premium (1.2%).

Our suggestion is that if the employee does not earn more than \$20 each week, then do not pay them via payroll, but treat them as a creditor (effectively they earn "pocket-money").

You should contact IRD directly for further advice.

Why does the employee's net pay change by 5 cents?

This applies only to employee's that have been set up to receive their net pay as cash (refer employee setup record). SmoothPay recognises that the net pay is cash, and applies automatic five cent rounding. It does so by calculating the PAYE, checking to see if the net pay requires rounding (always upwards to the next five cent value), and reduces the PAYE total accordingly. The adjustment (never more than 4 cents) is stored until the next pay period, when it is added to the calculated PAYE total before the next rounding is applied. From this it can be seen that the rounding will cycle between five cents less and five cents more over a two or three pay cycle.

Why does the employee's net pay change by 1 dollar?

This applies only to employee's that have been set up to receive their net pay with whole dollar rounding (refer employee setup record). When SmoothPay calculates the PAYE during pay input, it checks to see if the net pay requires rounding (always upwards to the next whole dollar value), and reduces the PAYE total accordingly. The adjustment (never more than 99 cents) is stored until the next pay period, when it is added to the calculated PAYE total before the next rounding is applied.

Retirement and Redundancy – do I need to create another employee record?

No. A standard **RETIRE** allowance code has been supplied with your system which has *Retire/Redundancy* specified as the taxation type. When paid to an employee, the system will automatically separate the payment (and the tax applicable to the allowance) into a separate IRD Certificate when they are produced.

A retirement/redundancy payment should not be paid to an employee set up with a WITHHOLDING tax code as this is an invalid situation.

Costing Analysis Output Format

SmoothPay's generic costing analysis output file format is as follows:

(code C(20), id N(10), alpha C(10), empid N(10), lunits N(12,2), lvalue N(12,2), wunits N(12,2), wvalue N(12,2), allowance N(12,2), alloc N(12,2))

