



Our two cents worth: Getting your payroll in order

STAYING on top of payroll can be a time-consuming and stressful process. Especially if you take care of your payroll internally, this can quickly become a nightmare for business owners. Determining what your business needs from their payroll solution will depend largely on what type of business you are operating and the requirements. Having correct payroll practices in place is often taken for granted, until an issue arises. Failure to comply with regulations can lead to hefty fines and a damaged reputation. The good news is that a quick review of your payroll can tick compliance boxes and create improvements in efficiency in your business.

Small business owners should audit payroll processing as part of regular business operations. A small business usually has the advantage of fewer employees making a thorough audit possible rather than sampling data for further review. A good time frame for scheduling a payroll audit is at the end of each quarter of business.

Key points to review

- Employee awards (including rates and entitlements)
- Employee agreements / contracts
- Reconciling payroll reports (general ledger against payroll summaries)
- Leave categories (annual leave, sick leave and long service leave)
- Superannuation (including additional contributions)

Payroll Systems

Automating your data entry can save employers time and money. With a cloud-based accounting system, such as Xero you can set up pay templates or have your employees submit time sheets to reduce

time spent each pay run. Payslips can be sent via email, payment details uploaded to your bank via an ABA file and PAYG reports are readily available when Business Activity Statements or IAS lodgements are due. Highlighting the use of the ABA file upload. This function not only saves time, but also reduces the risk of human error.

If your business requires timesheets, we'd also suggest the Xero Me app that is available.

This gives the 'power to the people', enabling your staff to submit their timesheets and leave applications on the go.

Leave

Full-time and part-time employees are entitled to accumulate leave. We often receive questions relating to leave, ensuring the calculation of Annual and Personal/Carers Leave is correct. Please find below an example on how to calculate Annual Leave for a Full-Time staff member, working a 38 Hour week.

38 Hours Week x 4 Weeks (20 Days) = 152 hours accrued annually.
152 hours / 52 weeks in the year = 2.923 hours accrued weekly. We recommend halving this figure for Personal/Carers Leave as the accrual is usually two weeks (10 days) per annum.

All employees (including casual employees) are entitled to compassionate leave (also known as bereavement leave). Compassionate leave can be taken when a member of an employee's immediate family or household dies or contracts or develops a life-threatening illness or injury. Employees are entitled to two days compassionate leave each occurrence. Full-time and part-time employees receive paid compassionate leave; casual employees receive unpaid compassionate leave.

Suite of industry apps

In today's age, businesses need to have an efficient payroll department to streamline their payroll processes. Streamlining will not only save costs with regard to staff hours, but eliminate those costly manual calculation errors.

Increase productivity with integrated HR and employee management tools. Cloud based rostering that can turn into timesheets, time clock entry via a smart device and award interpretation and pay calculation systems are a few of the functions available.

If you're looking to simplify your payroll tasks even further you could benefit from an additional payroll system. Xero team up with other applications which are specifically designed for Payroll and HR tasks. These features are only the tip of the iceberg. Added functionalities are often available depending on the businesses financial needs.

Single Touch Payroll (STP)

Businesses employing 20+ staff are now required to report salaries and wages, PAYG withholding and superannuation to the ATO every pay run.

The ATO released information stating that STP reporting cannot be submitted via the Business Portal. Instead employers will be required to update their current payroll software by your digital service provider to offer the service or have payroll software that is STP-enabled.

Xero will be rolling out STP functions progressively to existing Xero subscribers. When the time comes the payroll administrator for your organisation will receive an opt-in notification to enable the function. Until such time, you'll be compliant without penalty under Xero's deferral number.

Quarterly reporting

Due date for each quarter

Quarter	Due date
1 - July, August and September	28 October
2 - October, November and December	28 February
3 - January, February and March	28 April
4 - April, May and June	28 July

For further insight we recommend watching the guides provided in Xero's Help Centre.

Employers with less than 20 employees will commence reporting via STP from July 1, 2019.

If you'd like to discover more about Xero and Xero payroll, please contact the team today.

ATO Lodgement Due Dates For Quarterly Lodgements

This table is a guide for entities who report on a quarterly basis. We suggest checking your reporting requirements with your Accountant or via the Business Portal.

1. Lodge and pay Business Activity Statement and Instalment Activity Statement

2. Make Super guarantee contributions to super funds

Helpful links

With employment legislation in Australia continually changing, being a highly political and publicised area we recommend the following resources:

Fair work Australia: www.fair-work.gov.au/

ATO: www.ato.gov.au/

Xero Central: <https://central.xero.com/sl>



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Helping our clients identify and achieve their life goals

We can provide you with assistance in...

- Taxation & Accounting
- Business Development
- Profit Improvement
- Property Investment Advice
- Self managed Superannuation Fund
- Finance
- New business Start-up
- XERO Set-up & Support
- Bookkeeping Solutions

