

FNSTPB402 Establish and maintain payroll systems

This workbook supports FNSTPB402 Establish and maintain payroll systems in the Financial Services Training Package 3.0.

Copyright and restrictions

© Software Publications Pty Ltd and Millbank Investments, 2019

Under the Copyright Act 1968, training organisations are permitted to reproduce a total of 10 per cent or 1 chapter (whichever is greater) of this learning guide for educational purposes providing the Copyright Agency Limited info@copyright.com.au is notified of the copying including number of pages, ISBN, author and publisher of the material. Original copyright statements must appear on reproduced material.

Except under the conditions stated, no part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, scanning, recording or any information storage and retrieval system without permission in writing from copyright owner or Software Publications Pty Ltd.

ISBN 978-1-921971-52-5

Author

Jo Voight

Certificate IV in Financial Services (Bookkeeping)
Certificate IV in Training and Assessment
Certificate IV in Small Business Management
ICB Fellow



and

Software Publications writing team

Based on originating material written by
Marian Brown

Publisher

Software Publications Pty Ltd (ABN 75 078 026 150)
Unit 3, 25 Gibbes Street
Chatswood NSW 2067
www.softwarepublications.com.au



Limitations of liability

All rights reserved. No patent liability is assumed with respect to the use of the information contained herein. While every precaution has been taken in the preparation of this book, the publisher and authors assume no responsibility for errors or omissions. Neither is any liability assumed for damages resulting from the use of the information contained herein.

This information is for learning purposes only and is not to be taken as a substitute for professional advice. Consequently Software Publications Pty Ltd and the authors accept no responsibility to any person who acts on information herein without consultation with an accounting professional.

Because legislation, applications and websites are constantly changing, information, URLs and images used in this workbook may have changed. The expiry of this information, errors and/or omissions are not grounds for a refund on purchase.

Because business circumstances can vary greatly, the material is not designed to provide specific GST or business advice for particular circumstances.

Before you rely on this material for any important matter for your business, you should make your own inquiries about whether the material is relevant and still current, and whether it deals accurately and completely with that particular matter; and as appropriate, seek professional advice relevant to that particular matter.

Trademark information

Adobe®, Acrobat®, Acrobat Reader®, Adobe Reader®, PDF™ and PostScript® are trademarks or registered trademarks of Adobe Systems Incorporated.

Other products mentioned may be service marks, trademarks or registered trademarks of their respective owners.

FNSTPB402 Establish and maintain payroll systems

Application

This unit describes the skills and knowledge required to record and prepare payroll documentation, respond to enquiries, and process payroll data for manual and computerised systems.

It applies to individuals, including BAS agents, who use a range of organisational and other specialist techniques. They may work directly for organisations or be small business owners, contractors or service providers.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. This unit is designed to meet the education requirements of the Tax Practitioner Board (TPB). Refer to the FNS Financial Services Training Package Companion Volume Implementation Guide or the relevant regulator for specific guidance on regulatory requirements.

Elements and Performance Criteria

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference
1. Establish payroll requirements	1.1 Assess scope of payroll services that a business activity statement (BAS) agent can provide, and identify need for independent expert advice	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies
	1.2 Apply knowledge of legislation in relation to National Employment Standards, and legislative requirements in regard to payroll payments	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations
	1.3 Research and identify relevant state and modern awards, and employment agreements, regarding details to be set up in payroll system for individual employees	Chapter 2 Legislation and professional bodies
2. Record payroll data	2.1 Configure payroll system with complete data provided by employee and employer	Chapter 11 Setting up a payroll company file
	2.2 Review payroll data and clarify discrepancies with designated persons	Chapter 5 Process payroll manually Chapter 8 Processing payroll
	2.3 Enter employee pay period details in payroll system in line with source data	Chapter 3 New employee Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference
3. Prepare and process payroll	3.1 Conduct payroll preparation within designated timeframes and according to organisational policy and procedures	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 7 Setting up payroll in AccountRight Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues
	3.2 Use employee source data to calculate, record and reconcile payroll according to legislative requirements	Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues
	3.3 Reconcile total payments for pay period, and review and correct irregularities or refer them to designated persons for resolution	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 13 Non-routine payroll issues
	3.4 Obtain authorisation of payroll and make arrangements for individuals' payments in line with organisational requirements	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 13 Non-routine payroll issues
	3.5 Distribute individual pay advice according to organisational and legislative requirements	Chapter 5 Process payroll manually Chapter 11 Setting up a payroll company file
	3.6 Identify legislative and organisational requirements relevant to employment termination processes and payment, and seek advice to interpret requirements as required	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations Chapter 13 Non-routine payroll issues
	3.7 Produce, review and store payroll records according to organisational policy and security procedures	Chapter 3 New employee Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference
4. Handle payroll enquiries	4.1 Respond to payroll enquiries according to organisational and legislative requirements	Chapter 2 Legislation and professional bodies Chapter 7 Setting up payroll in AccountRight
	4.2 Provide information according to organisational and legislative requirements	Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations
	4.3 Refer enquiries outside area of responsibility or knowledge to designated persons for resolution	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations
	4.4 Provide additional information or complete follow-up action within designated timeframes and according to organisational policy and procedures	Chapter 1 Payroll and Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 13 Non-routine payroll issues
5. Maintain payroll	5.1 Maintain information and record keeping relating to payroll function according to current legislative and regulatory requirements	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employees Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 11 Setting up a payroll company file
	5.2 Prepare and reconcile month-end and year-end payroll records to ensure compliance with legislative and management deadlines	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 10 End of payroll year procedures
	5.3 Update records and systems in line with salary reviews and other changes in employment status	Chapter 5 Process payroll manually Chapter 13 Non-routine payroll issues
	5.4 Establish back-up and disaster recovery systems	Chapter 6 Using MYOB AccountRight Chapter 10 End of payroll year procedures
	5.5 Generate and distribute payroll reports in line with organisational policy	Throughout workbook
	5.6 Extract and apply BAS and instalment activity statement (IAS) data according to legislative and regulatory requirements	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 9 Paying deductions withheld Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues

Foundation skills

Skill	Description	Workbook reference
Reading	<ul style="list-style-type: none"> Reviews and compares details of information to meet requirements, and interprets and analyses an extensive range of structurally intricate texts to inform actions 	Throughout workbook
Writing	<ul style="list-style-type: none"> Records detailed information accurately in required formats for individuals 	Throughout workbook
	<ul style="list-style-type: none"> Prepares, produces and updates accurate payroll record information in a range of report formats to meet organisational requirements 	Throughout workbook
	<ul style="list-style-type: none"> Produces logically sequenced texts in response to enquiries 	Throughout workbook
Oral communication	<ul style="list-style-type: none"> Participates effectively in exchanges of information using questioning and active listening to clarify details, and clear and direct language to refer problems to supervisor 	Through discussions with trainer and/or fellow learners
	<ul style="list-style-type: none"> Clearly articulates responses to enquiries using language, tone and pace appropriate to audience 	Through discussions with trainer and/or fellow learners
Numeracy	<ul style="list-style-type: none"> Uses calculation skills and mathematical formulas to prepare, record, reconcile, check and report payroll data in a range of formats 	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues
	<ul style="list-style-type: none"> Defines timeframes in line with schedule requirements 	Chapter 1 Payroll and its components Chapter 3 New employee Chapter 4 Employer obligations Chapter 9 Paying deductions withheld Chapter 10 End of payroll year procedures
Navigate the world of work	<ul style="list-style-type: none"> Takes responsibility for complying with organisational policy and procedures, and legal and regulatory requirements 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations

Skill	Description	Workbook reference
Interact with others	<ul style="list-style-type: none"> Cooperates and collaborates with others as part of familiar routine activities and contributes to activities requiring joint responsibility and accountability 	Through discussions with trainer and/or fellow learners
Get the work done	<ul style="list-style-type: none"> Plans, organises and completes work according to defined requirements, taking responsibility for sequencing tasks to achieve efficient outcomes 	Throughout workbook
	<ul style="list-style-type: none"> Uses systematic analytical processes in complex routine and non-routine situations, gathering information, reviewing and reconciling data, and identifying and evaluating potential solutions 	Throughout workbook
	<ul style="list-style-type: none"> Uses digital tools to conduct research, design work processes and to complete work tasks 	Throughout workbook

Range of Conditions

This section specifies different work environments and conditions that may affect performance. Essential operating conditions that may be present (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) are included.

	Workbook reference	
Payroll preparation must include:	<ul style="list-style-type: none"> calculating gross pay 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data
	<ul style="list-style-type: none"> calculating net pay 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data
	<ul style="list-style-type: none"> preparing pay advice slips 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 11 Setting up a payroll company file
	<ul style="list-style-type: none"> preparing payments 	Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues

		Workbook reference
	<ul style="list-style-type: none"> calculating superannuation, taxation and other deductions. 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues
Payroll records must include:	<ul style="list-style-type: none"> electronic funds transfer 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data
	<ul style="list-style-type: none"> employee summary report 	Chapter 5 Process payroll manually Chapter 13 Non-routine payroll issues
	<ul style="list-style-type: none"> end of month reports 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 13 Non-routine payroll issues
	<ul style="list-style-type: none"> end of year reports 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 10 End of payroll year procedures
	<ul style="list-style-type: none"> pay advice slips 	Chapter 5 Process payroll manually Chapter 8 Processing payroll Chapter 12 Entering employee payroll data
	<ul style="list-style-type: none"> payment summaries 	Chapter 5 Process payroll manually Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues
	<ul style="list-style-type: none"> taxation reports 	Chapter 5 Process payroll manually Chapter 9 Paying deductions withheld Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues
	<ul style="list-style-type: none"> termination payments. 	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations Chapter 13 Non-routine payroll issues

Assessment for this Unit

This Unit is assessed by:

- submitting completed exercises
- completing a progressive assessment
- completing a final assessment.

Assessment requirements v1.0

Performance evidence

Evidence of the ability to:	Workbook reference
<ul style="list-style-type: none"> • identify, calculate and input data from time-recording systems for payments into manual or computerised payroll systems 	Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file
<ul style="list-style-type: none"> • produce a payroll report according to organisational and legislative requirements 	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file
<ul style="list-style-type: none"> • present a payroll report for verification and approval 	Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight
<ul style="list-style-type: none"> • maintain records according to organisational and legislative requirements that relate to security and confidentiality of information. 	Chapter 3 New employees Chapter 4 Employer obligations

Knowledge evidence

The candidate must be able to demonstrate the following knowledge to effectively complete the tasks outlined in the elements and performance criteria of this unit, and to manage tasks and reasonably foreseeable contingencies in the context of the work role.

	Workbook reference
<ul style="list-style-type: none"> • Scope of services offered by a business activity statement (BAS) agent providing payroll services 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> • Key principles of award and enterprise agreements and industrial instruments required to maintain payroll systems 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> • Organisational policy and procedures that affect payroll, including the structure of authority in organisations 	Chapter 4 Employer obligations Chapter 7 Setting up payroll in AccountRight
<ul style="list-style-type: none"> • Industry codes of practice relevant to payroll operations 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> • Key features of manual and computerised payroll systems 	Chapter 7 Setting up payroll in AccountRight

	Workbook reference
<ul style="list-style-type: none"> Legislative and record-keeping requirements from all levels of government that affect business operation and reporting requirements, especially in regard to: 	
<ul style="list-style-type: none"> Fair Work Act 	Chapter 1 Payroll and its components Chapter 3 New employees Chapter 4 Employer obligations
<ul style="list-style-type: none"> National Employment Standards 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> Superannuation Guarantee (Administration) Act 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> corporations law 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> workers compensation and work health and safety 	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations
<ul style="list-style-type: none"> state payroll tax relating to payroll activities 	Chapter 4 Employer obligations
<ul style="list-style-type: none"> Privacy Act and requirements relating to confidentiality and security of records 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> Higher Education Loan Program (HELP) 	Chapter 1 Payroll and its components
<ul style="list-style-type: none"> Medicare levy 	Chapter 1 Payroll and its components
<ul style="list-style-type: none"> Tax Agent Services Act (TASA) 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> current commonwealth, state and territory industry and modern awards, and enterprise bargaining agreements 	Chapter 2 Legislation and professional bodies Chapter 5 Process payroll manually Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues
<ul style="list-style-type: none"> individual employment agreements 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> commonwealth, state and territory leave Acts, including annual, personal, paid parental and long service 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 13 Non-routine payroll issues
<ul style="list-style-type: none"> Australian Bureau of Statistics (ABS) Act 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> describe current Australian Tax Office (ATO) requirements such as: 	
<ul style="list-style-type: none"> Australian Business Number (ABN) 	Chapter 4 Employer obligations
<ul style="list-style-type: none"> payment summaries 	Chapter 4 Employer obligations
<ul style="list-style-type: none"> employment termination payments (ETPs) 	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations Chapter 13 Non-routine payroll issues
<ul style="list-style-type: none"> tax file number (TFN) declaration 	Chapter 4 Employer obligations Chapter 12 Entering employee payroll data

	Workbook reference
<ul style="list-style-type: none"> • Tax Practitioners Board (TPB) requirements relating to payroll systems, including: <ul style="list-style-type: none"> • registration and scope of services documentation requirements for BAS agents 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> • code of professional conduct 	Chapter 2 Legislation and professional bodies
<ul style="list-style-type: none"> • Key requirements of taxation law relating to payroll systems, including: 	
<ul style="list-style-type: none"> • pay as you go instalment (PAYGI) tax 	Chapter 1 Payroll and its components
<ul style="list-style-type: none"> • pay as you go withholding (PAYGW) tax 	Chapter 4 Employer obligations
<ul style="list-style-type: none"> • fringe benefits tax (FBT) as it relates to salary packaging 	Chapter 1 Payroll and its components Chapter 3 New employees
<ul style="list-style-type: none"> • Key aspects of routine and non-routine requirements for payroll, including: <ul style="list-style-type: none"> • routine: award payments, salary amount, salary packaging, superannuation guarantee and superannuation reporting 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employees Chapter 4 Employer obligations
<ul style="list-style-type: none"> • non-routine: termination payments and superannuation guarantee charge 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 13 Non-routine payroll issues

How to use this workbook

This workbook is divided into two parts:

- required knowledge
- required skills, i.e. completing payroll manually and using MYOB AccountRight.

Order of learning

The following order of learning is recommended prior to attempting this Unit:

1. FNSACC311 Process financial transactions and extract interim reports
2. FNSACC312 Administer subsidiary accounts and ledgers
3. FNSACC416 Set up and operate a computerised accounting system (using MYOB)
4. BSBFIA401 Prepare financial reports
5. FNSACC414 Prepare financial statements for non-reporting entities
6. FNSACC405 Maintain inventory records

If you have not completed equivalent learning you may have difficulties completing this workbook. Speak to your trainer for further guidance.

Solutions

Solutions for exercises which do not form part of your assessment are provided electronically with the exercise files download. Use the solutions to check your progress as you complete exercises.

Financial year implications

The solutions are financial year sensitive.

If you are completing this workbook in the first quarter of a new financial year, you may be required to use data from the previous financial year to complete exercises as information on websites can take time to be updated to reflect the new financial year.

Ask your trainer which financial year you should use.

Content and websites in this workbook

Because legislation and websites are constantly changing, information, URLs and website images used in this workbook may have changed.

Where possible, instructions have been provided to guide you to find the required information instead of providing the full URL.

Delivery of this workbook

This workbook is designed to be trainer-led or self-paced and learners follow a set sequence of exercises and enter data and print reports.

It could take up to 30 hours to complete this workbook.

What you will need

- Your own copy of this workbook
- Pen or pencil
- Correction tape or eraser

Access to a computer with:

- internet access
- PDF reading application, e.g. Adobe Acrobat Reader
- ability to install new software
- ability to print
- MYOB AccountRight 2018.2 or later
- The following files downloaded from the Software Publications website:
 - Payroll20yyTPB402.myox
 - 978-1-921971-52-5 FNSTPB402 solutions 20yy-20yy.pdf
 - ABC Catering Pty Ltd enterprise agreement.pdf
- USB memory stick or a folder on your computer to save documents. This will be your working folder for this workbook.
- Backup device, e.g. CD/DVD, USB memory stick
- Calculator
- Folder and tab dividers to store information and completed exercises.

CHAPTER 1

PAYROLL AND ITS COMPONENTS

On completion of this chapter you should be able to:

- list the components of payroll
- create a schedule of tasks to meet deadlines completing payroll activities
- research current tax rates
- identify any levies applicable to the payroll year
- identify taxes applicable to payroll and income

Payroll is a complex function of every organisation. If you are responsible for payroll, not only do you need to calculate the correct amount of each pay period for each staff member, but you also need to take into consideration leave entitlements, taxation implications for components of the payroll, legislative implications of payroll and the ongoing changes in the payroll environment.

Throughout this workbook you will be introduced to elements which affect all aspects of payroll and provided with methods to help you keep up-to-date with your payroll knowledge.

Components of payroll

Salary and wages are the primary component of payroll.

- A wage refers to pays calculated on an hourly basis.
- A salary refers to pays calculated on an annual basis.

Payroll for employees can include a number of components. How each part of payroll is allocated, calculated and distributed is governed by legislation, government organisations, employee representative groups and professional organisations.

1. Wage	Includes all monies paid to an employee: <ul style="list-style-type: none"> • salary or hourly wage • bonus • commission • holiday pay • personal leave • overtime • meal allowance • car and other allowances.
2. Taxes	Pay as you go withholding (PAYGW) tax deductions based on an employee's gross wages and tax scale, and levies such as the Medicare levy.
3. Other deductions	Includes all voluntary monies deducted from gross wages and paid on behalf of employees: <ul style="list-style-type: none"> • health fund • donations • social club contribution.
4. Obligations	Child support HELP
5. Net wage	Gross wage minus (tax plus deductions plus obligations).
6. Employer expenses	Expenses paid by the employer in relation to an employee's wage.
7. Superannuation	Superannuation expenses such as: <ul style="list-style-type: none"> • award superannuation • employee contributions • salary sacrifice • employer additional.

Levies

Levies are additional taxes placed upon income earners of Australia to fund temporary or special circumstances, or to boost funding for particular services, e.g. the Medicare surcharge levy is used to give residents access to health services.

Other levies applied in the past included a flood levy and temporary budget repair levy.

Medicare levy

Medicare gives Australian residents access to healthcare. It is partly funded by taxpayers who pay a percentage of their taxable income.

The Medicare levy is reduced if the taxable income is below a certain threshold. In some cases people may not have to pay the levy at all.

Exercise 3

1. Search the internet for information about the Medicare levy. What are the current rates for singles and families?
 2. Search the ATO website or other government websites for any levies other than the Medicare surcharge levy for your financial year.
 3. Write a brief summary of any levies; its purpose, rate and thresholds. Maximum of 30 words per levy.
 4. Include the name and full website address of your source and the date you accessed it.
- Submit your completed exercise as instructed by your trainer.

Allowances

Allowances are separately identified payments made to an employee for:

- working conditions, e.g. danger, height or dirt
- qualifications or special duties, i.e. first aid certificate or safety officer
- expenses that cannot be claimed as a tax deduction by the employee, e.g. normal travel between home and work
- work-related expenses that may be able to be claimed as a tax deduction by the employee, e.g. travel between worksites.

Allowances that have been included in normal salary or wages, e.g. overtime meal allowances, are not treated separately for tax purposes.²

Reasonable travel and overtime meal allowances

A modern award or registered agreement governs the payment of travel and overtime meal allowances. Travel and overtime meal allowances are deductible expenses if incurred in the pursuit of earning income. Employees may claim actual expenses incurred up to the reasonable expense amount as set by the ATO each year, e.g.:

- purchasing dinner while working overtime on a special project may be an eligible deduction
- travel requiring an overnight absence from employee's place of residence.

The ATO publishes a tax determination for reasonable allowance rates each financial year. A tax determination is a form of public ruling containing binding advice which expresses the ATO's interpretation of the laws it administers.³

Fair Work Act 2009

The Fair Work system was created by the Fair Work Act 2009 and started on 1 July 2009. The Fair Work system is the name used for the minimum employment laws and agency bodies that were created by the Fair Work Act. It is the national workplace relations system.

For a brief outline of Australia's workplace relations law, visit the Australia's industrial relations timeline page.

The key features of the Fair Work system are:

- 10 minimum National Employment Standards
- modern awards that apply nationally for specific industries and occupations
- national minimum wage
- protection from unfair dismissal.

Modern awards together with the National Employment Standards and the national minimum wage make up a safety net of entitlements for employees covered by the Fair Work system.

There are three bodies that have roles in the Fair Work system:

- Fair Work Commission
- Fair Work Ombudsman
- Fair Work Federal Division of the Federal Court and the Federal Circuit Court.

The Fair Work Ombudsman website www.fairwork.gov.au provides a great deal of payroll information that you need when processing pays.

Fair Work Regulations 2009

The Fair Work Regulations 2009 provide guidance on applying the Fair Work Act 2009. Whilst the Fair Work Act provides the legal framework, the regulations provide more detail in understanding the terminology of the Act and application of the law.

Unfair dismissal

An employee is deemed to be unfairly dismissed if the dismissal was harsh, unjust or unreasonable and not a case of genuine redundancy.

Small businesses (defined as someone who employs fewer than 15 full-time employees) are exempt as long as they follow the Small Business Fair Dismissal Code.

From 1 January 2011 this method of calculation changed and is based on a headcount of employees, irrespective of hours worked. The headcount will include casuals employed on a regular and systematic basis, employees of associated entities and the employee(s) being dismissed.

Specialist advice should be sought about your specific circumstances and industries – the Building and Construction Industry is one where different circumstances in your state may apply. For further information about unfair dismissal search the Fair Work website.

Commencement of employment

When commencing employment, the employee must provide the following information for the employer to keep in the employee's file.

- employee's full name and address
- tax file number on a tax file number declaration form
- employee's date of birth
- next of kin and contact number in the event of an accident
- any special medical requirements, e.g. allergies
- superannuation fund, USI (or ABN for self-managed fund) and member number provided on a superannuation standard choice form
- bank account details for payments.

Tax file number declaration

Tax file number declaration (TFND) forms to be filled out by employees are available from the ATO website as a download. Forms can be filled out on screen, then printed and signed. Forms can also be printed and filled out by hand.

If a new employee has not supplied a completed tax file number declaration, employers are required to withhold a greater percentage of tax and notify the ATO.

Exercise 27

1. Go to the ATO website and search for **tax file number declaration form**.
2. Click on the appropriate search result.
3. Download and save the form in your working folder.
4. Search the ATO website for **TFN not provided** and click on the appropriate result.
5. When does a new employee have to submit a completed TFND?
6. What rate must the employer withhold if a TFND has not been submitted by the employee?
7. Search the ATO website for **lodge a TFND**.
8. How do employers lodge TFNDs with the ATO?

Submit your completed exercise as instructed by your trainer.

Completing a tax file number declaration

Exercise 28

1. Assume you are John Mark Williams, 27 years of age.
2. Open the TFND PDF you saved in Exercise 27.
3. Select **Save As** and rename the file with an appropriate file name, e.g. Williams JM TFND, into a new folder you need to create called **Williams JM**.

All electronic documents for John Mark Williams are to be filed in this folder.

OR

Print the form.

Normal gross earnings for marginal tax rate calculation

Normal gross earnings are all payments except those relating to termination payments, received in the last full period of employment. This includes taxable allowances, overtime and bonuses. Therefore, a payee's normal gross earnings should be taken to be the earnings relating to the last full pay period worked.

Where a payee's pay fluctuates significantly over a number of pay periods, the ATO will accept an average of gross taxable earnings for the financial year to date over the number of pays received.³⁹

To calculate the marginal rate:

1. Work out the amount to withhold from the payee's normal gross earnings for a regular pay period using the relevant PAYGW tax table.
2. Divide the amount of the payment by the number of normal pay periods in 12 months (12 monthly payments, 26 fortnightly payments or 52 weekly payments).
3. Disregard any cents.
4. Add the amount at step 3 to the normal gross earnings for a single pay period.
5. Use the same PAYGW tax tables used at step 1 to work out the amount to withhold from the amount at step 4.
6. Subtract the amount at step 1 from the amount at step 5.
7. Multiply the amount obtained at step 6 by the number of normal pay periods in 12 months (12 monthly payments, 26 fortnightly payments or 52 weekly payments).

Voluntary withholding agreements

A business may be asked to withhold tax from contractor payments. This is referred to as a voluntary withholding agreement (VWH).

This type of agreement is only available to an individual who has an ABN. PAYG tax can be withheld at a flat rate of 20% or at a rate provided by the ATO to the contractor.

Employment termination payments

Reasons for terminating an employee's employment include age retirement, resignation, dismissal, death or redundancy. The type of termination governs how the payment is taxed and how it is reported on the annual payment summary.

Only some types of payments made on termination are classified as an employment termination payment (ETP). An ETP is a lump sum payment given to an employee (or another person in the case of an employee's death) as a result of the termination of the employee's job.

ETPs are taxed differently from normal income and there are thresholds to consider when calculating tax on ETPs. For an ETP to receive concessional tax treatment, the payment must be made within 12 months of termination. Some types of ETP can be tax-free up to a threshold based on the employee's years of service.

Not all monies paid to an employee upon termination of a job are ETPs; regular termination payments are generally taxed at marginal rates although this should be checked when calculating tax on any termination payments.

CHAPTER 4

ETPs include:

- payments for unused sick leave or unused rostered days off
- payments in lieu of notice
- a gratuity or golden handshake
- an employee's invalidity payment (for permanent disability other than compensation for personal injury)
- compensation for loss of job or wrongful dismissal
- genuine redundancy payments or early retirement scheme payments that exceed the tax-free limit
- certain payments made after the death of an employee
- market value of the transfer of property (less any consideration given for the transfer of this property).

ETPs do not include:

- lump sum payments for unused annual or long service leave
- tax-free part of a genuine redundancy payment or an early retirement scheme payment
- superannuation benefits, e.g. lump sum or income stream from a super fund
- foreign termination payments.⁴⁰

Schedule 7 Tax table for unused leave payments on termination of employment on the ATO website outlines PAYGW on wages including terminations. The payroll manager should have a copy of this document on file.

The ATO website also outlines procedures on the taxation of ETPs; however always contact the accountant when calculating ETPs as it requires specialist advice. In this workbook, you will pay out unused holiday pay, leave loading and long service leave only.

Exercise 36

1. Go to the ATO website and search for **taxation of termination payments**.
2. Click on the relevant link.
3. Read the information provided and save a PDF of the information in your working folder.
The taxation of termination payments page will provide information on ETPs to help you correctly calculate and tax payments.
4. Search for **unused leave payment tax table** and click on the link for **Schedule 7**.
5. Download and save the schedule in your working folder.

Marginal tax rate calculation for multiple payments within termination

Termination payments often contain various types of payments that are taxed differently. The relevant tax table for the termination payment type must be referred to when calculating tax on termination payments.

Termination payments can include ETPs as well as lump sum payments that are not categorised as ETPs.⁴¹

Where lump sum payments are made for termination payments, the tax calculation basis does not include tax offsets, Medicare levy adjustments, HELP debts, SSL debts, TSL debts or Financial Supplement debts. Ordinary weekly, fortnightly or monthly tax tables are used for tax calculation on non-ETP termination payments.

Payment summaries

A payment summary must be issued to each employee who has received wage or salary payments even if no tax has been withheld from the earnings. The payment summary provides each employee with a record of the total amounts of wages, allowances, PAYG tax withheld, reportable fringe benefits, reportable employer superannuation contributions (RESC) and deductions such as workplace giving.

A payment summary cannot be issued to a partnership, company or trust.

The most common type of payment summary is the individual non-business, however there are other payment summary forms for other situations in which tax is withheld from payees.

Payment summaries must be distributed to employees by 14 July each year. They can be printed and delivered to employees or emailed where prior consent is received and where the email address is private.

Types of payment summaries

- Individual non-business – covered in this workbook
- Foreign employment
- Business and personal services income
- Withholding where ABN not quoted
- Employment termination payment
- Superannuation lump sum
- Superannuation income stream
- Interest, dividend and royalty payments paid to non-residents
- Departing Australia superannuation payment (DASP)
- Foreign residents
- Natural resource payments to foreign residents.⁴²

The single touch payroll system replaces payment summaries with an income statement, which is available through an individual's myGov account. Once the STP reporting is finalised by the employer, the income statement is made available to employees. Payment summaries are not required to be provided separately by the employer to the employee.

Calculating hours worked

Exercise 45

1. Enter the information below into the time sheets on the following pages and calculate the hours worked in accordance with the General Retail Industry Award 2010 using 24-hour time.
2. Refer to the *Tax and superannuation on salary and wages summary* on page 32 to help you with allowances and deductions.
3. Use the time sheet information and weekly tax tables you have downloaded and saved to calculate the net wage for each week to be paid on Monday.
 - Working week: Sunday to Saturday
 - Pay day: Monday for the previous week (weekly)
 - 30 minutes unpaid meal break taken each day
 - John is a full-time employee claiming the tax-free threshold.

John Williams

Week 1	
Sunday	8 am to 4.30 pm
Monday	
Tuesday	Public holiday: 8 am to 2.30 pm
Wednesday	10 am to 6.30 pm
Thursday	8 am to 4.30 pm
Friday	Personal leave (8 hours)
Saturday	

Week 2	
Sunday	
Monday	
Tuesday	10 am to 6.30 pm
Wednesday	8 am to 2.30 pm 2.30 pm – 5.30 pm staff training 24 hours notice not given
Thursday	8 am to 4.30 pm
Friday	8 am to 4.30 pm
Saturday	8 am to 4.30 pm

MYOB AccountRight student edition

Before starting the MYOB content in this workbook, you will require the MYOB AccountRight installed on your computer. The current AccountRight student access is different to how the AccountRight v19 student edition worked. The main difference is that you need to activate files with a serial number.

The MYOB AccountRight student edition can be purchased from the MYOB website www.myob.com/au/accounting-software/student-edition. The purchase gives you access to a serial number to enable you to activate any new company files you need to create while completing your study.

Serial numbers are **not** provided in this workbook or by Software Publications, however some of the exercise company files may already be activated. Instructions are provided when you require a serial number.

Speak to your trainer. Your training organisation may be able provide you with a serial number. If your training organisation has provided you with a serial number, download MYOB AccountRight from the MYOB website.

Important

Without a serial number you will only be able to access your company file for the 30-day trial period. After 30 days the company file will become read-only. A serial number cannot be added to a company file after the trial period has expired.

PC or Mac?

Before installing the MYOB application you need to consider if you will be working on a PC or Mac while completing this workbook.

AccountEdge for Mac and AccountRight for PC company files are not cross-platform compatible. This could be a problem if you use a Mac at home and a PC at your training organisation. Talk to your trainer as this will have implications on completing this workbook.

Look into options such as Bootcamp or Parallels to use the Windows-based application AccountRight on a Mac side-by-side.

Installing MYOB AccountRight for PC

5. Quit any applications you have running.
6. Go to the location you have saved the MYOB AccountRight .exe file.
7. Double click on the **.exe** file.
8. Follow the prompts during the installation.
9. When MYOB AccountRight has been installed an MYOB AccountRight shortcut can be found on your desktop.



Payroll requirements and MYOB

MYOB AccountRight is an accounting application which enables a business to process the payroll and print required reports. Payroll is integrated into MYOB AccountRight through the Payroll Command Centre.

The MYOB Payroll Command Centre has the following functions:

- handles hourly or salaried earnings or a mix of both
- automatically calculates PAYGW tax using current pay scales
- handles special pay situations such as time and a half
- calculates and tracks personal and holiday leave entitlements
- flexible calculation rules where pay items can be exempt from PAYGW calculations
- automatically calculates compulsory government superannuation guarantee
- handles employee contribution superannuation before or after tax
- handles different pay periods in the same company – weekly, fortnightly, monthly
- prints and emails pay slips
- prints payment summaries
- creates electronic funds transfer files to pay employees by direct deposit to their bank accounts
- provides absolute security with different levels of user access
- provides extensive payroll reports.

Being integrated means all transactions entered in payroll instantly update all other relevant accounts and employee records within the company file.

Example pay history screen from within the employee card information


Profile	Card Details	Payroll Details	Payment Details	Contact Log	History
Personal Details					
Wages					
Superannuation					
Entitlements					
Deductions					
Employer Expenses					
Taxes					
Standard Pay					
Pay History					
Time Billing					

Payroll Category		
<div style="border: 1px solid #ccc; padding: 2px;"> Show Pay History for: <input type="text" value="September"/> </div>		
Wages, Deductions and Taxes		
Base Hourly		\$928.80
Phone Allowance		\$10.00
Holiday Leave Loading		\$0.00
Holiday Pay		\$0.00
Overtime (1.5x)		\$0.00
Overtime (2x)		\$0.00
Personal Leave		\$0.00
Vehicle Allowance		\$0.00
Meal Allowance		\$0.00
Social Club		\$2.00
Cancer Appeal		\$2.00
PAYG Withholding		\$161.00
Entitlements		
Holiday Leave Accrual - O		2.923
Personal Leave Accrual - O		1.461
Employer Expenses		
Sunsuper		\$88.23

Setting up the Electronic Payments Account

All wages are paid directly into the employee's bank account by electronic funds transfer by using internet banking or sending a payroll file (ABA file) to the bank electronically.

Banking details for the NAB Cheque A/c will now have to be added for use with an ABA file.

1. Open the **Payroll20yyTPB402** company file you used in the previous chapter.
2. Sign in as **Administrator** without a password and click on **OK**.
3. Select the **Accounts Command Centre**.
4. Select **Accounts List**.
5. Click on the zoom arrow  to the left of **1-1100 NAB Cheque A/c**.
6. Select the **Banking** tab and enter the following banking details:

BSB Number:	<input type="text" value="083-444"/>
Bank Account Number:	<input type="text" value="1234567"/>
Bank Account Name:	<input type="text" value="BEST CONSULTANTS PTY LTD"/>
Company Trading Name:	<input type="text" value="BEST CONSULTANTS"/>
Electronic Payment Type:	<input checked="" type="checkbox"/> I Create Bank Files [ABA] for This Account
Bank Code:	<input type="text" value="NAB"/>
Direct Entry User ID:	<input type="text" value="092697"/>
Direct Entry File:	<input checked="" type="checkbox"/> Include a Self-Balancing transaction

In business you will need to contact your bank for the bank code and direct entry user ID and information on whether the bank requires a self-balancing transaction.

7. Click **OK** to return to the Command Centre.
- To check the linked account for electronic payments:
8. Select **Setup** in the Menu bar.
 9. Select **Linked Accounts**.
 10. Select **Accounts & Banking Accounts**.
 11. Check and amend the following linked accounts:

Equity Account for Current Earnings:	3-9000	Current Earnings
Equity Account for Retained Earnings:	3-8000	Retained Earnings
Equity Account for Historical Balancing:	 3-9999 Historical Balancing Account	
Bank Account for Electronic Payments:	 1-1200 Electronic Payments A/c	
Bank Account for Undeposited Funds:	 1-1180 Undeposited Funds	

12. Click on **OK**.
- To check the payroll linked account for electronic payments:
13. Select **Setup** in the Menu bar.
 14. Select **Linked Accounts**, then **Payroll Accounts**.

PRINTOUT 13 BAS transaction

1. Still in the business activity statement click on the **Transaction** button at the bottom of the window.
2. Read the question regarding errors and answer **No**. This message warns you of any missing information such as missing tax codes or document number.
3. You will not use the PAYG Clearing A/c. Select **No**.
4. Print your BAS transaction or save it as a PDF in your working folder.
5. Close the Prepare BAS/IAS window.
6. Check your report with the solutions.
7. If you are using a training organisation computer, **do not** save a copy of your BAS – as BASlink retains the setup of fields on a file on the local computer.

If you are using your own computer, select **Save Setup & Exit**.

In a business company file at this point you would save the backup of BAS/IAS data for use with the SBR lodgement application if used. For training purposes the backup is not required.

8. Return to the Command Centre.

Paying the business activity statement

This is the industry preferred method to record payment of tax liabilities on the BAS.

The business is required to pay the BAS liability on 12/next month.

1. In the **Banking Command Centre** select **Spend Money**.
2. Enter the PAYG payment from your PRINTOUT 13 BAS transaction.

Pay from Account: Electronic Payment Balance: Tax Ind

Card: Cheque No.:

Payee: Date:

Amount:

Four Thousand Three Hundred and Forty Dollars and 0 Cents

Memo: Best Consultants Pty Ltd

Acct No.	Name	Amount	Job	Memo	Tax
2-4100	PAYG Withholding Pay	\$			N-T
2-3040	GST Rounding A/c	\$			N-T

The payment of GST could also be included.

An expense account, i.e. 6-4030 Rounding and Adjustments, could be used instead of 2-3040 GST Rounding A/c.

3. Record the payment.
4. Return to the Command Centre.

Payment of donation to the Cancer Appeal

1. In the **Payroll Command Centre** select **Pay Liabilities**.
2. Enter the payment dated **12/next month**.

- Click on **Exempt** and select the following categories to be excluded from the Annual Leave Accrual - Staff calculation.

<input type="checkbox"/>	Wage Categories	Type
<input checked="" type="checkbox"/>	Annual Leave Loading	Wages
<input type="checkbox"/>	Annual Leave Pay	Wages
<input checked="" type="checkbox"/>	Back Pay	Wages
<input type="checkbox"/>	Base Hourly	Wages
<input checked="" type="checkbox"/>	Casual Loading	Wages
<input type="checkbox"/>	Long Service Leave	Wages
<input checked="" type="checkbox"/>	Meal Allowance	Wages
<input checked="" type="checkbox"/>	Overtime (1.5x)	Wages
<input checked="" type="checkbox"/>	Overtime (2x)	Wages
<input type="checkbox"/>	Personal Leave Pay	Wages
<input checked="" type="checkbox"/>	Phone Allowance	Wages
<input checked="" type="checkbox"/>	Unused Annual Leave	Wages
<input checked="" type="checkbox"/>	Unused Long Service Leave	Wages

- Click on **OK** twice to return to Entitlements.
- Add a new holiday leave accrual for salaried employees based on 152 hours per year as the calculation basis is different from hourly employees as follows:

Entitlement Name:

Entitlement Information

Calculation Basis: User - Entered Amount per Pay Period
 Equals Percent of
 Equals Hours per

Pay Advice: Print on Pay Advice
 Payroll Year End: Carry Remaining Entitlement Over to Next Year

Linked Wages Category

The Entitlement Balance will be reduced by any hours paid.
 Linked Wages Category:

The Wages Category Exemption is not available for editing in this calculation basis, because the accrual for management is not calculated on actual hours per pay period.

- Click on **OK**.
- Still in the Payroll Category List **Entitlements** tab, open **Personal Leave Accrual**.
- Change the name to Personal Leave Accrual - Staff.

11. Check the setup is the correct percentage of gross hours.

Entitlement Name:

Entitlement Information

Calculation Basis: User - Entered Amount per Pay Period
 Equals Percent of
 Equals Hours per

Pay Advice: Print on Pay Advice

Payroll Year End: Carry Remaining Entitlement Over to Next Year

Linked Wages Category

The Entitlement Balance will be reduced by any hours paid.

Linked Wages Category:

12. Click on **Exempt** and select the following categories to be excluded from the Personal Leave Accrual – Staff calculation:

<input type="checkbox"/>	Wage Categories	Type
<input checked="" type="checkbox"/>	Annual Leave Loading	Wages
<input type="checkbox"/>	Annual Leave Pay	Wages
<input checked="" type="checkbox"/>	Back Pay	Wages
<input type="checkbox"/>	Base Hourly	Wages
<input checked="" type="checkbox"/>	Casual Loading	Wages
<input type="checkbox"/>	Long Service Leave	Wages
<input checked="" type="checkbox"/>	Meal Allowance	Wages
<input checked="" type="checkbox"/>	Overtime (1.5x)	Wages
<input checked="" type="checkbox"/>	Overtime (2x)	Wages
<input type="checkbox"/>	Personal Leave Pay	Wages
<input checked="" type="checkbox"/>	Phone Allowance	Wages
<input checked="" type="checkbox"/>	Unused Annual Leave	Wages
<input checked="" type="checkbox"/>	Unused Long Service Leave	Wages

13. Click on **OK** twice to return to Entitlements.

14. Add a new personal leave accrual for salaried employees based on 76 hours per year as the calculation basis is different from hourly employees as follows:

Entitlement Name:

Entitlement Information

Calculation Basis: User - Entered Amount per Pay Period
 Equals Percent of
 Equals Hours per

Pay Advice: Print on Pay Advice
 Payroll Year End: Carry Remaining Entitlement Over to Next Year

Linked Wages Category

The Entitlement Balance will be reduced by any hours paid.
 Linked Wages Category:

Note the Entitlement Name field restricts the amount of characters that can be typed. There will be times when you have to abbreviate entries.

15. Click on **OK** to return to the Payroll Category List.

Editing default deductions categories

1. Click on the **Deductions** tab. The following list of default deductions is displayed:

	Percent	To be assigned
→ Advance Repayment		To be assigned
→ Employee Purchase	Fixed Dollar	To be assigned
→ One-Time Deduction	User-Entered	To be assigned
→ Union Fee	Fixed Dollar	To be assigned

2. Open **Advance Repayment**.
3. Select **Edit** in the Menu bar then select **Delete Deduction**.
4. Delete **Employee Purchase** the same way.
5. Create a new deduction category for **Child Support**.

FNSTPB412 ESTABLISH AND MAINTAIN PAYROLL SYSTEMS SUPPLEMENT

Application

This unit describes the skills and knowledge required to record and prepare payroll documentation, respond to enquiries, and process payroll data for computerised systems.

The unit applies to individuals and Business Activity Statement (BAS) agents, who use a range of organisational and other specialist techniques to manage payroll systems. They may work directly for organisations or be small business owners, contractors or service providers.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. This unit is designed to meet the education requirements of the Tax Practitioners Board (TPB). Users are advised to check with the relevant regulatory authorities to confirm those requirements.

Unit Sector

Tax practitioners

Elements and Performance Criteria

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	How evidence is gathered
1. Establish payroll requirements	1.1 Assess scope of payroll services that a BAS agent can provide, and identify need for independent expert advice	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies	Exercise 22 Exercise 23 Exercise 43
	1.2 Apply knowledge of legislation in relation to National Employment Standards, and legislative requirements in regard to payroll payments	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations	Exercise 12 Exercise 26
	1.3 Research and identify relevant state and modern awards, and employment agreements required for establishing a payroll system for individual employees	Chapter 2 Legislation and professional bodies	Exercise 13 Exercise 15 Exercise 16 Exercise 17 Exercise 18
	1.4 Document the application and implementation of an organisation's payroll reporting requirements through Single Touch Payroll according to statutory requirements	Chapter 7 Setting up payroll in AccountRight	Exercise 44
2. Record payroll data	2.1 Configure payroll system with complete data provided by employee and employer	Chapter 11 Setting up a payroll company file	Progressive assessment 3 Final assessment
	2.2 Review payroll data, identify discrepancies, and determine resolution procedure according to organisational policies and procedures	Chapter 5 Process payroll manually Chapter 8 Processing payroll	Exercise 45 Progressive assessment 3 Final assessment
	2.3 Enter employee pay period details in payroll system according to source data	Chapter 3 New employee Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Progressive assessment 3 Final assessment

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	How evidence is gathered
3. Prepare and process payroll	3.1 Conduct payroll preparation within designated timeframes and according to organisational policies and procedures	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 7 Setting up payroll in AccountRight Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Exercise 1 Progressive assessment 3 Final assessment
	3.2 Identify legislative and organisational requirements relevant to employment termination processes and payment and identify procedures for specialist review prior to payment	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations Chapter 13 Non-routine payroll issues	Final assessment
	3.3 Calculate and record payroll using employee source data according to legislative requirements	Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Progressive assessment 3 Final assessment
	3.4 Reconcile total payments for pay period, and review and correct irregularities according to organisational policies and procedures	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 13 Non-routine payroll issues	Exercise 45 Progressive assessment 3 Final assessment

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	How evidence is gathered
	3.5 Make arrangements for individuals' payments according to organisational authorisation policies and procedures	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 13 Non-routine payroll issues	Final assessment
	3.6 Observe methodology of preparing an individual's pay advice for distribution according to organisational and legislative requirements	Chapter 5 Process payroll manually Chapter 11 Setting up a payroll company file	Final assessment
	3.7 Generate, review and store payroll records according to organisational, security procedures and statutory requirements	Chapter 3 New employee obligations Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Exercise 32 Exercise 47 Progressive assessment 3
4. Handle payroll enquiries	4.1 Respond to payroll enquiries and provide information according to organisational policies and procedures, and legislative and regulatory requirements	Chapter 2 Legislation and professional bodies Chapter 3 New employee obligations Chapter 4 Employer obligations Chapter 7 Setting up payroll in AccountRight	Exercise 2 Exercise 3 Exercise 4 Exercise 5 Exercise 7 Exercise 9
	4.2 Refer enquiries outside area of responsibility and knowledge to designated persons for resolution	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee obligations Chapter 4 Employer obligations	Exercise 43

Element <i>Elements describe the essential outcomes.</i>	Performance criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>	Workbook reference	How evidence is gathered
5. Maintain payroll	5.1 Identify record keeping requirements relating to payroll according to current legislative and regulatory requirements	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employees Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 11 Setting up a payroll company file	Exercise 2 Exercise 3 Exercise 9 Exercise 10 Exercise 31 Exercise 32 Exercise 33
	5.2 Prepare and reconcile month-end and year-end payroll records	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 10 End of payroll year procedures	Exercise 1
	5.3 Update records and systems according to salary reviews and other changes in employment status	Chapter 5 Process payroll manually Chapter 13 Non-routine payroll issues	Final assessment
	5.4 Generate payroll reports according to organisational policies and procedures	Throughout workbook	Final assessment

Foundation skills

Skill	Description	Workbook reference
Numeracy	<ul style="list-style-type: none"> Uses calculation skills and mathematical formulas to prepare, record, reconcile, check and report payroll data 	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues
Oral communication	<ul style="list-style-type: none"> Participates effectively in exchanges of information using questioning and active listening to clarify details, and clear and direct language 	Through discussions with trainer and/or fellow learners
	<ul style="list-style-type: none"> Clearly articulates responses to enquiries using language, tone and pace appropriate to audience 	Through discussions with trainer and/or fellow learners
Reading	<ul style="list-style-type: none"> Reviews and compares details of information to meet requirements, and interprets and analyses texts to inform actions 	Throughout workbook
Writing	<ul style="list-style-type: none"> Records detailed information accurately in required formats 	Throughout workbook
	<ul style="list-style-type: none"> Produces logically sequenced responses to enquiries 	Throughout workbook
Planning and organising	<ul style="list-style-type: none"> Plans, organises and completes work according to defined requirements and time frames, taking responsibility for sequencing tasks to achieve efficient outcomes 	Throughout workbook
Technology	<ul style="list-style-type: none"> Uses the main features and functions of digital tools to conduct research, design work processes and to complete work tasks 	Throughout workbook

Range of Conditions

This section specifies different work environments and conditions that may affect performance. Essential operating conditions that may be present (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) are included.

		Workbook reference	How evidence is gathered
Payroll preparation must include:	<ul style="list-style-type: none"> calculating gross pay 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data	Exercise 45 Progressive assessment 3 Final assessment
	<ul style="list-style-type: none"> calculating net pay 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data	Exercise 45 Progressive assessment 3 Final assessment
	<ul style="list-style-type: none"> preparing pay advice slips 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 11 Setting up a payroll company file	Final assessment
	<ul style="list-style-type: none"> preparing payments 	Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Final assessment
	<ul style="list-style-type: none"> calculating superannuation, leave entitlements, taxation and other deductions. 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Exercise 2 Exercise 3 Exercise 4 Exercise 5 Exercise 7 Exercise 9 Progressive assessment 3 Final assessment

		Workbook reference	How evidence is gathered
Payroll records must include:	<ul style="list-style-type: none"> • electronic funds transfer 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data	Final assessment
	<ul style="list-style-type: none"> • employee summary report 	Chapter 5 Process payroll manually Chapter 13 Non-routine payroll issues	Final assessment
	<ul style="list-style-type: none"> • end of month reports 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 13 Non-routine payroll issues	Final assessment
	<ul style="list-style-type: none"> • end of year reports 	Chapter 5 Process payroll manually Chapter 7 Setting up payroll Chapter 8 Processing payroll Chapter 10 End of payroll year procedures	Final assessment
	<ul style="list-style-type: none"> • pay advice slips 	Chapter 5 Process payroll manually Chapter 8 Processing payroll Chapter 12 Entering employee payroll data	Final assessment
	<ul style="list-style-type: none"> • payroll reporting, including year-end reconciliations 	Chapter 5 Process payroll manually Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues	Final assessment
	<ul style="list-style-type: none"> • taxation reports 	Chapter 5 Process payroll manually Chapter 9 Paying deductions withheld Chapter 10 End of payroll year procedures Chapter 13 Non-routine payroll issues	Exercise 40 Final assessment
	<ul style="list-style-type: none"> • termination payments. 	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations Chapter 13 Non-routine payroll issues	Final assessment

Assessment requirements

Performance evidence

The candidate must demonstrate the ability to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including evidence of the ability to:

	Workbook reference	How evidence is gathered
<ul style="list-style-type: none"> identify, calculate and input data from time-recording systems for payments into computerised payroll systems and produce payroll reports on at least three occasions for a minimum of five employees covering two separate pay periods 	Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file Chapter 12 Entering employee payroll data Chapter 14 Revision Chapter 15 Practice assessment	Exercise 45 Progressive assessment 3 Chapter 15 Practice assessment Final assessment
<ul style="list-style-type: none"> produce a payroll report according to regulatory and legislative requirements 	Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight Chapter 9 Paying deductions withheld Chapter 11 Setting up a payroll company file	Final assessment
<ul style="list-style-type: none"> present a payroll report for verification and approval 	Chapter 5 Process payroll manually Chapter 8 Processing payroll using AccountRight	Exercise 75 PRINTOUT 23 Amount by category (payroll tax) report PRINTOUT 24 Payroll Tax report Final assessment
<ul style="list-style-type: none"> maintain records according to regulatory and legislative requirements that relate to security and confidentiality of information. 	Chapter 3 New employees Chapter 4 Employer obligations	Exercise 31 Exercise 32 Final assessment

Knowledge evidence

The candidate must be able to demonstrate knowledge to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including knowledge of:

	Workbook reference	How evidence is gathered
<ul style="list-style-type: none"> scope of services offered by a business activity statement (BAS) agent providing payroll services 	Chapter 2 Legislation and professional bodies	Exercise 22 Exercise 23 Exercise 43
<ul style="list-style-type: none"> key principles of award and enterprise agreements and industrial instruments required to maintain payroll systems 	Chapter 2 Legislation and professional bodies	Exercise 13 Exercise 16 Exercise 17
<ul style="list-style-type: none"> organisational policies and procedures that affect payroll, including the structure of authority in organisations 	Chapter 4 Employer obligations Chapter 7 Setting up payroll in AccountRight	Exercise 42
<ul style="list-style-type: none"> best practices relevant to payroll operations, including Single Touch Payroll 	Chapter 7 Setting up payroll in AccountRight	Progressive assessment 3 Final assessment Exercise 44 Exercise 45
<ul style="list-style-type: none"> legislative and record-keeping requirements that affect business operation and reporting requirements relevant to payroll, including: <ul style="list-style-type: none"> Fair Work Act 	Chapter 1 Payroll and its components Chapter 3 New employees Chapter 4 Employer obligations	Exercise 11 Exercise 31 Exercise 32
<ul style="list-style-type: none"> National Employment Standards, including current commonwealth, state and territory industry and modern awards, and enterprise bargaining agreements 	Chapter 2 Legislation and professional bodies Chapter 5 Process payroll manually Chapter 12 Entering employee payroll data Chapter 13 Non-routine payroll issues	Exercise 12 Exercise 13 Exercise 16 Exercise 17
<ul style="list-style-type: none"> Superannuation Guarantee (Administration) Act 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies	Exercise 9 Exercise 29
<ul style="list-style-type: none"> workers compensation 	Chapter 2 Legislation and professional bodies Chapter 4 Employer obligations	Exercise 20 Exercise 34

	Workbook reference	How evidence is gathered
<ul style="list-style-type: none"> state payroll tax relating to payroll activities 	Chapter 4 Employer obligations	Exercise 41 PRINTOUT 23 Amount by category (payroll tax) report PRINTOUT 24 Payroll Tax report
<ul style="list-style-type: none"> Privacy Act and requirements relating to confidentiality and security of records 	Chapter 2 Legislation and professional bodies	
<ul style="list-style-type: none"> Higher Education Loan Program (HELP) 	Chapter 1 Payroll and its components	Exercise 6
<ul style="list-style-type: none"> Medicare levy 	Chapter 1 Payroll and its components	Exercise 3
<ul style="list-style-type: none"> Tax Agent Services Act (TASA) 	Chapter 2 Legislation and professional bodies	Exercise 22 Exercise 23 Exercise 43
<ul style="list-style-type: none"> individual employment agreements 	Chapter 2 Legislation and professional bodies	Exercise 18
<ul style="list-style-type: none"> commonwealth, state and territory leave Acts, including annual, personal, paid parental and long service 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employee Chapter 4 Employer obligations Chapter 5 Process payroll manually Chapter 13 Non-routine payroll issues	Exercise 12
<ul style="list-style-type: none"> Australian Bureau of Statistics (ABS) Act 	Chapter 2 Legislation and professional bodies	Exercise 25
<ul style="list-style-type: none"> current Australian Tax Office (ATO) requirements relating to payroll systems, including: <ul style="list-style-type: none"> Australian business number (ABN) 	Chapter 4 Employer obligations	Exercise 30
<ul style="list-style-type: none"> income statements employment termination payments (ETPs) 	Chapter 4 Employer obligations	Final assessment
<ul style="list-style-type: none"> tax file number (TFN) declaration 	Chapter 4 Employer obligations Chapter 12 Entering employee payroll data	Exercise 27 Exercise 28
<ul style="list-style-type: none"> Tax Practitioners Board (TPB) requirements relating to payroll systems, including: <ul style="list-style-type: none"> registration and scope of services documentation requirements for BAS agents 	Chapter 2 Legislation and professional bodies	Exercise 22 Exercise 23 Exercise 43
<ul style="list-style-type: none"> code of professional conduct 	Chapter 2 Legislation and professional bodies	Exercise 24

	Workbook reference	How evidence is gathered
<ul style="list-style-type: none"> key requirements of taxation law relating to payroll systems, including: <ul style="list-style-type: none"> pay as you go withholding (PAYGW) tax 	Chapter 4 Employer obligations	Exercise 35
<ul style="list-style-type: none"> fringe benefits tax (FBT) as it relates to salary packaging 	Chapter 1 Payroll and its components Chapter 3 New employees	Exercise 7
<ul style="list-style-type: none"> key aspects of routine and non-routine requirements for payroll, including: <ul style="list-style-type: none"> routine: award payments, salary amount, salary packaging, superannuation guarantee and superannuation reporting 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 3 New employees Chapter 4 Employer obligations	Progressive assessment 3 Final assessment
<ul style="list-style-type: none"> non-routine: termination payments and superannuation guarantee charge. 	Chapter 1 Payroll and its components Chapter 2 Legislation and professional bodies Chapter 13 Non-routine payroll issues	Exercise 9 Final assessment