

MacBusiness Payroll setting changes for April 2008

Instructions for changing settings in MacBusiness Payroll to meet IRD requirements for the financial year starting 1 April 2008.

Tax Rate Changes from 1 April 2008

MacBusiness Payroll enables you to change tax rates for 1 April 2008 yourself by following the simple instructions listed below. NO SOFTWARE UPDATE IS REQUIRED.

This year the changes required are: an increase in the ACC earners' levy, an increase to the maximum income level for the ACC earners' levy, and an increase to the student loan threshold.

This means changing just three numbers in Payroll.

The changes need to be applied AFTER the last pay run for the March 2008 tax year has been posted, and BEFORE the first pay run for April 2008 is posted. The time for this change is your first pay run with an April payment date.

1. Launch PAYROLL using the more powerful of your two passwords (the one starting with "S")
2. Click the **Setup** button, then **Preferences**

(If you don't see a Setup button on the main menu you are using an obsolete version of Payroll. Contact us regarding an upgrade.)

3. Click the **Tax / ACC / KiwiSvr** tab

In the field labelled **ACC Rate** enter 1.4 (replacing 1.3)

In the field labelled **ACC Max Income** enter 102922 (replacing 99,817)

In the field labelled **Threshold SL** enter 18148 (Replacing 17,784)

KiwiSaver Compulsory Employer Contributions starting April 2008

For employees that are enrolled in KiwiSaver, employers must contribute at least 1% of their gross pay to KiwiSaver from the first full pay period in April.

MacBusiness Payroll allows KiwiSaver rates to be modified so this is an easy change to implement. NO SOFTWARE UPDATE IS REQUIRED.

The changes need to be applied after the last pay run STARTING in March 2008 tax year has been posted and before the first pay run STARTING in April 2008 is posted. This may not be your first pay in April. If the first pay in April is for a period starting in March, wait until the next pay.

1. Launch PAYROLL using the more powerful of your two passwords (the one starting with "S").
2. Click the **Setup** button, then **Preferences**

(If you don't see a Setup button on the main menu you are using an obsolete version of Payroll. Contact us regarding an upgrade.)

3. Click the **Tax / ACC / KiwiSvr** tab

In the KiwiSaver field labelled **Employer Minimum** enter 1 (replacing 0%)

If you have decided to apply transitional KiwiSaver rates (see Inland Revenue KiwiSaver Employer Guide – KS4) enter your chosen rate (2, or 3) in both the Employee Minimum field and Employer Minimum field.

(If you don't see an Employer Minimum field on this screen you are using an obsolete version of Payroll. Contact us regarding an upgrade.)

4. Click the Defaults tab

If the field labelled **KiwiSaver Employer Contribution** is 0 enter 1

Note that you can contribute at a higher rate if you wish, e.g. 2, 3, or 4. See Inland Revenue's KiwiSaver Employer Guide (KS4).

5. Click the **Employees** Button.
6. Click on the first employee in the list that is already enrolled in KiwiSaver
7. If the **Employer Contrib Rate** is 0% click on either of the KiwiSaver rate fields and enter 1 in the field labelled **Employer Contribution Rate** (replacing 0%).

If you have decided to apply transitional KiwiSaver rates, enter your chosen rate (2, or 3) in both the Employee Deduction Rate field and the Employer Contribution Rate field. Click OK.

8. Click the **List** button, then click the next employee who is enrolled in KiwiSaver. Repeat step 7.

Calculating your Employer Tax Credit for KiwiSaver

You can claim back your Employer Contributions to KiwiSaver up to a maximum of \$20 per week per employee. You make this claim each time you pay Inland Revenue, i.e. once per month (twice per month for large employers) by subtracting it from your PAYE total. There will be a box for this claim on the IR345 form that Inland Revenue sends you in April.

MacBusiness Payroll does not calculate this tax credit for as specifications were issued too late for us to prepare an update (some details were not finalised until the end of February!). However, the tax credit is easy to calculate manually:

- If your Employer Contribution Rate is 1% and none of your employees enrolled for KiwiSaver earn more than \$100,000 per year, simply enter your total employer contribution as your claim.

- If your Employer Contribution Rate is 2 % and none of your employees enrolled for KiwiSaver earn more than \$50,000 per year, simply enter your total employer contribution as your claim.

Otherwise, choose the **Period Range Totals** from the Reports menu, click **Payment Dates** and choose the relevant pay period. Check in the KiwiSaver **Empl** column whether any of the totals exceed the monthly maximum allowed (see Inland Revenue Employers Guide for claiming your tax credit (KS35) that arrived with your 2009 tax tables for a table of monthly maximums, step 3).

If any employer contributions exceed the monthly maximums you must subtract the difference from your total contributions and enter the result as your claim.

Note for Large employers: the maximum you can claim back on your mid-month return is \$40 per employee. You claim the balance in your end-of-month return.

The next update of MacBusiness Payroll will calculate your Employer Tax Credit automatically.