



Frequently Asked Questions Recording FBT Amounts in Payroll

What is FBT on Payment Summaries? Why is it there?

The Government introduced legislation that requires an employer who provides fringe benefits to an employee with a total taxable value of more than \$1000 for an FBT year to include the grossed up taxable value of the benefits on the Payment Summary. (Group Certificate). This limit has been increased to \$2000 from 1 April 2007.

Be aware that the FBT amount that is printed on the Payment Summary is for the FBT Year, which runs from April 1 to March 31, not July 1 to June 30.

How do I set up FBT Amounts in Payroll so that they print on the Payment Summary?

In the Maintain Payment Types screen, in the Include in Net Pay box, a new option “Exclude from all pays” is now available. Using this option means that the amounts are EXCLUDED from all payroll calculations and are only to be reported on the group certificates. Shown below is an example of a payment type set up for FBT:

The screenshot shows the 'Maintain Payment Types' window with the following fields and values:

- Payment Type Code: FBT
- Description: FBT Reportable Amount
- Type: Allowance
- Before/After Tax: Before
- Affect Sick Leave: No Change
- Affect Annual Leave: No Change
- Affect Days Off: No Change
- Affect Long Service: No Change
- Include in Net Pay: Exclude from All Pays
- Group Certif Box: F FBT Reportable Amount
- Calculation Type: Fixed Amount
- Payment Frequency: Per Pay Period
- Amount or Percentage:
- Per:
- Maximum Tax Free:
- G/L Account: 9999.00 SUSPENSE
- Employee Type:

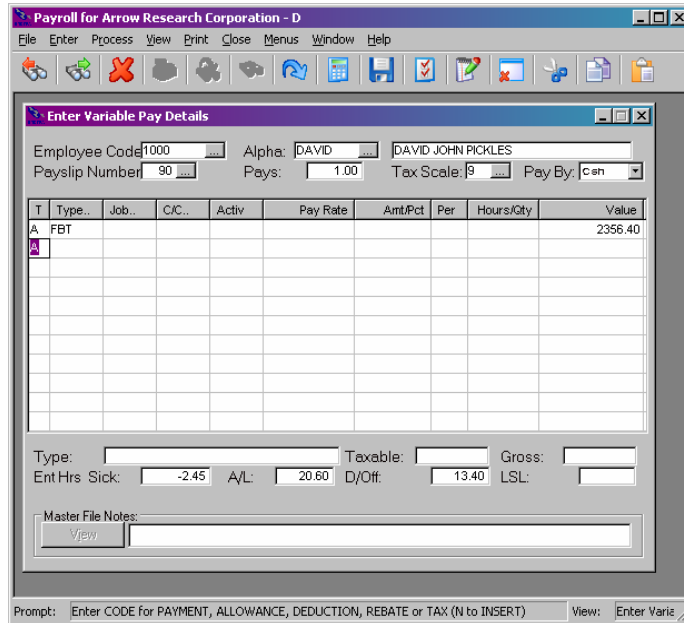
At the bottom of the window, there is a prompt: 'Enter the CODE identifying the PAYMENT TYPE to maintain' and a view indicator: 'Maintain Pi'.

Any payment types set as “Exclude from All Pays” will be ignored by the reports, pay slips, pay remittances, pay cheque/remittances except the Payroll History Report, and the transaction inquiry screen.

Note that although the payment type is set to post to Suspense, Arrow DOES NOT POST any transactions to the General Ledger for this payment type.

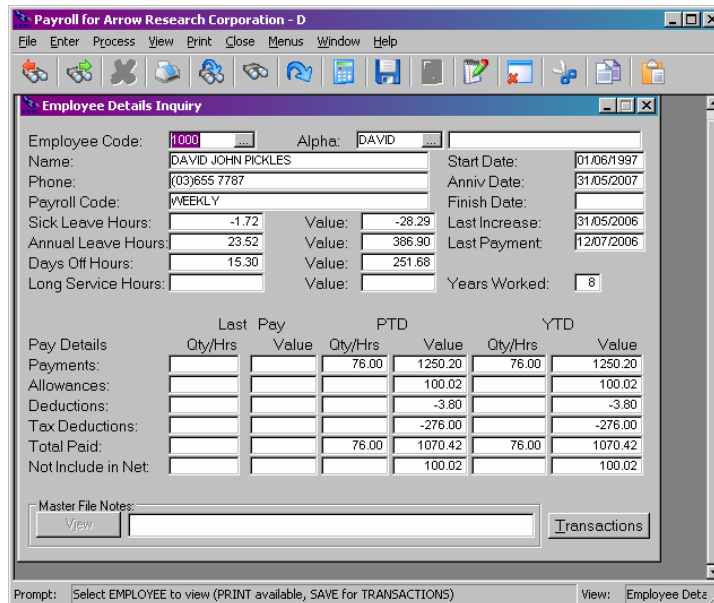
How do I get the amounts onto the Payment Summary?

Simply run a variable pay to add the amount to the employees payroll records as shown in the screen below. Note that you should use a pay slip '90' so that no entitlements are calculated when the pay is run. In the screen below you will see that there are no total amounts, as the payment type is EXCLUDED from pays. Then simply process the payroll for those employees. You will note that there are no totals on the update, as the FBT amounts do not affect the payroll amounts.



Where does it show on the Inquiry Screens?

There is no information shown on the inquiry front screen. You can see the payroll was run on 12.07.2006 but there are no figures shown in the "last pay" column.



When you look at the transactions, you can see the FBT transaction.

