



Frequently Asked Questions Producing Payment Summaries for Year End June 2007

This FAQ has been produced to walk you through the production of your payment summaries, whilst it seems huge, every step is covered in detail and you'll be through it in no time! You can find more information at the end of this checklist.

If you are on Version 5.10, then you can create payment summaries for this year using this version. **However any ETP payment made after 1 July 2007 can only be printed on Version 5.20 which will be available by the end of June 2007.** Check **Help, About** at any menu to check the version you are using.

Payroll

- If you are printing onto ATO stationery, do you have enough certificates? Remember you usually need 1 or 2 to get the line up right!
- If you are printing on plain paper, do the ATO know you are doing this? This means that you need to lodge the payment summary details electronically too. If you did it last year, you do not have to tell them again. However, if it's your first time, then you need to let them know.
- Make SURE you have run all your payrolls for the year ended 30 June 2007 before you produce your payment summaries.
- Make SURE you have entered any Eligible Termination Payment (ETP) amounts for terminated employees where you have to produce an ETP certificate. These employees must be terminated and have been paid their ETP.
- Make SURE you have entered any "Other Specified Income" amounts for any employees that are required to be printed on payment summaries.
- Make SURE you have entered any "Workplace Giving" amounts for any employees that are required to be printed on payment summaries.
- Make SURE you have run a payroll to add in your FBT amounts, for the year ended 31 March 2007 BEFORE you produce your payment summaries. You can download an FAQ on "Setting up FBT amounts in Payroll" from our website, if you require it.
- Check employees for correct name format and Employment Status. See "***What do I need to check before I produce my Payment Summaries***" for details on what to check for each type of payment summary.
- Check the Payroll Year End Date. You can see this in **Utilities, Print, and System Set up** Parameters. Simply view this, the payroll parameters are shown on the third or fourth screen in. Depending upon which modules you have they may appear on an earlier or later page. If your year-end date is 30/06/2007, then print your certificates as This Year. If your year-end date is 30/06/2008, then print your certificates as Last Year.
- Print your payment summaries. This is done through **Payroll, Print, and PAYGW Payment Summaries.**

- 1) If you are printing on ATO stationery, then choose **Pre-Printed ATO Ind Non-Bus** when asked "Payment Summary type:" When the Output Box appears choose PRINT.
 - 2) If you are printing on Plain Paper, then choose **Plain Paper Individual Non Bus**. These need to conform to ATO specifications in format, layout and size; so the **only output** options that meet these criteria are LASER or VIEW.
 - 3) Print one set as Employee Format. This produces 1 Employee Personal Copy, and 1 Employee Tax Return Copy per employee. The employee must get both sheets.
 - 4) Print another set as Company format. This produces 1 payment summary per employee, rather than printing 2 copies of the 2-page employee format. This can then be kept as your record.
- Check the prints of ALL payment summaries. If there are payment summaries with negative amounts, the employee name does not print. Instead a warning will print on the certificate. Make the changes you need to and then go through and reprint the certificates that need to be reprinted. Remember to reprint your June reports if you had printed them previously.
- Reprint any payment summaries that you need to. You can reprint them as many times as required.
- Reconcile your payment summaries to your payroll to ensure all payment summaries are printed and accounted for.


Creditors

If you have any creditors who are voluntary agreement or No ABN, then do these steps. If you are creating Magnetic Media and don't have any of these creditors, please go to "*Creating Magnetic Media*". If you are using pre-printed ATO stationery, then jump to "*Update your tax scales*".

- Make SURE all payments to creditors have been processed up to 30 June 2007.
- Check creditors for correct name format and tax status. See "*What do I need to check before I produce my Payment Summaries*" for details on what to check for each type of payment summary.
- Print your payment summaries. This is done through **Creditors, Print, PAYG Payment Summaries**
- . Reconcile the payment summaries to the creditor accounts.

Creating Magnetic Media

If you are printing plain paper certificates, then you need to create a disk file to send to the ATO with payment summary information in it.

- Check the points for Magnetic Media listed under “*What do I need to check before I produce my Payment Summaries*” and make any changes required.
- The file for the ATO is created through **Other Modules, GST, Create PAYG Payment Summary Disk**. If you do not have any creditors who have voluntary agreements, you do not have to include Creditors.
- In the Create PAYG Summary Disk screen, using the  icon, or hitting Alt +F2 will take you to the information screen. Check that the contact name and the company details are all correct.
- Remember to include Terminated Employees when creating the file.
- When the Output Box comes up, you are choosing where the report about the file will go, not the payment summary file itself. **DO NOT choose DISK**. Send it to the printer or View.
- You need to create two separate files. One file can contain everything **EXCEPT NO ABN**. You must create a separate file for No ABN payment summaries that contains only No ABN payment summaries.
- If you are creating the file on a floppy disk, make sure it is a NEW disk. This will reduce the possibility of faulty media.
- The file created is called EMPDUPE.A01. Do not rename this file; this is the ATO required file name. If you have created the file on the hard disk it will be in the arr@data directory.
- Once the file is created, you can either mail the floppy disk/CD/Zip Disk to the ATO OR you can import it into the ATO's ECI program. See “*Notes on Magnetic Media*” following. Once in that program, you can check the file for errors before submitting it. If you are using the ECI program, please make sure that you are using the latest version of the program. This can be done at <http://eci.ato.gov.au>.

Update your tax scales

- After** you have run the last payroll for June and have printed your payment summaries, then make sure that you have updated your **tax scales** for **payments made on or after 1 July 2007**. These can be downloaded from the ATO website at <http://www.ato.gov.au>, you can use the search facility to locate them.

- The standard PAYG Withholding Tax Statement of Formula is NAT 1004
- The PAYG Withholding Tax Incorporating HECS is NAT 2335
- The PAYG Withholding Tax incorporating SFSS is NAT 3305.

Just type in the number after the NAT and the ATO website will find it for you. If you do not have access to the Internet, you can contact the ATO advice line 13 24 78.

Make sure that you check the date on the tax scales is for amounts deducted on or after 1 July 2007

These are entered through **Payroll, Enter, and Maintain Tax Scales**.

- Have a coffee, you deserve it!

What do I need to check before I produce my Payment Summaries?

If you have produced payment summaries previously out of Arrow Financials, then very little has changed. The things to check for each type of summary are:

Payroll

Payroll – Individual Non Business Payment Summary

- ✓ In **Maintain Employee Details** ensure that the name of each employee is in the format of SURNAME, FIRST AND SECOND NAMES. For example: MOUSE, MICKEY not MICKEY MOUSE. The comma tells the ATO to break between surname and first name.
- ✓ Check that the employee is set to an Employee Status of
 - o Full Time
 - o Part Time
 - o Casual
 - o Ent Casual

Payroll – Voluntary Agreement Payment Summary

A voluntary agreement is usually a person who has an ABN and you have agreed to take a percentage of each payment and remit it to the ATO on their behalf. A number of sub contractors operate this way.

- ✓ In **Maintain Employee Details** ensure that the name of each employee is in the format of SURNAME, FIRST AND SECOND NAMES. For example: MOUSE, MICKEY not MICKEY MOUSE. The comma tells the ATO to break between surname and first name
- ✓ Check that the employee is set to an Employee Status of **Subcontractor**. Check that the “Employee Type” that the employee belongs to does not have [001] or [002] as part of the description of the employee type. This means that it is a Labour Hire Agreement, not a Voluntary Agreement.

Payroll – Labour Hire and Other Specified Payment Payment Summary

Labour Hire agreements are produced by personnel agencies and the like. If you are not in the business of hiring out labour to other businesses, then you will not use these types of payment summaries. If you do produce Labour Hire or Other Specified Payment payment summaries, then you need to check:

- ✓ In **Maintain Employee Details** ensure that the name of each employee is in the format of SURNAME, FIRST AND SECOND NAMES. For example: MOUSE, MICKEY not MICKEY MOUSE. The comma tells the ATO to break between surname and first name
- ✓ Check that the employee is set to an Employee Status of **Subcontractor**.
- ✓ Check that the “Employee Type” that the employee belongs to HAS EITHER
 - [001] as part of the description of the employee type. This means a LABOUR HIRE payment summary
 - [002] as part of the description of the employee type. This means that it is an “Other Specified Payment” payment summary.

Payroll – No ABN Withholding Payment Summaries

A No ABN creditor usually a person or contractor who does not have an ABN and gives you an invoice for their work that you pay through payroll. Most businesses do not deal with people who

do not have an ABN so it is not likely that you will have any of these employees.

- ✓ In **Maintain Employee Details** ensure that the name of each employee is in the format of SURNAME, FIRST AND SECOND NAMES. For example: MOUSE, MICKEY not MICKEY MOUSE. The comma tells the ATO to break between surname and first name
- ✓ Check that the employee is set to an Employee Status of **No ABN**.

Creditors

If you are producing payment summaries out of Creditors, the things to check are:

Creditors – Voluntary Agreement Payment Summary

A voluntary agreement is usually a person who has an ABN and you have agreed to take a percentage of each payment and remit it to the ATO on their behalf. A number of sub contractors operate this way.

- ✓ In **Maintain Creditor Accounts** ensure that the name of the contractor/creditor is in the format of SURNAME, FIRST AND SECOND NAMES. For example: MOUSE, MICKEY not MICKEY MOUSE. The comma tells the ATO to break between surname and first name. You can change this for printing, and then change it back if you like.
- ✓ The **Tax Code** must be set to **Voluntary**. If a **Withhold Tax%** rate is set on the Masterfile, Arrow will use this rate on the Voluntary Agreement payment summary. If this rate is blank, Arrow will average out the tax withheld to achieve a rate that will be printed on the payment summary.

Creditors – No ABN Withholding Payment Summaries

A No ABN creditor usually a person or contractor who does not have an ABN and gives you an invoice for their work. Most businesses do not deal with people who do not have an ABN so it is not likely that you will have any of these creditors.

- ✓ In **Maintain Creditor Accounts** ensure that the name of the contractor/creditor is in the format of SURNAME, FIRST AND SECOND NAMES. For example: MOUSE, MICKEY not MICKEY MOUSE. The comma tells the ATO to break between surname and first name. You can change this for printing, and then change it back if you like.
- ✓ The **Tax Code** must be set to **No ABN**.

Magnetic Media

- ✓ The **State** field in the **Maintain Employee Details** screen can only be three characters. They are: VIC, NSW, QLD, SA, WA, TAS, and NT, ACT.
 - ✓ If you have Employee addresses that are not in Australia, for any type of payment summary then please check the following:
 - ✓ The postcode field MUST BE set to 9999 and then the Name of the Country. E.g. 9999UK
 - ✓ The street address MUST BE entered in the **Address** field,
 - ✓ The town, state or region and area code must be entered in the **Suburb** Field
 - ✓ The **State** field must be set to OTH.

An example address of 275 Central Park West, Apartment 14F, New York, New York, USA 10024, would be entered as:

Street = 275 CENTRAL PARK WEST APT 14F

Suburb = NEW YORK NY 10024

State = OTH Postcode = 9999USA

Notes On Magnetic Media

Q. How is the file submitted?

Either through the ECI (Electronic File Interface) or by Floppy disk, CD or Zip Disk. Note that the ATO is no longer accepting magnetic tape.

The best way to guarantee the correct transfer of the file is through the Electronic Commerce Interface or ECI. This software enables you to check your file for errors and then once in the correct format, send the file to the ATO via the ECI client. The ECI software can be downloaded from the ECI website, <http://eci.ato.gov.au>. This website contains all the information on the Electronic Commerce Interface including all the technical documentation to install and run ECI.

Q. Where do I send the disks?

You need to fill in an ATO form for Magnetic Media and send it along with the floppy disk/CD/Zip Disk to the ATO address on the form. The Magnetic Media forms can be downloaded from

<http://www.ato.gov.au/content/downloads/MAGMEDIAINFOPay.pdf>

The identifier required on the form is any word of six letters or less that you put on the form and also on your floppy Disk/CD/Zip Drive, so that if the paper and media become separated at the ATO, they can work out which form belongs to which media. So, if you were ABC Enterprises, you might use ABCENT as the identifier on the form and the Floppy/CD/Zip Drive.