



## Frequently Asked Questions Terminating Employees

The suggested termination procedures are listed below:

1. **Ensure that a tax scale without any coefficients attached to it has been set up.** This will allow you to enter the tax component of the pay rather than have the system automatically calculate the tax value. If this tax scale has not previously been established, set it up now. An example is shown below. Make sure it is set up exactly as shown. It can be any code, some sites use "0" and others use "9".

	Earns To	Coeff A	Coeff B
	9999999		

2. **Ensure that you have the necessary payment types set up.** You should have payment types for Annual leave on Termination, Annual Leave Loading on Termination and Long Services Leave on Termination. All of these payment types should be set up the same as your payment types for current employees EXCEPT they should be set to DECREASE only the respective entitlements, not BOTH.

### 3. Work out the employee's termination pay

- Ordinary Hours
- Overtime
- Allowances
- Deductions
- Annual leave on Termination
- Annual leave loading on Termination (if applicable)
- Long Service Leave on Termination (if applicable)

You also need to work out the tax on termination. Arrow would tax this as an ordinary pay, (it does not calculate tax on terminations). You can download a calculator from the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

4. **Enter the termination pay details through Enter, Enter Variable**

**Pay Details.** So no new entitlements accrue on this pay, you should use a pay slip '90' to process it. When you enter the Variable pay, ensure you specify the tax scale that you created for Manual Tax, in our example above, the tax scale we used as 9. Enter the lines of the pay that you require as if it was a normal pay run.

5. **Remember** to enter a T line and a payment type of TAX and enter the amount of tax to deduct.
6. **Process the Payroll.** Follow your usual procedures to run and update the pay.
7. Once the employee's termination pay has been processed and updated, go to **Process, Process Employee Status**. Call up the employee and enter a termination date and select the appropriate Death Benefit Flag in the Process Employee Status function. The Termination date entered should be equal or greater than the employees last pay date. Any employee with a termination date will be excluded from future pay runs.
8. When you next run a payroll that this employee would have been part of, **Arrow will update the "Finish Date"** in the employee master file and set the terminated flag. Once an employee has been terminated, use of the Dataview lookup function will no longer display this employee, however you can still access their details by keying their code inot the enquiry screen.