

FiveStar PAYROLL Pro - Newsletter February/March 2018

Payroll Update with legislation changes applying from April 2018

Please update right after your next pay run

- do not wait until April to update

Dear FiveStar Payroll Customer

We are pleased to advise that the payroll update containing legislation changes applying from 1 April 2018 is now ready. **Please update right after your next pay - do not wait until April to update.** Please update before April - this update version 2.48 (or version 1.68 for those using Payroll Pro version 1) will correctly use the current legislation up to 31 March and will then automatically switch to the new legislation from 1 April. It will use the Pay Period End Date to choose the correct legislation. If you don't update before April, your current version of Payroll Pro will disallow any changes or pay-runs from April. This is to ensure you don't accidentally use an out of date version of Payroll Pro. You may start getting reminders to update Payroll Pro from mid-March.

How to Update:

You can update by selecting "Check for Updates Online" from the main menu of Payroll Pro. This is located just below the payroll version number on Payroll Main Menu. Alternatively, you can select "Help" from the top menu and then click "Check for Updates Online" in the drop-down menu.

Problems Updating?

Problems updating Payroll Pro are very rare, and if they do occur are probably just due to Windows blocking the updating process, or by a virus checker disallowing changes. Our software is digitally signed and verified, so Windows and modern virus checkers will recognise it as legitimate and will know it comes from FiveStar Software Ltd.

If you have any problems updating, please try the following in order:

Option 1 - try closing all programs, then restart your computer, and try updating again.

...if this does not solve the problem then try...

Option 2 - Try running Payroll Pro as an "Administrator" as follows:

> Exit all programs including Payroll Pro.

> Right click on the shortcut icon on your desktop, and choose "**Properties**".

> Next, find the "**Compatibility**" tab and select this.

> Locate "**Run as Administrator**" and tick this.

> You will find that each time you run Payroll Pro, Windows will ask if you are sure you want to run this program - just answer Yes (or OK).

[Click here for more information about this.](#)

Option 3 - check that your anti-virus software is not blocking the process.

Option 4 - You can download the update directly from our website at the following location:

for version 2.00 and higher: [Download the Latest Update for Payroll Pro Version 2](#)

for version 1: [Download the Latest Update for Payroll Pro Version 1](#)

***We strongly suggest that you update your payroll after your next pay run has been completed.
Please do not wait until April to update - or your calculations will be out of date!***

In This Update

This latest version contains all the payroll changes applying from 1st April 2017. However, it also includes the current legislation, so you should update now.

ACC Earner Levy

The maximum income to which the ACC Earner Levy is applied is increased from \$124,053 to \$126,286 giving a maximum levy of \$1,755.37. So, this affects employees earning more than \$124,053. The ACC Earner Levy rate remains at 1.39%.

Student Loan Repayment Threshold

For main employment income such as M SL, the repayment threshold is increased from \$368 per week to \$374 per week. For example, an employee on tax code M SL can now earn six extra dollars of gross pay per week before they have any student loan repayment deducted from their pay.

Other Legislation Changes

Minimum Wage Rates - From Employment.govt.nz - minimum wage increase – "... the minimum wage will increase by 75 cents to \$16.50 per hour on 1 April 2018. The starting-out and training minimum wage rates will increase from \$12.60 to \$13.20 per hour...". This will not change automatically in Payroll Pro since different employers may have different requirements, but it is easy to change the hourly rate in Payroll Pro. See the section [Changes in hourly rates for wages](#) below to see how to easily use two different pay rates in the same pay period.

Computer Printed IR348 Employer Monthly Schedule - IRD has advised that from 1 April 2018 they will no longer accept computer printed IR348 Monthly Schedules. So, if you are printing and signing the form from Payroll Pro you will need to change your procedure when this change occurs. IRD will contact you before the change. This applies to all New Zealand payroll software, not just to FiveStar Payroll Pro. See the section [Filing your IRD returns - Computer Printed IR348 Monthly Schedule](#) below for details.

Coming Later:

Payday Reporting - You may have heard that the IRD is proposing a change from PAYE monthly reporting (Employer Monthly Schedule) to reporting every pay day (actually filing the report a couple of days after pay day). This has not been passed as legislation at this stage. It is expected to become compulsory on 1st April 2019 and will be voluntary during 2018. According to IRD, payment of your PAYE will still be monthly for small employers and twice monthly for large employers, so it is only the reporting which is changing. It is also possible that employers small enough to continue paper-based filing may only have to report twice per month instead of every payday. Payroll Pro will incorporate the changes well before it becomes compulsory. We will let you know when details have been passed as legislation, and as soon as this feature is added to Payroll Pro.

End of the financial year, and other helpful hints

The end of the financial year is almost here, and you might wonder what you need to do in FiveStar Payroll Pro for the end of the year.

You have probably updated to the latest version now - Version 2.48 (or version 1.68 if you are using Payroll Pro version 1) - but if not please run Payroll Pro and select "Check for Updates Online..." from the main menu to update.

The topics below are:

- Before you roll over to the new year
- How to roll over to the new year
- KiwiSaver ESCT rate
- Changes in hourly rates for wages
- When a pay period starts in March and ends in April
- Filing your IRD returns - Computer Printed IR348 Monthly Schedule
- ESCT Totals
- Backing up your payroll data

Before you roll over to the new year

Payroll Pro will automatically roll over to the new financial year when you enter a Pay Date of 1 April 2018 or later.

However, before you enter a pay date for April, we do suggest you print a copy of the Holiday Pay Balances report, as it is possible your accountant might want to use this for calculating holiday pay liability. It would also be a good idea to print a copy of the Sick Leave Balances report in case your accountant requires this.

We also suggest you print the Year to Date Report for Employees and the Company before rolling over.

Note that [nothing is deleted when the financial year changes](#), so you can print a report later for the year to date totals if you forget to do this. All the pay history records are kept. Printing past years "Year to Date Totals" is easy – you can just use the Pay History Report and select the range of dates which you require.

This is not so easy with Holiday Pay and Sick Leave balances since they can change each pay period.

So those reports again are:

- > Holiday Pay Balances
- > Sick Leave Balances
- > Year to Date Totals

You can find these by clicking on Reports from the main menu, and then you will see the options when the reports menu appears.

In the past, we used to suggest making a special copy of the payroll data before rolling over. However, because no information is deleted during the rollover, this is not essential. Some people like to make an extra backup - a special end of year backup to a flash drive - before changing the date to the new financial year and keep this backup for future reference. If you would like to do this but forget to do it before rolling over, that is OK - just make the backup after rolling over, since all the information will still be there.

If you want to make a copy of your data before rolling over

As mentioned above this is not really necessary if you print your holiday pay and sick leave balance reports, because the history is kept allowing totals to be printed for previous years. However, you can do this as follows if you wish:

> From the main menu in Payroll Pro select: [File](#) > [Folder Maintenance](#) > [Copy Company Data](#)

> The "Copy Company Data" screen will show.

> Click "[Select Company to Copy](#)" and choose your data. For example, the folder name might be [ABCLTD](#) and the company name might be [ABC Company Limited](#).

> In the name of the new folder you can enter any folder name. We suggest something starting with Z (so it appears at the bottom of the list) and including the date. For example, [ZEND1718](#). Up to 8 characters can be used, so if you have more than one company, you might like to use an abbreviation instead of "END".

For example, [ZABC1718](#) and [ZXYZ1718](#).

> Click "[Copy Data](#)", then click OK when complete.

> In this example, you would now leave the new folder [ZEND1718](#) alone and continue with your data under the usual folder [ABCLTD](#).

> Both your live data and the copy will have your pay history up until the time you made the copy, so the copy is just a snap shot at the time.

How to roll over to the new year

Payroll Pro will automatically roll over to the new financial year when you enter a Pay Date of 1 April 2018 or later.

When you do this (just in the usual way under the "[Change Date](#)" option), simply follow the prompts which appear.

> You will see a confirmation prompt – click "Yes".

> You will then see a box with buttons saying "More information" and "Click here to print any reports you may require..."

> The "More information" shows a summary of what you are reading in this email.

> If you have not printed all the reports you would like to print, click on the next button "Click here to print any reports you may require..."

> To change the year, click on "YES – Rollover To New Year".

> You will get a message advising that the date has been changed. Click OK.

That's all there is to it.

KiwiSaver ESCT Rate

(ESCT is the tax on the Employers Contribution to KiwiSaver, and ESCT stands for Employer Superannuation Contribution Tax)

For employees enrolled in KiwiSaver:

For the first pay after 1st April, you will click the button "To Be Paid This Payrun" as usual, to set the employee to be paid.

If the employee is enrolled in KiwiSaver, a confirmation box will appear.

Payroll Pro will use the employee's total gross earned up to 31st March to determine the ESCT rate to use (as per IRD's formula), and you can just click the "Yes" button to confirm this.

That's all there is to it.

There might be special cases where you have made your own calculation, and do not think the suggested ESCT rate is the one to use, so you will be able to click "No" and choose your own rate.

If you are not sure, then you probably won't want to make your own calculation, so will just press the YES button to accept the suggested rate.

Alternatively, you can just go into the "Add & Edit Employees" option and enter the ESCT rate there, but don't do this until Payroll Pro has rolled over to the new financial year. The roll-over to the new financial year happens automatically when you enter a pay date of 1st April or later.

Changes in hourly rates for wages

When you need to change an employee's hourly rate, you can easily do so as follows. These sections on our website explain how to change a pay rate both at the start of a new pay period, and part way through a pay period if this is required. (In Payroll Pro you can use two or more different pay rates in the same pay period).

Changing or Adding an hourly rate, and changing a rate part way through a pay period:

For Payroll Pro version 2: [Change or Add an Hourly Rate](#)

For Payroll Pro version 1: [Change or Add an Hourly Rate](#)

Minimum Wage Rates:

From [Employment.govt.nz - minimum wage increase](#) - "... the minimum wage will increase by 75 cents to \$16.50 per hour on 1 April 2018. The starting-out and training minimum wage rates will increase from \$12.60 to \$13.20 per hour..."

Please also see [Employment.govt.nz - minimum wage rates](#) for information about minimum wage rates (they may not have updated the rates on this page for April 2018 at this stage).

When a pay period starts in March and ends in April

If your pay period spans the change in financial year, you do not split the pay up. Just carry on as usual - the totals are simply included in the totals for the new financial year. This is correct and is what the IRD require.

Example: A fortnightly Pay Period starts Monday 26 March 2018 and finishes Sunday 8 April. The employee works 8 hours per day Monday through Friday, so worked 40 hours in March and 40 hours in April. In this example let's say you are paying the employee on Monday 9 April. It does not matter that the employee worked some of this pay period in March – all the pay is counted as April by the IRD. This is a good thing – it would be very complicated to have to split everything up and have two short pay runs!

Filing your IRD returns - Computer Printed IR348 Monthly Schedule

IRD has advised that from 1 April 2018 they will no longer accept computer printed IR348 Monthly Schedules. So, if you are printing and signing the form from Payroll Pro you will need to change your procedure when this change occurs. IRD will contact you before the change. This applies to all New Zealand payroll software, not just to FiveStar Payroll Pro.

This relates to the Employer Monthly Schedule (IR348) and the Employer Deductions Form (IR345).

The Employer Monthly Schedule (IR348) is the one listing each employee with their totals for the month. This one is filed once per month for both large and small employers.

The Employer Deductions Form (IR345) is the one with the summary of the amount to pay to the IRD with the overall total for PAYE, Student Loan, KiwiSaver etc. This one is filed only once per month for small employers but twice per month for large employers. The IRD lets you know if you have to do this twice per month.

To use myIR

If you are not using myIR and would like to, you will need to be registered for myIR. Please talk to IRD about registering. You will find creating a file from FiveStar Payroll Pro very easy. As with anything new it does take getting used to, but once you have done this once or twice you will find it much more efficient.

We have created a tutorial which takes you through the steps required, including the steps required for using the IRD's website for uploading and sending the file. You can refer to this tutorial anytime as it is always on our website:

[File IRD Returns online \(myIR\)](#)

You may find information this useful even if you are using myIR already.

ESCT Totals

As per our previous emails, please remember that you can find the ESCT total to pay to the IRD on the IR345 (Employer Deductions) report. The IR345 is found in the reports module and is the "Employer Dedns - IR345" button, found just below the "Employer Monthly Schedule" button.

For more information about this, please go to our website www.fivestarssoftware.co.nz and select "videos". You will see a section "Payroll Pro Screen Shots" - under this click on the link "File IRD returns online (myIR)".

Here is a link directly to this: [File IRD Returns online \(myIR\)](#)

BACKING UP YOUR PAYROLL DATA - VERY IMPORTANT

As mentioned in all our newsletters, backups are vital, and you should backup your payroll data after each payrun. You should not backup to your hard drive; you should use an external device such a memory stick or external removable hard drive. This means if your hard drive crashes you can restore your data quickly onto a different or new computer. If you would like each backup to be saved, not overwritten, you can enter a different name into the "Path" during the backup process. If you leave the path blank each week, each backup will overwrite the previous one, and you will not be able to retrieve older backups unless you alternate with 2 or more flash drives.

An idea for the path name is the first one or two letters of your company name followed by the pay date, but without the / or - characters. Use only alphanumeric characters A to Z and 0 to 9, no spaces or other characters.

For example, when backing up the data for ABC Company Limited after processing the payrun for 4 September 2016, the following path could be entered: AB160904

This will create a folder on your memory stick called AB160904 and put the backup into this folder. This makes it easier to locate a backup should you need to restore and means that each backup is saved and does not overwrite the previous backup.

Another great option is to use 2 or more flash drives and rotate each pay period.

A video tutorial explaining the backup process further is available [on our website here](#) (see video 9).

With options such as OneDrive, Dropbox and others, you can always make a copy of the whole PayPro folder to one of these!

Kind Regards
FiveStar Software Ltd