FiveStar PAYROLL Pro - Newsletter Feb/Mar 2017

Payroll Update with legislation changes applying from April 2017
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 2017 is now ready. **Please update now if there are a few days before your next pay, or right after your next pay - do not wait until April to update**. Please update in March - this update version 2.46 (or version 1.66 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 This is to ensure you don't accidentally use an out of date version of Payroll Pro.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 - check that your anti-virus software is not blocking the process.

Option 3 - 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). See here for more information about this:
https://www.fivestarsoftware.co.nz/support/faqwvxp015.html

Option 4 - You can download the update directly from our website at the following location:
   for version 2.00 and higher: **https://www.fivestarsoftware.co.nz/ppupdate.html**
   for version 1: **https://www.fivestarsoftware.co.nz/ppupdatev1.html**

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 $122,063 to $124,053, giving a maximum levy of $1,724.33. So this affects employees earning more than $122,063. 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 $367 per week to $368 per week. For example an employee on tax code M SL can now earn one extra dollar of gross pay per week before they have any student loan repayment deducted from their pay.

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 2.46 (or version 1.66 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 rollover to the new year
 - How to rollover 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 rollover to the new year

Payroll Pro will automatically rollover to the new financial year when you enter a Pay Date of 1 April 2017 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.

How to rollover to the new year

Payroll Pro will automatically rollover to the new financial year when you enter a Pay Date of 1 April 2017 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 rollover 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: **https://www.fivestarsoftware.co.nz/support/faqv2p041.html**

For Payroll Pro version 1: **https://www.fivestarsoftware.co.nz/support/faqv1p041.html**

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: The Pay Period starts Monday 20 March 2017, and finishes Sunday 2 April. The employee works 8 hours per day Monday through Friday, so worked 56 hours in March and 24 hours in April. In this example let's say you are paying the employee on Monday 3 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

Previously, IRD advised Payroll Software Providers that they would no longer accept computer printed IR348 Monthly Schedules from April 2016.

However, they have since advised that they will accept these for a bit longer, so at some time, the computer printed IRD Approved EMS return (IR348) will no longer be accepted by IRD.
This applies to all payroll software – not just FiveStar Payroll.

When this happens, IRD will ask their customers to send the IR348 and IR345 to Inland Revenue using either irFile (uploading a file to their website)
or by sending the IR348 and IR345 information on the pre-printed forms provided by IRD.
In Payroll Pro, you can easily create the required file for irFile.
Alternatively, you can print the totals from Payroll Pro and copy them to the pre-printed IRD IR348 and IR345 forms.
The reason for the changes is that IRD would like to encourage customers to start using electronic options.

If you would like more information about uploading the file to IRD, please have a look at the tutorial on our website: **https://www.fivestarsoftware.co.nz/support/example_ird_0.html**

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.fivestarsoftware.co.nz and select "videos". You will see a section "Payroll Pro Screen Shots" - under this click on the link "File IRD returns online (irFile)".
https://www.fivestarsoftware.co.nz/support/example_ird_0.html

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:
https://www.fivestarsoftware.co.nz/videos.html (see video 9).

Kind Regards
FiveStar Software Ltd