

**Note:** New tax legislation applies to all pay periods processed with an PERIOD END Date on or after 1<sup>st</sup> April 2010. If you are required to process a pay period with an PERIOD END DATE in March 2010 but an Employee PAYMENT DATE in April 2010 then:

1. Do NOT install v3.60 until this pay period has been processed.
2. Prior to opening this pay period perform the Tax Year End processing (refer Process 1 below) and Backup your payroll company.
3. When opening this Pay Period remember to Reset the Tax Year Accumulators (refer Process 3 below).
4. After this Pay Period has been processed, and closed, install v3.60 (refer Process 2 below). As all upgrade requirements have been fulfilled there will be no need for you to refer to the following flow chart procedures.

**WHEN YOU ARE READY TO OPEN AND PROCESS YOUR FIRST PAY PERIOD WITH A PERIOD END DATE IN APRIL 2010 ...**

If the Employee **PAYMENT DATE** will be in **MARCH** then follow these procedures ...

If the Employee **PAYMENT DATE** will be in **APRIL** then follow these procedures ...

**Backup Company**

**Install v3.60**  
(Refer Process 2 – see below)

*Open the pay period (do not reset Tax Year to Date Accumulators as payment date is in the 2009/2010 tax year), process pay and close the pay period*

**Backup Company**

**Tax Year End Processing.**  
(Refer Process 1 – see below)

**Tax Year End Processing.**  
(Refer Process 1 – see below)

**Backup Company**

**Install v3.60**  
(Refer Process 2 – see below)

**Open pay period and Reset Accumulators.**  
(Refer Process 3 – see below).

**Process and close Pay Period.**

**ENSURE THAT ‘ACCUMULATORS’ ARE RESET WHEN OPENING THE PAY PERIOD (Refer Process 3 – see below), IF NOT ALREADY UNDERTAKEN, PRIOR TO PROCESSING YOUR NEXT PAY PERIOD.**

Example:	Pay Period Ending (2010)	Employee Payment Date (2010)	Will be included in the IR348 Schedule for the IR reporting period:
Process:	22 <sup>nd</sup> March	27 <sup>th</sup> March	31 <sup>st</sup> March
(A)	31 <sup>st</sup> March	5 <sup>th</sup> April	30 <sup>th</sup> April
(A) & (B)	7 <sup>th</sup> April	12 <sup>th</sup> April	30 <sup>th</sup> April
(B)	8 <sup>th</sup> April	31 <sup>st</sup> March	31 <sup>st</sup> March

(A) Tax Year accumulators to be reset during the pay period Open procedure as the first Employee Payment Date is in April 2010.

(B) Start using the 2010 – 2011 Tax Tables ie: v3.60 to be installed prior to processing the pay period.

For additional assistance please utilise the document ‘Tax Upgrade – Check List’ located within the ‘Documentation – Frequently Asked Questions’ folder on your v3.60 CD.

Please refer to the attached pages containing instructions, suggestions and information in regards to:	Page
Process 1 – Tax Year End Processing.	2
Process 2 – IMS Payroll Partner release 3.60 Installation Procedures.	2
Process 3 – Resetting Accumulators on the Open Period tab for the new Tax Year.	3

**PROCESS 1 – Tax Year End Processing:**

- Generate your last IRD Reports (EDF / IR 345 & EMS / IR 348) for the March PAYE Reporting Period and check.
- If you intend to delete terminated employees (up to a nominated termination date) when opening the first Pay Period in April then it is recommended that the following be performed to ensure that you have a hard copy of terminated employee information:

**Note:** If you wish to save the following reports in PDF format for future reference then:

- ◆ Preview the report as per the suggested options.
- ◆ Select the ‘Save to File’ button on the top left of the report page.
- ◆ On the ‘Save Report’ tab select the location where you wish to store the report in the ‘Save In’ field, enter the name you wish to call the PDF file in the ‘File Name’ field and in the ‘Save as Type’ drop down box select ‘PDF File (\*.PDF)’ then select the ‘Save’ button.



From ‘Sundry Reports’ select ‘Employee Listing’ then the following options:

- Detail Options: ‘Full’.
  - Select ‘Print Terminated Employees’ and ‘Terminated only’.
  - Select ‘All’ Pay Frequencies.
  - Select ‘Print Payment and Deductions Totals’.
- From the Tools Menu select ‘End Of Tax Year’ option (your last pay period processed must be in a ‘Closed’ state).
    - Select ‘Certificates’ to produce a ‘Certificate of Earnings’ for your Employees (optional). **Note: Certificate of Earnings can now be historically printed ie: they can be printed after the start of a new tax year.**
    - Select ‘Trial Balance YTD’ and produce a ‘Tax Year to Date Trial Balance’ report.
    - Select ‘ACC Levy Report’ and produce a ‘ACC Levy Report’.
    - Select ‘Backup’ and do a tax year backup choosing a location and unique file name for each payroll company which can be easily identifiable in the future if required.
  - Print any other reports that may be required for your Tax Year. We recommend that you consult your tax agent or accountant for any additional report which they may require for example:
    - Annual Leave Report (2):
      - ◆ (1) Select ‘Valuation’ – ‘**Daily**’ - ‘Both’ – Termination Value’ – print report
      - ◆ (2) Select ‘Valuation’ – ‘**Hourly**’ - ‘Both’ – Termination Value’ – print report
    - ‘Costing Summary Report’ if your companies Financial Year begins on the 1<sup>st</sup> April (refer to page 3 - Process 3).

**PROCESS 2 – IMS Payroll Partner Release 3.60 Installation Procedures:**

❖ **Prerequisites:**

- Ensure that all applications on your PC have been closed down prior to performing the following installation procedures.
- If you are using **Vizual Personnel Manager** products please ensure that the Diary Monitor is closed down if it is activated.
- If you are installing IMS Payroll Partner on a laptop with **Synaptic Touchpad** software installed, please ensure this software is not running during the installation.
- There is no requirement to un-install an earlier version of the application (ie: via Start – Settings – Control Panel – Add or Remove Programs) prior to installing this new version.

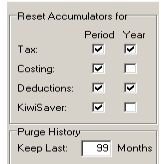
**Do not install this release until:**

- All Payroll periods in your payroll companies have been closed.
  - You have BACKED UP each of your payroll companies after closing the last payroll period processed in each company. Please refer to the ‘Tools - ‘End Of Tax Year’ options above.
- ❖ **Installation: To install from CD,** place the CD in the drive, wait a few seconds as the installation should automatically commence. If you do not have AutoPlay enabled, browse the CD via ‘My Computer – Explore’ and double click on the file ‘**IMSInstaller.exe**’.

**PROCESS 3 – ‘Resetting Accumulators’ on the Open Period tab for the new Tax Year:**

**Note:** The resetting of accumulators for the new Tax Year must be done only ONCE within a company. When this option is selected the accumulators for all employees within all pay frequencies (select or not) will be reset.

**ACCUMULATORS:**



**Tax:** Ensure that the ‘Period’ and ‘Year’ indicators are selected.

**Costing:** Ensure that ‘Period’ indicator is selected.

**If your company financial year begins on the 1<sup>st</sup> April 2010 then also select ‘Year’.**

**Note:** This option should only be selected if you do not want to retain the Costing information pass this point. If you wish to retain Costing YTD totals at year end for specific Costing Codes then select the associated indicator on the ‘Company Controls – Costing Codes’ tab for each Costing Code.

**Deductions:** Ensure that the ‘Tax - Period and Year’ indicators are selected.

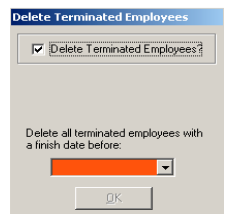
**KiwiSaver:** Ensure that the ‘Period’ indicator is selected.

**If your KiwiSaver reporting year starts in April then select KiwiSaver - Year.**

You can select your KiwiSaver reporting year within the ‘Company Controls – company’ tab. This is for YTD reporting figures and the KiwiSaver Reporting period can either be April or July (July is the start of the official KiwiSaver reporting year).

**Deleting ‘Terminated’ Employees:**

Opening your first pay for the new Tax Year will generate the option as to whether you wish to delete employees whom have a termination date. A threshold date must be entered in order to select terminated employees if this function is required. If you wish to deleted all terminated employees then enter a date such as the 1<sup>st</sup> April 2010 so that all terminated employees will be selected and deleted.



**Note:** If selected for deletion then all information regarding the terminated employee will be remove from the payroll company (Accumulators, History etc). Please ensure that you have a hard copy of the employees printed prior to opening the first pay period as detailed on page 2 -Process 1.

**Summary of Enhancements since v3.50.**

If you did not receive v3.52 in November 2009 please refer to the document ‘v3.52’ within the ‘Documentation – Release Notes’ folder contain on this CD (V3.60) for more details.

1. ‘IMS Online’ Modules (**NEW**)
2. Employee Information - ‘Preferred Name’ and ‘Contract’ fields (**NEW**).
3. Employee Information – ‘Notes’ tab enhancements.
4. Employee Information – extended ‘Payslip Print’ options.
5. Employee Information - display of Casual Holiday Pay Owing value.
6. Sundry Reports - Employee Notes Listing (**NEW**).
7. Sundry Reports – Schedule of Earnings enhancements.
8. Sundry Reports – Employee Listing enhancements.
9. Standard Reports - Payment and Deduction Schedules enhancements.
10. End of Tax Year – Certificate of Earnings enhancements.
11. Other Enhancements.

**Summary of Enhancements since v3.52:**

	<b>Page</b>
1) ‘Tax Legislation’ changes for Pay Periods ending on or after 1 <sup>st</sup> April 2010 .....	4
2) ‘Certificate of Earnings’ Historic print option.....	4
3) Extended ‘Employee Information’ validation procedures .....	4
4) New Payslip Print / Email Options .....	5
5) Inland Revenue Reporting Period Statistics (EDF & EMS) .....	5
6) Facility to print report options on selective Sundry Reports .....	5
7) Facility to generate a data file for the Superannuation Report .....	5
8) Payroll Giving (NEW) .....	5
9) Pay Period ‘Re-Open’ warnings .....	6
10) Miscellaneous enhancements .....	6
11) Additional Information .....	6

**1) Changes to tax legislation for the 1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011 Tax Year:**

The following Tax legislative changes apply to all pay periods ending on or after 1<sup>st</sup> April 2010:

- Employee ACC Earner Levy rate increases to 2% (was previously 1.7%) and the Earner Levy Threshold increases to \$110,018 (was \$106,473). Maximum Earner Levy is therefore \$2200.36 pa.
- A new low secondary tax code '**SB**' (**Secondary Bottom**) has been introduced for individuals who expect the total of all their employment income from all sources to be less than or equal to \$14,000 for the year. Primary earnings for employees with this tax code will be taxed at a rate of 12.5% plus Earner Premium of 2% (14.5%).
- Introduction of a new calculation step for 'Extra Pays' for employees on a Primary Income tax code. I.e: if the grossed up amount for the last 4 weeks plus the value of the Extra Pay is less than \$14,000 then the base tax rate on the Extra Pay will be 12.5%. In this instance the 'Lump Sum taxed at Low Rate' indicator on the EMS will be ticked.
- Introduction of a new calculation for 'Extra Pays' on 'Secondary Income'. I.e: the addition of the **Secondary tax income threshold** to the 4 weekly grossed up figure plus the Extra Pay amount to determine the tax bracket and subsequent tax rate.

For example, a tax payer using the SH tax code receives a bonus payment of \$1000 and the gross earnings for the last four weeks were \$500.

The last four weeks income (\$500 x 13) + the \$1000 bonus = annual income from secondary source of \$7,500.

The minimum income threshold for the SH tax code is \$48,001.

Add the annual income from the secondary source (\$7,500) to the income threshold for the SH tax code (\$48,001) giving \$55,501.

The correct tax rate for the bonus would be 33% (plus 2% EP giving 35%) since the grossed up income is greater than \$48,000 and less than \$70,000.

- Changes to the header record and version number of the Inland Revenue 'EMS – IR348' electronic file format.
- The EDF 'PAYE / Scheduler tax' field will be exclusive of any 'Payroll Giving' Tax Credits whereas this field on the EMS will be inclusive of tax credits (with the addition of a new Tax Credit reporting column containing the value of any Tax Credits calculated and applied).
- There is no change to the Student Loan Threshold.
- Minimum wage increase from 1<sup>st</sup> April 2010 – adult minimum wage increases from \$12.50 to \$12.75. The Training and New Entrants minimum wage increases from \$10 to \$10.20.
- No more printed annual PAYE Tax tables will be sent to employers from Inland Revenue. An easy way to calculate your PAYE is to use the 'Tax Reckoner' within Tools or the IRD PAYE calculator via the link: [www.ird.govt.nz/calculators/keyword](http://www.ird.govt.nz/calculators/keyword). If you want to view or print the most up to date Weekly and Fortnightly PAYE Deduction tables (IR340) and/or the Four-Weekly and Monthly PAYE Deductions tables (IR341) go to 'Work it Out' via the above link.
- As per the Employers Guide 'IR355' November 2009 the Student Rebate is now referred to as the 'Student Tax Credit' and the weekly Tax Credit for a student on the M tax code is \$5.62 (generally 12.5% of income if less than \$2,340 pa) .
- Please bear in mind that if you have implemented Payroll Giving then the EMS - IRD Approved (Graphical) print format will no longer be available as you must be filing electronically to IR to adopt the Payroll Giving scheme.
- Employee 'Extra Pay' override rates on their 'Payment' tab (EPAY%) can now only contain 21%, 33%, 38% or no declaration. Note that these rates are exclusive of ACC Earner Premium. A check is made during the 'Check Input' process to ensure that any 'EPAY%' override rate is valid if a 'Extra Pay' type payment is to be processed for the employee. If the override rate is invalid then these would need to be maintained for the calculation to proceed. The 'Extra Pay' calculation process will now ensure that the Extra Pay tax rate applied is the higher of either the system calculated rate or an EPAY% override rate. The rate applied can be reported on via the 'Pay Period Exceptions – Tax Analysis – Extra Pay Tax Rate' report option.

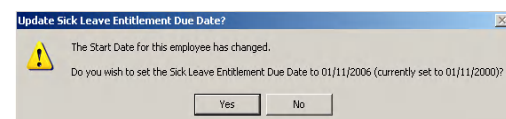
**2) 'Certificate of Earnings' - Historic print capability:**

The 'Tools – End of Tax Year - Certificates of Earnings' can now be printed for any Tax Year or Period of employment (limited by the numbers of months of Tax Data as set within the IRD Reporting – EMS IR348/9 reporting facility). Subsequently it is no longer a requirement to print the certificates prior to starting a new tax year. Additionally, this report has a new option to print 'Payroll Giving Tax Credits', where applicable, on the certificate.

**Note:** if you migrated from another payroll application to IMS Payroll Partner part way during a tax year then certificates for the full tax year will only report on pay periods processed entirely within Payroll Partner via the pay period processing cycle. In this instance we recommend that you advise your employees to request a 'Summary of Earning' or a 'Personnal Tax Summary' from Inland Revenue for the tax year in question.

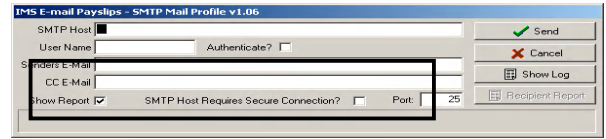
**3) Extended 'Employee Information' validation procedures:**

- Entering a new start date will prompt the user to ascertain whether they wish the current 'Sick Leave Anniversary Date' to be set to 6 months from the new start date. The message also displays the current anniversary date.
- The informative message displayed when an employee's IRD Number being entered matches another within the payroll has been enhanced to remind the user that if individual employees are set up more than once in the payroll then the employee should have one main tax code and subsequent set ups assigned Secondary tax codes, where applicable.
- New 'Westpac' branch codes of 1900 - 1999 inclusive.
- When entering a new employee the Alternative Holiday units on the 'Leave' tab now defaults to 'Days'.



4) **New Payslip Print / Email options:**

- Payslips will now be produced in the situation where the only transaction(s) are ‘Leave without Pay’ with no monetary value associated with them. This is conditional on the ‘Zero Rated Leave’ print option being selected.
- Emailing Payslips – a new ‘CC E-Mail’ address option is now available to enable a copy of the payslips to be sent to a nominated address.
- In addition a new option - ‘SMTP Host Requires Secure Connection’ will facilitate a secure connection to SMTP hosts requiring either ‘SSL’ or ‘TLS’ encryption protocols eg: Xtra and Gmail servers. The document E-Mail Payslip Support within the ‘Documentation – Frequently Asked Questions’ folder on the CD has been updated regarding these new options.
- A new ‘Preferred Name’ print option has been introduced for both standard and historical payslip printing. If selected the contents of an employees Preferred name, as held on the ‘Employee Information – Standard’ tab, will be utilised if this field is populated, otherwise the employees First Name / Surname will be utilised in the payslip heading.



5) **Inland Revenue Reporting Period Statistics (EDF and EMS):**

For Inland Revenue reporting periods April 2010 and later the number and payment dates of all of pay frequencies processed within the selected reporting period are now printed for the EDF and EMS reports / file generation. When generating the IRD Approved Graphical format for the IR348, or selecting only to create the electronic file without a report generated, this information is displayed in a dialogue window as it cannot be included on the output selected.

Pay Frequencies within the Reporting Period:		
Frequency	Payment Dates	Total Pays
Weekly	01/05/2010	
	08/05/2010	
	15/05/2010	
	22/05/2010	
	29/05/2010	
	31/05/2010	Weekly: 6
Monthly	31/05/2010	Monthly: 1
Non-Standard	11/05/2010	Non-Standard: 1

6) **Facility to print ‘Report Options’ on selective Sundry Reports:**

The following Sundry Reports now have the facility to print report options selected on the header of the first page of the report: Employee Listing, Employee Notes Listing, Employee Audit, Timesheet History, Leave Rate Report and Schedule of Earnings. A new ‘Print Option Headers?’ indicator is available within the options for each report to effect this.

7) **Facility to generate a data file for the ‘Superannuation’ report:**

The facility to generate a ‘csv’ or ‘tab’ delimited data file has been introduced for the Superannuation report (as per the Costing and Trial Balance reports). The path and file name of the file generated is now displayed on the options screen for these processes. In addition, if multiple versions of a report are generated the name of the data file generated will contain a numeric reference to make the file name unique.

Ie: ‘Costing\_Detail\_Analysis\_2010\_04\_03.csv’ and ‘Costing\_Detail\_Analysis\_2010\_04\_03(1).csv’ files will be generated if the Costing Detail Analysis report was generated twice (with possibly different report options for each) on the same day into the same location.

8) **Payroll Giving:**

Payroll Giving is a voluntary scheme for both Employers and Employees. Donations to an authorised Donee organisation will attract a tax credit of 33.33% which is offset against the PAYE for that pay period. The main points of the scheme are as follows:

- Voluntary for both employers and employees.
- Only those employers whom file their returns electronically to Inland Revenue via the IR-Filing website can adopt the scheme.
- Employee’s responsibility to provide the details of any approved Donee organisation to whom they wish to donate to. A list of authorised Donee Organisations can be located at ‘www.ird.govt.nz/donee-organisations’.
- Any tax credit granted in a pay period cannot subsequently be donated to another Payroll Giving Donee Organisation within that pay period ie: you are not entitled to a Tax Credit on a Tax Credit used for an additional Payroll Giving deduction.
- The maximum tax credit allowed is limited by the tax portion of the PAYE for that period ie: the ACC Earner Levy portion of the P.A.Y.E cannot be utilised for the Tax Credit.
- Tax credits cannot be generated for Payroll Giving deductions where an employee has a ‘WT’ Tax Code. Additionally, tax relating to ‘Schedular’ payments cannot be reduced by any tax credit calculation.

If you wish to adopt the Payroll Giving scheme please refer to the documents ‘**Implementing Payroll Giving**’ and ‘**Payroll Giving FAQ's**’ in the ‘**Documentation - Frequently Asked Questions**’ folder on the v3.60 application CD. For addition information please refer to [www.ird.govt.nz](http://www.ird.govt.nz).

**Note:** For those clients who implemented Payroll Giving under v3.53, the Timesheet History report has been upgraded to include any tax credits associated with a Payroll Giving Deduction. If you intend to implement Payroll Giving and you have a customised payslip please contact our Development Manager, Chris Pollard, regarding the process to upgrade your payslip to print Tax Credits. (This also applies to the new payslip print option to use ‘Preferred Names’ on Payslips, if applicable).

**9) Pay Period ‘Re-Open’ Warning dialogue:**

A new dialogue warning message is displayed when attempting to Re-Open a Pay Period. The contents of this warning is to make it clear that to proceed with the Re-Open process will eventuate in the removal of any calculated totals done for the currently opened pay period (for IR Reporting , History etc).

**10) Miscellaneous enhancements:**

- All reference documentation within the ‘Documentation’ folders on the application CD are now in PDF format.
- Employee ‘Contract’ and ‘Preferred Name’ fields have been appended to the ‘Vizual Personnel’ and ‘H & S Compliance’ export files available within ‘Tools – Files Export’.
- Employee ‘Contract’ and ‘Preferred Name’ fields have been appended to the ‘Employee Import’ facility available within ‘Tools – Files Import’.

**11) Additional Information:**

• **Application issues:**

In the unlikely event of you experiencing issues of any nature regarding the IMS Payroll Partner application please contact our support team **in the first instance** on 06 8768959 or by e-mail [support@ims.support.co.nz](mailto:support@ims.support.co.nz).

Our support team members have the knowledge and experience to assist you in resolving the issue. In the past we have had a few clients whom have incurred costs by contracting IT support services prior to contacting our support desk. In these instances a call to our support desk would have resolved the matter at no extra costs. Please note that IMS will not be liable for any costs incurred through contracting any IT support services of any nature.

• **Warning message when attempting to electronically file a EMS return:**

When attempting to file an EMS return you may receive the following warning message if any employees have multiple entries due to a change of tax code (eg: M to M SL) or an IRD Number of 000000000:

IRD number	Action	Error description	Error code	Line number
60-427-488	Warning	The same employee's IRD number appears more than once in this schedule. Check to make sure that this has not been repeated accidentally. This error is a warning and will not stop the schedule from being sent.	D002	51

As stated this is a Warning only. The file will not transfer immediately and will be available in the WorkSpace. Check to ensure that there are no accidental errors bearing in mind that if an employee has a change of tax code or surname within the reporting period then it is appropriate that there may be more than one entry in the file for the employee and there is NO requirement to combine the entries for the employee into one. If no errors are identified then use the SEND button to transmit the EMS to IR as there will be no requirement to use the Edit function.

• **‘Complying Fund’ Contribution amounts:**

As stipulated in the Income Tax Act 2007 schedule 28 (7) and the KiwiSaver Act 2006 section 66 the minimum Complying Fund Employee Contribution is 2% (subsequently ignoring the 4% and 8% thresholds as per KiwiSaver contributions).

Additionally, section 101D of the KiwiSaver Act 2006 states if an employer is currently making employer contributions to a registered superannuation scheme the minimum compulsory should be :

*(payment of gross salary or wages x compulsory rate) - other contributions - hybrid schemes amount.*

*Other contributions - Pay contributions other than retirement benefits (eg, life insurance premiums) straight to the scheme provider. Refer to the KiwiSaver Act 2006 section 101D (5) for details.*

*'Hybrid schemes amount' is calculated by multiplying the member's contribution by the vesting percentage (refer to the KiwiSaver Act 2006 section 101D (6) for details), where:*

- *the member's contribution is the amount of the employee's contribution for the period to which the payment of gross salary or wages relate, and*
- *vesting percentage is the percentage of the employee's total contributions to be added to those contributions five years after the employee first becomes a member of the registered superannuation scheme.*

Therefore any percentage or amount for an employers Complying Fund contribution can be entered.