

...and Reducing Balance Allowances and Deductions

Group Schemes are the key to collecting and aggregating common deductions, and also provide the means by which SmoothPay maintains reducing balance allowances and deductions.

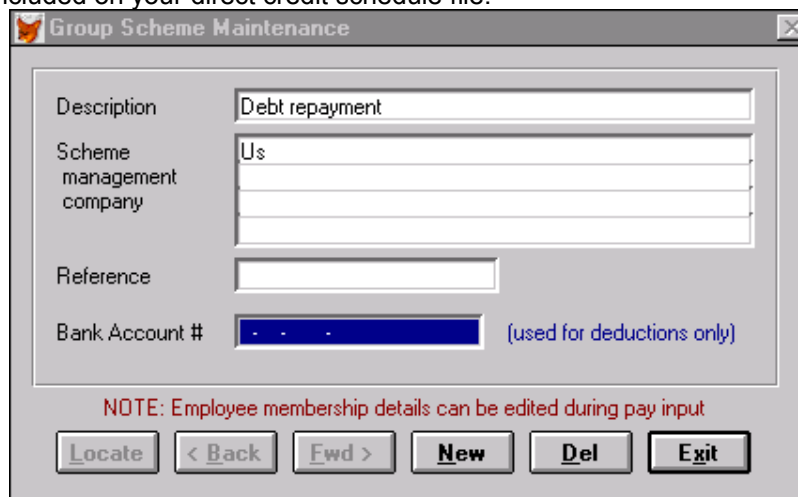
A group scheme is handy for collecting debt repayment, court fines, drip-feed bonus payments (avoiding too much extra-emolument tax) and any other situation that a regular payment is required until a balance has been paid.

Non-reducing group schemes can also be used for collection and aggregation of superannuation, union fees, social club dues etc, and the information about the members reference etc is stored and can be listed in the Group Schemes report.

Debt Repayment Example

This example covers the repayment of a loan advance, or tool money or debtor account etc that an employee is paying back to your (or any) company. Each employee may have an initial "balance" (which can be altered each pay as more debt is incurred or a lump is paid off), and the amount owing can reduce by a set amount each pay period until the balance reaches zero. The balance owed is reduced automatically, unless you override it.

- Choose **Payroll Codes..Group Schemes** - add an entry for Debt Repayment. The scheme "owner" will be your company. If you specify a bank account number, then any deductions linked to this scheme will be consolidated and included on your direct credit schedule file.



Note: you can set up a group scheme for anything, such as Court fines (though they can also be added to Net Pay Deductions instead), Union fees, Superannuation, Social Club and drip-feed bonus or back-pay payments.

- Choose **Payroll Codes..Deductions** - add an entry for Debt Repayment and link it to the Group Scheme you created. This deduction should be calculated as "amount per pay period" normally, although you can use any of the calculation methods provided.

Choose the group scheme that this deduction is to be linked to.

- For each employee paying back debt to your company, choose **Pay Input..F7 (deductions)** and add an entry for Debt Repayment. Because the deduction is linked to a Group Scheme you can specify if it is to be treated as a reducing balance and specify what the current balance is as well as a reference (account number etc). The amount of the deduction per pay is taken from the reducing balance until the balance reaches zero, when it automatically stops deducting. Make sure you save the new deduction as part of the employee's default pay.

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