



Payment Summaries

(aka Group Certificates)

This step-by-step guide shows you how to produce Payment Summaries for your staff, and also how to produce your EMPDUPE file for electronic reporting of your payment summaries to ATO.

Payment Summaries are produced by SmoothPay onto plain A4 paper, using the Z-fold format which makes it easy to fold and place into a standard window envelope for privacy and delivery to your employee/s.

The Payment Summary is used by the employee for their tax return preparation, and shows their earnings, deductions etc., in the format specified by the ATO.

This document also discusses RESC (Reportable Employer Super Contributions) and Fringe Benefits - see below.

NOTE: If you want to print payment summaries, ATO requires that you submit your EMPDUPE file electronically.

Definitions & Terminology

To help new payroll people get up to speed (and prevent any confusion), a few definitions are in order:

Group Certificates: It's been some years since "*Group Certificates*" became "*Payment Summaries*" and the use of the old name is discouraged - we'll refer to these as Payment Summaries only.

EMPDUPE: This is the file produced by SmoothPay to be used to electronically report your Payment Summary information to ATO.

This is typically done via the ECI software (see below) to transfer the file, though you can also copy the file to a diskette if you don't have internet access or don't have the free ECI software.

ECI: The *Electronic Commerce Interface* software is freely available from the ATO's website. This software enables you to lodge TFN declarations, PAYG withholding payment summary annual report (the EMPDUPE file), BAS etc, so it's a very handy tool to have.

Producing Payment Summaries

Select *Reports..Tax..Payment Summaries:*

Payment Summaries

Year ending 30 June

Output style

Draft
 Live
 Amended

Payment Summaries for all staff
 Generate EMPDUPE file and report

The available options and their meanings are:

- Year ending:** Specify the tax year that the Payment Summaries are to be produced for
- DRAFT:** If selected, prints the word DRAFT across all summaries. This option is set by default when you select Payment Summaries reporting - to encourage you to print a trial copy and check them before producing the real thing. If you have also ticked the Generate EMPDUPE option, then the file generated will be a test file, suitable for checking with the ECI software (but not suitable for filing with ATO)
- AMENDED:** If selected, prints "amended" versions of the Payment Summaries. These are used when you have already produced the original Payment Summaries and sent the EMPDUPE file to ATO, but then discovered that you've missed out some pay information and had to make corrections to it - necessitating the production of amended summaries.
- Payment Summaries...:** This produces the selected type of payment summaries
- Generate EMPDUPE:** This causes the EMPDUPE file and Payment Summary (summary) report to be produced:

Acme Widgets Pty Ltd
 EMPDUPE report for 30 June 2009

	From	To	TFN	Tax free (ETP)	PAYG	Gross payments	Allowances (listed)	CDEP payments	Other income	Fringe benefits	LumpA	LumpB	LumpD	LumpE
Bowen, Matt	01/07/2008	30/06/2009	123-123-123		1	3		1	1	0	1	1	1	1
Murray, Ann	01/07/2008	30/06/2009	392-496-202		10	7		1	5	99	6	7	8	9

...with totals and details of the process:

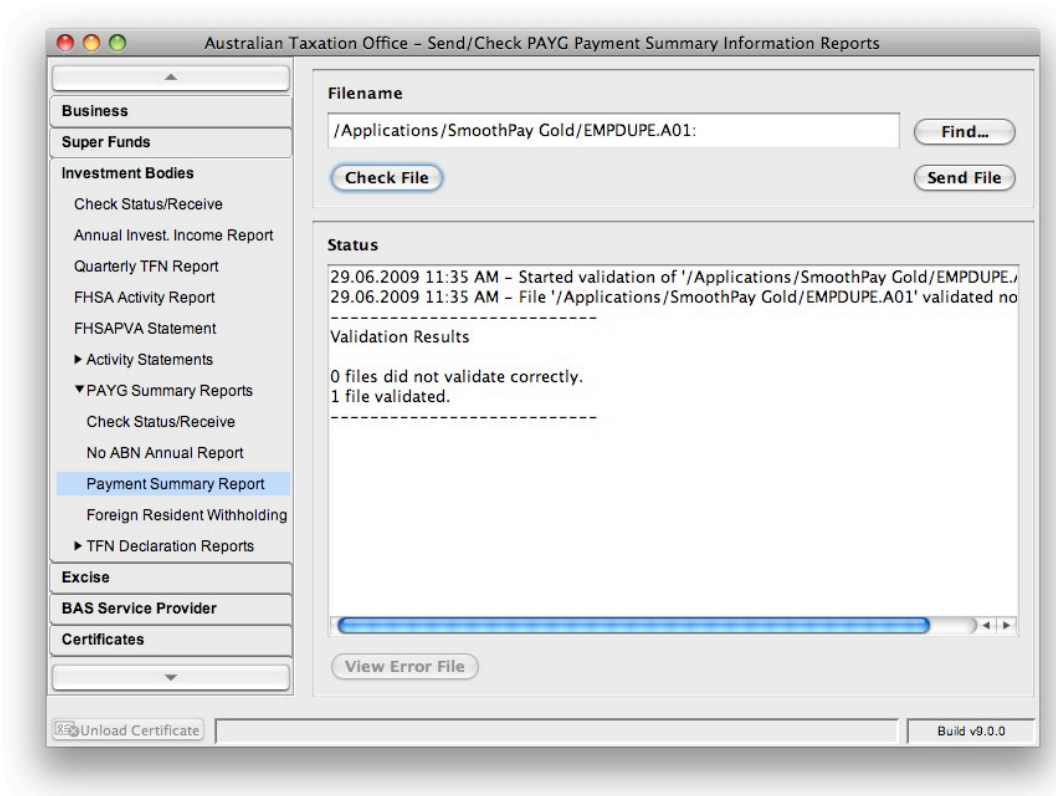
TOTALS					0	11	10	0	2	6	99	7	8	9	10
NOTE: This report EXCLUDES SUBBIES															
Output file: EMPDUPE.A01															
PLEASE: Make sure you test your EMPDUPE file for correctness using the ATO's ECI Client > Business > PAYG Summary Report > Check File option															

You can run these reports any time you like, out of interest or when you actually need to produce them.

Testing your EMPDUPE file using ECI

Start the ECI software (if you don't have it, download it for free from the ATO - search for ECI).

Choose *Business..PAYG Summary Reports..Payment Summary Report*, then *Find* the EMPDUPE.A01 file produced by SmoothPay (see example) and choose *Check File*.



If there are any errors, choose *View Error File* and examine it for the problems it found in your data - usually missing information (*town/locality, postcode etc*). The error messages are usually quite clear.

Please! Do not send EMPDUPE files to ATO without pre-testing them and making sure that the Payment Summaries are all correct (no missing pays, correct totals etc).

Data missing from your Payment Summaries?

Super not showing in RESC field

It is a common misconception that all superannuation contributions should show as RESC (Reportable Employer Super Contributions). This is not the case - only (usually) salary sacrifice amounts or amounts contributed above the SG (9%) amount would show here.

Fringe Benefits not being shown

Fringe benefits must be captured in your pay entries or manually added to history, and the date of the benefit/s must be in the year 1 April to 31 March *prior* to the tax year ending

(e.g. Fringe benefits recorded in pay days from 1 April 2011 to 31 March 2012 will appear on Payment Summaries for the tax year ending 30 June 2012).

SmoothPay provides for two types of Fringe Benefit:

- 1) Cash value (such as LAFHA etc.), which affects the employee's net pay amount. This will appear in the allowances section of the employee's pay advice.
- 2) Non-cash value (such as use of a motor vehicle, office equipment etc.) which doesn't affect the employee's net pay amount. This will appear in the footer area of the employee's pay advice.

When you establish a fringe-benefit allowance, categorise it appropriately

Fringe benefits can be captured in one of two ways:

- 1) a single entry added to employee pay history (you can enter the total Fringe Benefit value in a single manual history record) - make sure it's pay date is correct to appear on the correct payment summary - then check.
- 2) individual entries added to one or more pays during the year. This needs to be set up like this:

The screenshot shows the 'Codes' tab in the SmoothPay software. On the left, a list of code types is shown with 'FRINGE' selected. On the right, the configuration for the 'FRINGE' code is displayed. The 'Tax rule' is set to 'Fringe benefit' and the 'Non-cash allowance provided by employer?' checkbox is checked. Other fields include 'Abbreviation' (FRINGE), 'Description' (Fringe Benefit), 'Calculation' (Amount per pay period), and 'Rate' (0.000000).

NOTE: The tax rule *must* be Fringe benefit

Then, add the fringe benefit allowance for the required amount to the employee's pay input .

If the allowance has a cash value (like LAFHA), then it will appear in the allowances section of the employee's pay advice.

If the allowance has a non-cash value (like personal use of a company vehicle or other equipment) then it *will not* appear on the employee's payslip in the allowances section

(as it's not payable as net pay), but will add to the fringe benefit total for the employee, and appear in the footer area of the payslip and on their Payment Summary (Group Certificate).

If the payment occurs regularly, save it as part of the employee's standard pay entries.

Lump sum payments and all that jazz

These types of payments must be made as allowances, set up using the appropriate ATO taxation rule, e.g.:



* RESIGNATION/TERMINATION/DISMISSAL *
Annual Leave (pre 18/8/93)
Annual Leave (post 17/8/93)
Annual Leave Loading (pre 18/8/93)
Annual Leave Loading (post 17/8/93)
Long Service Leave (pre 16/8/78)
Long Service Leave (16/8/78 to 17/8/93)
Long Service Leave (post 17/8/93)
ETP (pre 1/7/83)
ETP Non-Transitional (post 30/6/83, 55+ ...
ETP Non-Transitional (post 30/6/83, <55 ...
ETP Transitional (post 30/6/83, 55+ years)
ETP Transitional (post 30/6/83, <55 years)
* GENUINE REDUNDANCY/EARLY RETIRE/L...
Annual Leave (all payments)
Annual Leave Loading (all payments)
Long Service Leave (pre 16/8/78)
Long Service Leave (post 15/8/78)
Genuine Redundancy and Early Retirement...
ETP (Invalidity component)
ETP (pre 1/7/83)
ETP Non-Transitional (post 30/6/83, 55+ ...
ETP Non-Transitional (post 30/6/83, <55 ...
ETP Transitional (post 30/6/83, 55+ years)
ETP Transitional (post 30/6/83, <55 years)

SmoothPay provides all known ATO tax rule options. These tax rule options are available in the allowance code setup.

SmoothPay will split non-taxable components, tax the remainder etc, and show the amounts in the correct lump sum field on payment summaries and the EMPDUPE file.

Feedback

We're always keen to do better!

Any and all feedback is appreciated and if you feel we could include better examples, provide more explanation, provide references to additional information, make a process easier to use, or you spot something that isn't working the way it's supposed to - please let us know.