



Foundations of Payroll Practice

Course Overview

The course aims to provide participants with a clear understanding of the methodology and logic behind the payroll process. Many people see payroll as simply a position whereby data is entered, a button is pushed and a computer calculates the result. This is far from correct. Payroll professionals need to understand the manual procedures involved to ensure the accuracy of payments. Incorrect pays can result in demoralised and angry staff members which then impacts severely on the company's profitability. An error in the pay department can have far reaching effects in relation to legislative compliance.

Foundations of Payroll Practice is a course specifically designed to meet the learning requirements of staff new to payroll and staff returning to the payroll office who wish to refresh their skills. Over three days this course aims to ensure that a participant will be able to understand fully the skills and characteristics required of a payroll person and how to apply this knowledge within the workplace. At the end of the course staff will be able to:

- Read and interpret an award
- Use the award to calculate pays
- Read and interpret tax tables
- Calculate tax offsets and understand the effect of the offsets on an employee's tax
- Calculate entitlements
- Prepare terminations payments
- Carry out month and year reporting and remitting requirements
- Understand Superannuation and calculation of the levy.

The first day concentrates on the pay office (location, setup and function) the current Industrial Relations Scene and interpretation of conditions of employment (we use an award for our examples, but it could easily be an Enterprise Agreement). The ability to interpret awards and legislation is a vital attribute for a payroll person. By the completion of the day participants will be able to interpret the award to locate information such as overtime rates and shift allowances, entitlement rates and identify categories of employees (then using this information, allocate the correct payment rate). The day continues with a discussion of Annual Leave and Long Service Leave under the Fair Work Act. Participants will be provided with hands on experience in the calculation of an employee's length of service and leave entitlements.



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The morning of day two continues the focus on entitlements:

- Personal/Carer's Leave and Parental Leave entitlements
- Accrual of entitlements
- Categories of employees who have access to entitlements
- Legislation governing the administration of entitlements
- Calculation of entitlements.

The afternoon deals with payroll calculations including ordinary pay, overtime, leave and allowances. Tax treatments are explained including PAYG, HELP, tax offsets and the completion and lodgment of Tax File number declarations. The day completes with 'whiteboarding' the calculation of tax on bonuses and commissions.

Day Three commences with termination payments –

- Identification of the components of a termination
- The correct tax treatment of these components
- Defining the allocation of these components as Lump Sum A, B, D, ETP

The participants are provided with templates to aid in the calculation of marginal tax and complete exercises to test their knowledge of the processing of terminations.

Having devoted a couple of hours to terminations we move onto superannuation – calculation of the levy, Super guarantee charge and salary sacrificing.

The day concludes with two sections which outline the month and year end reporting and remittances requirements for payroll staff. The varying remittance requirements for PAYG are covered as well as the thresholds and percentages payable to state governments for payroll tax.

If you have any enquiries, please contact us.

5/37 Pitt Street, Sydney NSW 2000
Ph (02) 9258 2150
Fx (02) 9258 2155

1/616 St Kilda Road, Melbourne VIC 3004
Ph (03) 9614 0900
Fx (03) 9614 2227

training@payroll.com.au

