

# Marlin HR

## Quick Reference - Terminations

### Terminated Employees

Termination pay runs are required for all terminated employees **included in a pay run during the current tax year:**

- Ensures **STP submission**
- Updates ATO status to **Final**
- Reports **termination date & reason**
- Generates **pay advice** for the termination pay
- Sets employee **Status** to **Terminated**
- Clears **leave balances**

### Expert Advice

Please consult the **ATO, Fair Work Ombudsman**, your **employer association** or a **qualified tax accountant** about:

- Employee payments (types and amounts)
- Tax withholding requirements
- STP codes for ATO submissions

### Termination Preparation

#### Before Beginning Termination Pay Run:

- Ensure all **Earnings, Allowances, & Deduction Types** are available, & have the **correct STP codes**
- Identify if termination is **standard** or a genuine **redundancy, invalidity, or early retirement**

#### Check & Confirm:

- Unpaid earnings, allowances, commissions
- Unused leave payouts
- Lump sum redundancy payments
- Payments in lieu of notice / without notice deductions
- Other ETP payments & deductions

### Termination Periods

#### Full Pay Periods

If termination date is at the end of a pay period:

- Include employee in the **normal pay run**
- Process a **separate termination pay run** for leave payouts & termination payments

#### Partial Pay Periods

If termination date is mid-pay period:

- **Do not include** the employee in the normal pay run
- **Process a separate termination pay run** for outstanding earnings & leave payouts
- **Leave is accrued** on hours worked in a final pay period, which is automatically calculated & added, as usual

**If no payouts:** still submit a \$0 termination pay run to finalise ATO reporting (both partial and full periods)

### Termination Pay Runs

#### Initialising Termination Pay Run:

- Select **Payrun > Payrun Processing**
- Set **Type of Pay Run** to **Termination Pay**
- Enter **Date Paid**
- Click employee **Options** button
- Enter **Termination Date**
- Select **Termination Reason**
- Tick **Pay Unused Leave** checkboxes, as required
- Click **Ok**
- **Repeat** for all relevant employees
- Click **Initialise**

#### Payments & Deductions

Termination Pay Advice:

- Double-click on **employee**
- Add **payments & deductions**, as required (described below)
- **Review** all payments and amounts

#### Finalising Termination Pay:

- Click **Finalise**
- Employee is marked **Terminated** & removed from normal pay runs

#### Additional Termination Pay Runs

May be used to correct errors, make additional payments, or split payments:

- Select **Termination Pay** (Type of Payrun)
- Tick **Show Inactive Terminated & Deceased Employees** checkbox (below)

### Casual Employees

**Termination pay runs are not required** for casual employees:

- **EOFY close-off** notifies ATO & mark amounts as Final
- **If no earnings:** not included in EOFY reporting

#### Deactivating Casuals

Removes from pay run list:

- **No termination pay run**
- Set **Status** to **Inactive** (Main > Employee Maintenance)
- **If rehired:** Set Status to **Returned** & enter **Returned Date**

#### Terminating Casuals (optional)

Removes from Employee Maintenance list:

- **If current earnings:** Process **termination pay run** (\$0 if no outstanding earnings)
- **If no current earnings:** Set **Status** to **Terminated** (Main > Employee Maintenance)
- **If rehired:** Must re-enter as new employee

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### Payments and Deductions

<b>Unused Leave</b>	Leave Accrued (Calculated according to pre-initialisation Options)
<b>Unpaid Earnings</b>	Earnings
<b>Unpaid Allowances</b>	Before Tax Allowance
<b>Redundancy Payments or Employee Termination Payments (ETP)</b>	Before Tax Allowance
<b>In Lieu of Notice Payment</b>	Before Tax Allowance
<b>Resignation Without Notice Deduction</b>	Earnings
<b>Employee Loan Repayments</b>	After Tax Deduction
<b>Manual Tax Adjustments</b>	Tax

### Unpaid Earnings & Allowances

Record all outstanding earnings & allowances in the termination **Pay Advice**:

- Select the relevant field:
  - **Unpaid Earnings**: Earnings field
  - **Unpaid Allowances**: Before Tax Allowance field
- Click **Add**
- Enter **details** in pop-up

### Redundancy & ETP Payments

#### Termination Pay Advice:

- Select **Before Tax Allowance**
- Click **Add**
- Enter **details** in pop-up

### Unpaid Employee Loans

If permissible, amounts owed can be deducted using an **After Tax Deduction**

**Warning:** Cannot deduct from unused leave payouts

#### Termination Pay Advice:

- Select **After Tax Deduction**
- Click **Add**
- Select **Employee Loan Repayment**
- Choose **Employee Loan** liability account
- Enter **Amount**
- Select **Reduce Amount** toggle

### Unused Leave Payouts

Unused leave balances are automatically applied based on the employee **Options** (selected before initialising):

#### Before Initialising Pay Pun:

- Check **Unused Leave & Long Service Leave** balances (Main > Employee Maintenance)
- Use **leave balance adjustments** if needed
- Leave balances **automatically zero** after termination pay **Warning:** Do not zero using leave balance adjustments. Simply leave unticked on pay run.
- Do not modify **Leave Types** (re-add if incorrect, e.g. with/without loading)

#### Long Service Leave Entitlement

Check for Long Service Leave entitlement (System > Entitlements):

- If missing, click **Add**
- Select **Long Service Leave** Leave type
- Enter **Annual Entitlement (Hours)** as required

#### Employee Pay Run Options (before initialising):

- Tick **Pay Unused Leave** and/or **Long Service Leave** balances, as applicable
- Note:** Leave accrues on hours worked (including OTE) for partial termination periods

#### Termination Pay Advice:

- **Unused Leave Payout** shown in red

### Pre-1993 Leave Payouts

**Pre-18/08/1993** leave is taxed differently:

- Needs to be **removed** from employee leave balances before selecting their termination pay run options
- Use a **Leave Balance Adjustment** (Leave Entry > Leave Balance Adjustment)

#### Allowance Types

Check for pre-1993 leave types (System > Allowances):

- **Unused A/L accrued pre-18/08/1993**
- **LSL accrued pre-18/08/1993**
- If missing, click **Update** button (top bar)

#### Termination Pay Run Options:

- Tick **Payout Unused Leave** (to payout other leave)

#### Termination Pay Advice

Manually add pre-1993 leave as **Before Tax Allowance**:

- Click **Before Tax Allowance**
- Click **Add**
- Select **Unused A/L accrued pre-18/08/1993 / LSL accrued pre-18/08/1993**
- Enter **pre-1993 hours × current pay rate**
- Repeat for **pre-1993 Long Service Leave**, if needed

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### In Lieu of Notice Payments

May be required if **no termination notice** given:

- Report ETP Code 'O' &
- Include **superannuation**

#### Allowance Setup

Check for **Payment In Lieu of Notice by Employer** (System > Allowances):

- If missing, click **Update** button (top bar)

#### Termination Pay Advice:

- Select **Before Tax Allowance**
- Click **Add**,
- Select **Payment in Lieu of Notice by Employer**
- Leave **Tax-Free Component** as **\$0**
- Tick **Add Amount**

**Warning:** Do not use Standard Hours for in lieu of notice payments

### Without Notice Deductions

Employees **resigning without notice** may have unpaid wages & allowances deducted

**Warning:** Unused annual leave must still be paid in full

#### Deduction Setup

Check for Deduction In Lieu of Notice by Employee **Earnings Type** (System > Earnings):

- **ATO Income Type:** Salary & Wages
- **Pay rate or Amount:** \$ Amount

**Warning:** Do not use Deduction type

#### Termination Pay Advice:

- Select **Earnings**
- Click **Add**
- Select **Deduction In Lieu of Notice by Employee**
- Enter deducted **Hours**
- Select **Add Hours** toggle

#### Calculating Deduction

Add all **Earnings & Before Tax Allowances** then calculate:

- **Outstanding earnings:**
  - Total **Earnings** + total **Before Tax Allowances**
  - Exclude **Unused Leave Payouts**
- **Notice period value:**
  - Multiply **Standard Rate** x **required notice hours**
- Deduction amount is the **lower of the two** (cannot deduct more than what's owing)

**Warning:** Do not use Standard Hours for deductions

### Deceased Employees

Pay all amounts (wages, leave, benefits) to **beneficiary**

**Warning:** Do not pay deceased employee TFN or bank account

#### Leave Balances & Employee Status:

- Select **Main > Employee Maintenance**
- Review & adjust **Leave**  
**Warning:** Do not manually clear
- Change **Status** to **Deceased**
- Enter **Date of Death**

#### Beneficiary:

- Select **Main > Beneficiary Maintenance**
- Click **Add**
- Enter **Details**
- **Note:** Must use valid TFN

#### Termination Pay Advice:

- Set **Type of Termination** to **Termination Pay**
- Tick **Show Inactive Terminated & Deceased Employees** checkbox (below)
- Click **Options** for employee
- Select **Beneficiary &** other options
- **Initialise** pay run
- Both employee & beneficiary appear
- Add all amounts & adjustments to **beneficiary**  
**Note:** Personal Leave is not usually paid out

#### Once Finalised:

- Leave is automatically cleared
- Employee earnings marked as **Final** in ATO submission

### Termination Tax Adjustments

#### Standard Terminations:

- **Payments** taxed at employee's standard rate
- **Allowances** taxed based on selected tax method

#### Redundancies, Invalidities, Early Retirement:

- **Unused Annual & Long Service Leave** taxed at 32%
- **Other payments** taxed at standard rate or per allowance

#### Manual Tax Adjustments

Some payments need manual adjustments:

- Select **Tax** field
- Click **Edit**
- Choose **Add Tax** or **Reduce Tax**
- Enter **Amount** & click Ok