

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

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

- Check **Unused Leave & Long Service Leave** balances (Main > Employee Maintenance)
- Use **leave balance adjustments** if needed
- Leave balances **automatically zero** after termination pay run
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 Components** \$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 **\$ Amount** to deduct

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