1. IMPORTANT NOTES

Depending upon the individual circumstances surrounding a termination, you may be required to make a variety of payments including outstanding wages, overtime, allowances/bonuses, annual leave, long service leave, sick/carer's leave, leave loading, RDOs, payment in lieu of notice, severance pay, golden handshakes, etc.

Terminations can be very complex, especially when redundancies and ETPs are involved. We strongly recommend that you consult your employer organisation or tax accountant for a complete and detailed breakdown of each termination BEFORE you commence the Termination Payrun in Marlin HR.

You will need to know what payments you need to make, the payment amount and tax amount for each, whether it should be displayed on the PAYG INB Payment Summary (e.g. in Lump Sum A or Lump Sum D) or on a PAYG ETP Payment Summary.

If relevant, you will also need to know whether you are entitled to deduct any amounts from the termination (e.g. loan repayment to employer, payment in lieu of notice from the employee).

2. PREPARATION

Are there any outstanding Normal Pays for the employee?
- First complete Normal Pays for all pay periods that ended <u>on or before</u> the employee's last day of work. This will bring the employee's normal pay and accrued leave entitlements up to date.
    - *** Do **NOT** include the employee on a Normal Pay with a 'Pay To' date that is <u>after</u> his last day of work. ***
    - You will enter any hours worked since the last **full** pay period on the Termination Pay.

Check accrued leave entitlement balances are correct...
- Generate an Employee Leave Report to check all changes to the employee's accrued leave balances:
    - From the menu toolbar, select **Reports | Employee Leave** (use the By Employee tab, select the Employee, select the leave types to be paid out, select Print Full Details, and select all years in the drop down list)
    - If any of these balances are incorrect, perform a Leave Balance Adjustment to correct them.
- Do **NOT** create Leave Entries to pay out leave balances (the Termination Payrun will take care of this).
- Do **NOT** convert '*Annual Leave With Loading*' to '*Annual Leave*' (the Termination Payrun will take care of this).
- Do **NOT** zero leave balances not being paid out (the Termination Payrun will zero them and adjust the GL balances).

Are the required Allowance types available?
- From the menu toolbar, select **System | Allowances**
- Click on the *Add or Update any Megabus supplied allowances* icon (to right of Printer icon) then on Yes to confirm.
- Check that all allowances have an appropriate Account Code and Account Name (e.g. Salaries & Wages account).
- Check that all Redundancy allowances (if applicable) have the correct 'Payment Summary Area' selected.
- If there is no allowance type with the settings you require, click on the green '+' to add a new one.

Are any required Deduction types available?
- From the menu toolbar, select **System | Deductions**
- Check that any Deduction types you need are there (e.g. 'Loan Repayment to Employer').
    - If not, create a new Deduction type with the settings you require (click on the green '+' to add a new one).

3. Initialise the Termination Pay

- Insert the USB backup stick you normally use to backup Marlin HR after each pay run.
- Select the relevant Pay Cycle (e.g. Weekly) for the employee being terminated.
- Set Pay Type to **Termination Pay**.
- Enter the Termination Date (this should be the employee's last day of work).
  - If you incorrectly included the employee on a Normal Pay with a 'Pay To' date <u>after</u> the employee's last day of work, you will need to enter that 'Pay To' date as the Termination Date (it will not impact any figures).
- Enter the Date Paid (the date you will actually pay the money to the employee).
- Enter the Superannuation Contribution Payment Date (the date by which you expect to pay Super into the fund).

TERMINATION PAY OPTIONS:
- Click on the 'Options' button (at right end of the employee in the employee list)
- Enter the employee's Termination Date if different to that already entered
- Select the Termination Type:
  - **Standard** (for voluntary resignation, retirement or dismissal)
  - **Redundancy** (if termination is due to a genuine redundancy, invalidity or retirement scheme)
- Select which (if any) Leave types to pay out and whether to pay leave loading
- Initialise the Termination Pay, then double-click on the employee to view the pay details.

4. Enter amounts on the Termination Pay and adjust Tax

In the 'This' column, click on:
- **Earnings** and enter any standard and overtime hours worked since the employee's last Normal Pay.
- **Term Leave Payout** to view the details of any unused Annual Leave & Long Service Leave being paid out.
- **A/T or Term Allowance** then on +Add icon to add any After Tax or Termination payments.
  - Add any Redundancy or ETP payments here (enter the Amount and the Tax Amount, if any, for each)
- **After Tax Deduction** then on +Add icon to add any After Tax deductions (e.g. Employee Loan Repayment)
- **Before Tax Deduction** then on +Add icon to add any Before Tax deductions (e.g. Salary Sacrifice to Super)
- **Before Tax Allowance** then on +Add icon to add any Before Tax allowances (e.g. Tools, Meals, Commission)

Adjust the Tax:
Each termination is different and you will likely need to adjust the total tax amount to match the figure provided by your employer organisation or accountant:
- Click on 'Tax' then double-click on 'Tax Adjustment' to adjust the total tax amount up or down as required.

Final Check:

- Click on the Save icon and then on the Print icon to view (and print) an Interim Payrun Analysis Report. Have the appropriate person review/approve the Termination Payout **prior** to it being finalised.

Check <u>EVERY</u> detail and amount is correct <u>BEFORE</u> finalising the Termination Pay. It can NOT be reversed.

5. Print Termination Pay Advice   (access via Pay Advices favourite)

- Select the Termination Payrun from the list.
- Click on Generate to view the Termination Pay Advice on screen. If all is ok, click on Print.

6. Print Payrun Analysis   (access via Pay Analysis favourite)

- Select the Termination Payrun from the list.
- Click on Generate to view the report on screen. If all is ok, click on Print.

7. Generate PAYG INB Payment Summary

You can generate a Payment Summary for the terminated employee now, rather than waiting for the end of the tax year:

- Select Periodic | Payment Summaries from the menu toolbar.
- Select **only** the terminated employee then click on Generate.
- Print and Save the Payment Summary then close it.
- Click on the **Update** button to flag the employee as having had a Payment Summary generated.

This Payment Summary can be re-printed at any time in future by selecting Periodic | Previous Payment Summaries from the menu toolbar, then opening the Payment Summary from the list and printing it.

Note: If you are using Single Touch Payroll you are not obligated to provide Payment Summaries to employees.

8. Generate a PAYG ETP Payment Summary

If the termination included any ETP payments, you will also need to generate an ETP Payment Summary:

- Select Periodic | Payment Summary Verification Report
- Select All employees or just the Terminated ones, then click on Generate.
- On the report, click on the ETP Details button at the top left to view the ETP payments
- Generate an ETP Payment Summary as per the instructions on the ATO website.

Note: If you are using Single Touch Payroll you are not obligated to provide Payment Summaries to employees.