



CONTENTS

Payroll Accounting Using Xero

| | | |
|---|---|-----|
| | Competency Map | 5 |
| 1 | The Payroll System | 9 |
| | 1.1 Introduction to Payroll | 10 |
| | 1.2 Legislation and Regulatory Bodies | 14 |
| | 1.3 Collecting Data | 42 |
| | Solutions to Self-Testing Exercises | 66 |
| | Review Questions | 69 |
| 2 | Payroll Calculations | 75 |
| | 2.1 Gross Pay | 76 |
| | 2.2 Net Pay | 76 |
| | 2.3 Ordinary Pay | 77 |
| | 2.4 Overtime | 77 |
| | 2.5 Piece Rates | 79 |
| | 2.6 Commission | 79 |
| | 2.7 Annual Salary | 80 |
| | 2.8 Allowances | 80 |
| | 2.9 Annual Leave Pay and Personal Leave Pay | 86 |
| | 2.10 PAYG Withholding | 87 |
| | 2.11 Study and Training Support Loan Repayments | 93 |
| | 2.12 Leave Paid in Advance | 95 |
| | 2.13 Annual Leave Loading and PAYG Withheld | 96 |
| | 2.14 Bonuses | 97 |
| | 2.15 Salary Sacrifice | 98 |
| | 2.16 Deductions | 102 |
| | 2.17 Tax Calculator | 103 |
| | Solutions to Self-Testing Exercises | 104 |
| | Review Questions | 106 |
| 3 | Processing Payroll | 113 |
| | 3.1 Payroll Records | 114 |
| | 3.2 Preparing the Payroll Register | 117 |
| | 3.3 Accounting for Payroll | 120 |
| | Solutions to Self-Testing Exercises | 129 |
| | Review Questions | 132 |

| | | |
|------|--|-----|
| 4 | Entitlements and Reporting Procedures | 139 |
| 4.1 | Leave Entitlements | 140 |
| 4.2 | Superannuation Guarantee | 156 |
| 4.3 | Activity Statement Tasks | 162 |
| 4.4 | End of Year Procedures | 172 |
| | Solutions to Self-Testing Exercises | 178 |
| | Review Questions | 182 |
| | Simulation Exercise | 192 |
| 5 | Migrating an Existing Business to Xero Payroll | 205 |
| | Getting Started with Xero | 206 |
| 5.1 | About the Organisation | 216 |
| 5.2 | Set Up Payroll in Xero | 218 |
| 5.3 | Add Full-Time Employees | 240 |
| 5.4 | Add a Casual Employee | 266 |
| 5.5 | Set Up Single Touch Payroll | 273 |
| 5.6 | Enter Timesheets | 280 |
| 5.7 | Process First Pay Run | 283 |
| 5.8 | Terminate an Employee | 290 |
| 5.9 | Print Payroll Reports and Post Pay Run | 295 |
| 5.10 | Pay Employees | 299 |
| | End of Chapter Exercise | 301 |
| 6 | Establishing a Payroll System in Xero | 309 |
| 6.1 | About the Organisation | 310 |
| 6.2 | Add Payroll Settings | 311 |
| 6.3 | Add Employees | 326 |
| 6.4 | Set up Single Touch Payroll | 345 |
| 7 | Processing Payroll Over Multiple Periods | 347 |
| 7.1 | Process First Pay Run | 348 |
| 7.2 | Perform a Bank Reconciliation | 369 |
| 7.3 | Process Second Pay Run | 372 |
| 7.4 | Manage Contacts | 384 |
| 7.5 | Pay Payroll Liabilities | 388 |
| 7.6 | Process Third Pay Run | 394 |
| 7.7 | Process Fourth Pay Run | 405 |
| 7.8 | Process Fifth Pay Run | 414 |
| 7.9 | Process Sixth Pay Run | 425 |
| 8 | End of Year Processes in Xero | 433 |
| 8.1 | Check Payroll Data | 434 |
| 8.2 | STP Finalisation and Exporting STP Data | 443 |
| | Theory Questions and Payroll Enquiries | 445 |
| | Appendix: Weekly Tax Table | 447 |
| | Appendix: Study and Training Support Loans Weekly Tax Table | 460 |
| | Appendix: ATO Reporting Categories | 469 |
| | Index | 472 |