



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	15
1.3	Data Relevant to Payroll	46
	Solutions to Self-Testing Exercises	70
	Review Questions	73
2	Payroll Calculations	79
2.1	Gross Pay	80
2.2	Net Pay	80
2.3	Ordinary Pay	81
2.4	Overtime	81
2.5	Piece Rates	83
2.6	Commission	83
2.7	Annual Salary	84
2.8	Allowances	84
2.9	Annual Leave Pay and Personal Leave Pay	90
2.10	PAYG Withholding	91
2.11	Study and Training Support Loan Repayments	97
2.12	Leave Paid in Advance	99
2.13	Annual Leave Loading and PAYG Withheld	100
2.14	Bonuses	101
2.15	Salary Sacrifice	102
2.16	Deductions	106
2.17	Tax Calculator	107
	Solutions to Self-Testing Exercises	108
	Review Questions	110
3	Processing Payroll	117
3.1	Payroll Records	118
3.2	Preparing the Payroll Register	121
3.3	Accounting for Payroll	124
	Solutions to Self-Testing Exercises	133
	Review Questions	136

4	Entitlements and Reporting Procedures	143
4.1	Leave Entitlements	144
4.2	Superannuation Guarantee	160
4.3	Activity Statement Tasks	168
4.4	End of Year Procedures	178
4.5	Gender Pay Equity and Reporting	184
	Solutions to Self-Testing Exercises	186
	Review Questions	190
	Simulation Exercise	202
5	Migrating an Existing Business to Xero Payroll	215
	Getting Started with Xero	216
5.1	About the Organisation	225
5.2	Set Up Payroll in Xero	227
5.3	Add Full-Time Employees	251
5.4	Add a Casual Employee	278
5.5	Set Up Single Touch Payroll	284
5.6	Enter Timesheets	291
5.7	Process First Pay Run	295
5.8	Terminate an Employee	302
5.9	Print Payroll Reports and Post Pay Run	307
5.10	Pay Employees	311
5.11	Pay Superannuation	313
	End of Chapter Exercise	315
6	Establishing a Payroll System in Xero	323
6.1	About the Organisation	324
6.2	Payroll Settings	327
6.3	Add Employees	343
6.4	Set up Single Touch Payroll	362
7	Processing Payroll Over Multiple Periods	365
7.1	Process First Pay Run	366
7.2	Process Second Pay Run	388
7.3	Manage Contacts	400
7.4	Pay Payroll Liabilities	404
7.5	Perform a Bank Reconciliation	407
7.6	Process Third Pay Run	411
7.7	Process Fourth Pay Run	422
7.8	Process Fifth Pay Run	430
7.9	Process Sixth Pay Run	439
8	End of Year Processes in Xero	447
8.1	Check Payroll Data	448
8.2	STP Finalisation and Exporting STP Data	458
	Theory Questions and Payroll Enquiries	460
	Appendix: Weekly Tax Table	462
	Appendix: Study and Training Support Loans Weekly Tax Table	475
	Appendix: ATO Reporting Categories	484
	Index	487