

TREASURERS' NEWSLETTER

February 2019 - Issue 211

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Welcome

Welcome to our first newsletter of the year! I hope you all enjoyed a sunny and restful break. It is hard to believe that we are now half way through February. Time certainly marches on!

This month's newsletter has a strong payroll focus in preparation for the upcoming payday filing changes. We have also been working on ways to better support parishes who may need assistance with their payroll. Details of this are below.


Payroll

Payroll Support for Parishes

Payroll compliance requirements for parishes continue to change and increase. This is highlighted by the upcoming changes to payday filing as covered later in our newsletter. We are aware of the challenges this places on local parish treasurers as they struggle to ensure that they accurately account for:

- employee entitlements,
- holiday pay,
- sick pay,
- time in lieu,
- ACC,
- allowances and reimbursement,
- compliance with IRD requirements,
- Kiwisaver,
- Beneficiary Fund contributions.

To assist parishes, we have talked with Laurenson, our preferred Xero providers, and put together a package for the provision of payroll services through Laurenson and iPayroll. Laurenson recommend using iPayroll as it has broader scope for reporting, and more comprehensive treatment for leave and tax for



employees. While not being part of the same software package (as Xero Payroll is) iPayroll still interfaces with Xero and is fully automated. iPayroll is set up to cater for payday filing.

Parishes wishing to convert to iPayroll can choose between two options, one where Laurenson processes and maintains the payroll and a second where Laurenson would set up the iPayroll file, which is then run by the parish or entity. In both options there is also a one-off set up cost. A copy of their proposal is attached as Appendix One. If you would like to take up any of these packages, please contact Laurenson directly at 04 477 1801 or email Avril at avril.hillind@laurenson.co.nz.

Payday Filing

Hopefully all treasurers are aware of the changes the IRD are introducing to payroll filing from 1 April 2019. To avoid penalties, you must switch to payday filing by 1 April 2019. You can switch before this date, and indeed many of you may have done so. Please note you must switch at the start of a month.

The IRD has a good reference guide on the switch to payday filing. Here is the link:

[switching to payday filing - using myIR](#)

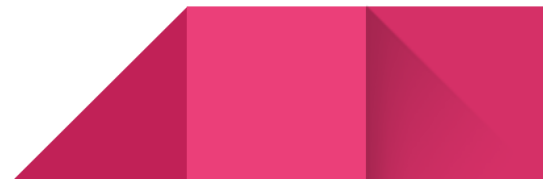
We have covered below the steps required for parishes using different payroll systems.

Parishes using Xero

Parishes using XERO payroll will not be able to start until 1 April 2019. Xero has advised that the new procedure will be ready mid-March to begin 1 April 2019.

The XERO set up is very easy and the steps below will need to be done as soon as the new software upgrade is released and before you process any pays for the month of April.

1. PAYE will now be filed via myIR so you will need to switch to same day filing by opting in to the myIR secure online register on the IRD website. Do this as soon as you have made the final pay in the month of March. The March PAYE will be filed as before under IR file.



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2. When you post your first payroll in XERO the report to the IRD for that pay period PAYE will be automatically filed with the IRD when you post the payroll. You will be able to see any filed return on the IRD web site under myIR. You will no longer need to process an EMS IR348 or IR345 form via IR file.
 3. Pays can be processed up to 2 months in advance, and each time a payroll is processed the IRD report will be sent to the IRD, meaning that you do not need to worry about the 2-day deadline.
 4. The actual payment to the IRD will not change. Depending on the size of your payroll you will continue to pay the IRD on the due dates as before. Most parishes will pay the IRD on the 5th of the following month so they will need to ensure that all the previous months PAYE is included in the payment.

More information can be found on XERO web pages [xero payday filing information](#).

Parishes using other payroll software


These parishes will need to check with the provider to find out what procedures have been put in place to begin payroll filing. If the software has already been updated the parish can opt into same day filing on the myIR secure online register from the beginning of March.

Parishes paying manually without payroll software. (Filing with paper)

These parishes will be able to continue filing paper returns to the IRD after 1 April 2019. These need to be completed after each payroll date. The return must be completed and sent to IRD within 2 days of the payroll payment. If you file paper returns you will not be able to start same day payroll filing until 1 April. From March the IRD will send IR346 forms for this purpose. This form replaces the IR348 form.

Helpline Support

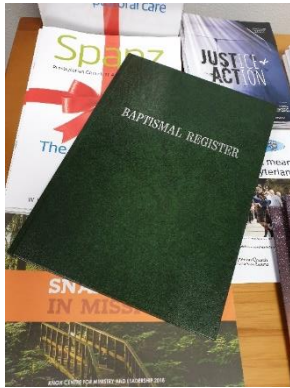
Because of the upcoming changes to payroll, we want to be sure that all treasurers have a point of contact where any questions or concerns they have can be answered. To provide this, we have organized for a help line to be operating from 1 April 2019. Anybody, using any payroll system, can contact Laurenson



at this email or phone number and get assistance with their payroll queries. This service is being provided at no cost to parishes and will be in operation until June 2019.

The helpline details will be sent out prior to 1 April.

Marriage and Baptismal Register Books

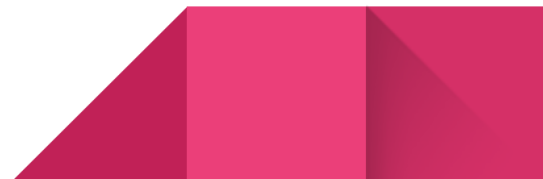


We are sorry to advise that the cost of the Marriage and Baptismal Register Books will be increasing from \$90 to \$228 (incl GST). The cost of purchasing these registers has increased in recent years and we are no longer able to absorb all of this increase. You may be able to source these locally for less cost. We appreciate your understanding.

KiwiSaver

There are some upcoming changes to the KiwiSaver legislation. After 1 April 2019 those over 65 will be able to opt into KiwiSaver.

The current employer contribution rates are 3%, 4% or 8%. From 1 April 2019, employees will be able to opt for 3%, 4%, 6%, 8% & 10%. Employer rates will continue to be a minimum of 3%.





Presbyterian Church
of Aotearoa New Zealand

PROPOSAL TO PROVIDE PAYROLL
INTERMEDIARY SERVICE TO
PARISHES



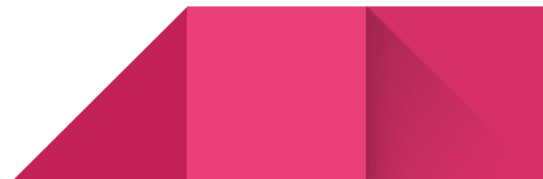
Introduction

This proposal has been prepared as a result of various discussions between Laurenson Chartered Accountants (LCA) and the Presbyterian Church of Aotearoa New Zealand (PCANZ) administration regarding a perceived need for payroll to be run more efficiently and to be compliant with Inland Revenue requirements.

Why use a Payroll Intermediary?

Broadly speaking, we see challenges for organisations running their own payroll as falling under the following broad headings:

1. Compliance with the law around remunerating employees, including:
 - Providing accurately for employees' entitlements to holiday pay, sick pay and alternative leave (or lieu time). Recently there have been a number of news reports highlighting that many NZ employers are calculating leave incorrectly, and there is potential for employees, both past and present, to make retrospective claims where they have been underpaid;
 - Understand and provide remuneration when an employee suffers an injury covered by ACC (both those suffered in the workplace and those not);
 - Correct treatment of allowances and reimbursements.
2. Compliance with Inland Revenue Department's requirements, including:
 - Taxing employees' pay when it is not a regular/standard amount every pay;
 - Kiwisaver – your obligations as an employer and ensuring that the information you provide to the IRD is accurate and correctly calculated;



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- Beneficiary fund contributions – particularly relevant to PCANZ and fraught with the potential to be handled incorrectly as a result of confusion regarding how contributions should be returned to IRD.

3. Financial/accounting issues, including:

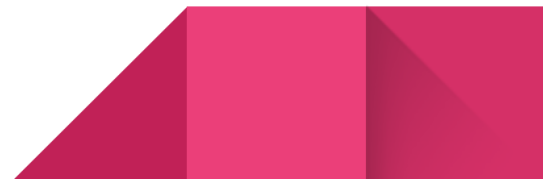
- Accurately reflecting what you are both paying your employees and filing/returning to the Inland Revenue Department in your financial files (Xero or other), to ensure that your financial reporting presents a true and fair view of your financial position;
- Regular reconciliation of same to ensure no “nasty surprises” at end of year financial reporting.

Why can't organisations just run their own payroll systems?

The answer is, of course, that they can. However, as with any system:

1. It's imperative that the software is set up correctly at the outset;
2. When any changes are made within the organisation, that those changes are correctly provided for in the software;
3. The person operating the system stays completely up to date with the often-changing laws and regulations which guard employment situations and know how to handle them.

In our work assisting parishes with preparation of end of year financial statements, we have found many many instances of discrepancies, sometimes running to thousands of dollars, in the reporting of payroll expenditure. This is something we tend to see where a system has been set up correctly initially, but the person operating it, while following instructions about “which buttons to push” in running a pay and generating returns, doesn't necessarily have a clear understanding of *why* they are taking the actions they are, so doesn't know when to be concerned.



Pay Day Filing


The Inland Revenue's next significant change in the way they process information is Pay Day filing, which all employers MUST comply with as from 1 April (they can choose to implement earlier than that if they wish). This will place pressure on organisations where those administering payrolls do not work full-time (as is often the case in parishes), as what is currently a monthly process (i.e. PAYE return) will now need to be completed every pay (which could be as often as weekly). This will represent an increase in workload, as the same amount of time and effort will be needed to file a return for one pay as for two or four.

Additionally, as from 1 April, the IRD is implementing a broader requirement for the information employers are required to collect and hold for employees, and because of the requirement to return payroll details within 3 days of payment being made, administrators will have significantly less time than they currently do to collect that information.

Proposal to supply Payroll Intermediary Services

Parishes are currently processing payroll using a variety of methods including manual wages books, spreadsheets, and Xero Payroll. While Xero Payroll is serviceable, we feel that at present, its reporting is limited and relies on the user filing all documents with Inland Revenue. The use of a payroll intermediary will overcome these constraints with less time required by Parish staff/volunteers and peace of mind that all reporting to Inland Revenue is compliant and on time.

We recommend iPayroll, for its functionality to file all IRD requirements behind the scenes, much broader scope of reporting, the provision for employees to be able to log into the system via a mobile phone app to look at their own documents, and its comprehensive treatment of leave and tax for every conceivable type of employee. While not being part of the same



software package (as Xero Payroll is) iPayroll still interfaces with Xero, and provided it is set up correctly, information will synch into Xero from each pay run.

LCA are offering an option with iPayroll which would include:

1. Setting up the software to accurately reflect your organisational requirements;
2. Entering all current employees into the system, based on information supplied to us (we would provide you with a document template to be completed for each employee or contractor you pay via the software);
3. Processing regular pay runs as agreed with you;
4. Satisfying all IRD requirements for filing of returns;
5. Ensuring that payroll figures are correctly imported and reconciled in your Xero accounting file.

Provisos:


- Pay information (including any new employees) to be supplied by you in good time for processing and payment to take place – this time frame to be agreed between us;
- Up to 2 additional employees to standard payroll may be included in each pay run (e.g. one-off payments or irregular payments to contractors) without affecting the fee band into which the organisation usually sits. If more than 2 are required to be processed and this pushes the organisation into a new fee band, that fee may be charged for that pay run.

Timing

With the change to payday filing becoming mandatory in April we expect most Parishes taking up this offer would want it operational no later than 1 April 2019. Provided you are able to supply the information which we require, we are happy to undertake to meet that deadline.

Pricing

The following table gives costings for parishes or entities with between 1 and 5 employees, and **indicative** costings for parishes or entities with larger numbers of employees.



Note that there are two options with regard to pricing:

Option 1:

LCA setup iPayroll file and process all payroll runs from information provided by parishes/entities.

Included: setting up new employees; ceasing employees within the payroll system if they leave; entering and checking all holiday, sick and alternative leave pay; ensuring that allowances and reimbursements, along with contributions to beneficiary funds etc. are handled correctly, all filing of returns required by Inland Revenue Department; arranging payment of all pays and IRD monies due on correct dates.

For this option, the parish or entity would pay the one-off cost for setup (top section of table) plus a regular monthly cost as per the very bottom section of the table.

Example:


A parish with 3 employees running a fortnightly payroll would pay \$115 plus GST per month. The only thing the parish treasurer or administrator would be required to do in this case would be to supply the fortnightly hours on a template provided by us.

Option 2:

LCA setup iPayroll file, after which the entity processes its own payroll on a regular basis using iPayroll software.

Included: all filing of returns required by Inland Revenue Department; arranging payment of all pays and IRD monies due on correct dates (this is done by iPayroll).

NOT Included: setting up new employees; ceasing employees within the payroll system if they leave; entering and checking all holiday, sick and alternative leave pay; ensuring that



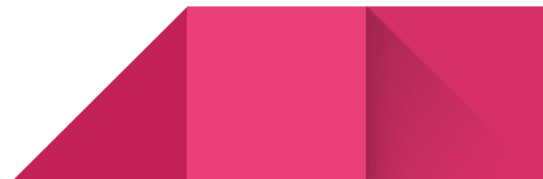
allowances and reimbursements, along with contributions to beneficiary funds etc. are handled correctly.

For this option, the parish or entity would pay the one-off cost for setup (top section of table)

Example:

A parish with 3 employees running a fortnightly payroll on this basis would pay \$20.30 plus GST per month.

See pricing table on next page:



Item/Number of Employees	1	2	3	4	5	6 - 10	11 - 20	21 - 35
						(See Note (1) Below)		
Setup costs - One-off								
Costs ex: I-Payroll:								
Initial Organisation Setup	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Initial Setup of Employees	\$ 10.00	\$ 20.00	\$ 30.00	\$ 40.00	\$ 50.00	\$ 100.00	\$ 200.00	\$ 300.00
Plus costs ex: Laurenson:								
To implement programme	\$ 285.00	\$ 285.00	\$ 285.00	\$ 285.00	\$ 285.00	\$ 285.00	\$ 475.00	\$ 760.00
Total One-off cost for setup	\$ 370.00	\$ 380.00	\$ 390.00	\$ 400.00	\$ 410.00	\$ 460.00	\$ 750.00	\$ 1,135.00
Ongoing Running Costs								
Costs ex: I-Payroll:								
To run a weekly payroll	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75
To run a fortnightly payroll	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
To run a bi-monthly payroll	\$ 16.80	\$ 16.80	\$ 16.80	\$ 16.80	\$ 16.80	\$ 16.80	\$ 16.80	\$ 16.80
To run a monthly payroll	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60	\$ 33.60
ADD:								
Processing fees:	\$ 1.30	\$ 2.60	\$ 3.90	\$ 5.20	\$ 6.50	\$ 16.50	\$ 36.50	\$ 66.50
Bank transaction fees:	\$ 0.30	\$ 0.60	\$ 0.90	\$ 1.20	\$ 1.50	\$ 3.00	\$ 6.00	\$ 10.50
Total Ongoing Running Cost ex: I-Payroll (refer Option 2 in proposal):								
Weekly Payroll	\$ 9.35	\$ 10.95	\$ 12.55	\$ 14.15	\$ 15.75	\$ 27.25	\$ 50.25	\$ 84.75
Fortnightly Payroll	\$ 17.10	\$ 18.70	\$ 20.30	\$ 21.90	\$ 23.50	\$ 35.00	\$ 58.00	\$ 92.50
Bi-monthly Payroll	\$ 18.40	\$ 20.00	\$ 21.60	\$ 23.20	\$ 24.80	\$ 36.30	\$ 59.30	\$ 93.80
Monthly Payroll	\$ 35.20	\$ 36.80	\$ 38.40	\$ 40.00	\$ 41.60	\$ 53.10	\$ 76.10	\$ 110.60
Total Monthly Cost if Processed by Laurensons-incl all I-Payroll fees (refer Option 1 in Proposal):								
Weekly Payroll	\$ 180.00	\$ 185.00	\$ 190.00	\$ 195.00	\$ 205.00	\$ 390.00	\$ 490.00	\$ 775.00
Fortnightly Payroll	\$ 105.00	\$ 110.00	\$ 115.00	\$ 120.00	\$ 120.00	\$ 215.00	\$ 265.00	\$ 400.00
Bi-monthly Payroll	\$ 100.00	\$ 105.00	\$ 105.00	\$ 110.00	\$ 115.00	\$ 200.00	\$ 245.00	\$ 380.00
Monthly Payroll	\$ 65.00	\$ 65.00	\$ 70.00	\$ 70.00	\$ 75.00	\$ 115.00	\$ 140.00	\$ 205.00

Note (1): costs in this column are indicative only, as numbers shown are for a range of numbers of employees. If parishes or entities have a number of employees which falls into one of these bands, we can quote an exact fee on application.

Support

PCANZ has agreed to fund a payroll helpline for all parishes with payroll queries from the 1 April for a 3-month period.

There will be an 0800 number in place for this helpline to ensure direct contact with a payroll team member.

