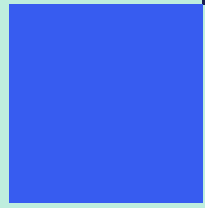




**Thankyou
Payroll**



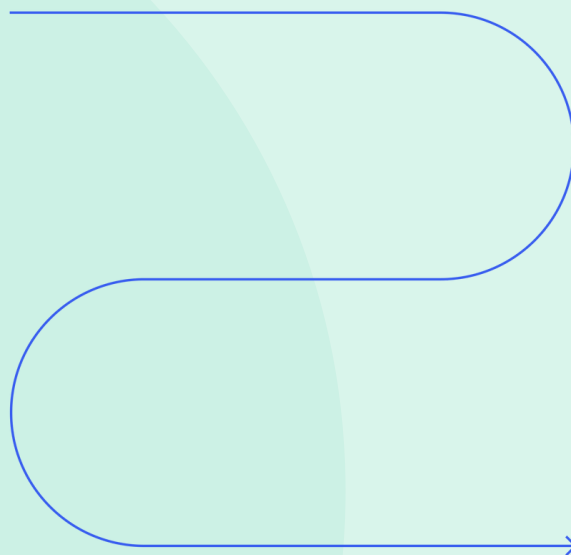
End of Financial Year Payroll Guide

The end of the financial year is unavoidable for businesses but that doesn't mean it has to be stressful.

Follow our compact EOFY Guide so that you can cross payroll off your list in no time.

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EOFY Glossary

Let's get to know some of the key terms surrounding payroll and the end of the financial year. With these definitions under your belt, you'll be flying through the rest of this guide in no time.

E

End of Financial Year (EOFY)

The end of a 12 month accounting period for businesses (otherwise known as a business' balance date). In New Zealand, this date is usually 31st March ([with some exceptions](#)).

G

Gross pay

The total an employee/s earns in salary, wages or other taxable payments - used to calculate PAYE, Kiwisaver contributions and Student loan deductions

I

IRD

The IRD (Inland Revenue Department) collects tax revenue (PAYE), along with other deductions from an employee's pay, such as student loan deductions.

K

Kiwisaver contributions

Employers must contribute at least 3% of an employee's gross earnings, if they are enrolled in KiwiSaver. By default, employees will contribute 3% of their gross earnings – although they can increase their contributions up to 10%.

L

Leave liability

The value of leave an employer owes to an employee/s at the end of employment.

M

Minimum wage

The lowest wage an employer can legally pay their employees. This is not to be confused with the [living wage](#) (voluntary) which is an independently calculated figure determined to be enough to maintain a normal standard of living.

EOFY Tasks

There are two tasks you need to fulfil as an employer in order to successfully prepare your payroll for the end of the financial year.

The rest of this guide will walk you through these tasks so that you can enter April with a smile on your face.

Prepare for your EOFY reports.

→ Does your accountant/bookkeeper have the necessary payroll information?

→ Will your final pay of March fall in the correct financial year?

Task 1

Prepare for IRD legislation changes.

→ Are there any IRD legislation changes that will impact your payroll in the new financial year?

Task 2

Task 1

EOFY Reports

Payroll makes up a large proportion of a business' cash flow. That's why it's so important to a) know your figures and b) check you're set up correctly for the following financial year.

→ What information does my accountant/bookkeeper need?

There are three key figures that your financial advisor will ask you for at the end of the financial year:

- 1** **Gross pay** for the 12 months prior to your balance date.
- 2** **Gross KiwiSaver contributions** for the year.
- 3** **Total leave liability** on your balance date.

! If your leave liability doesn't look quite right, it's a good idea to check your employees' leave balances and leave settings in case there has been an error. Your payroll provider may be able to help you with this.



If you're with Thankyou Payroll, this information is readily available in your Employee Report. Learn more in our [help article](#).

→ How do I make sure my pay falls in the correct financial year?

Depending on your pay day, you may find that your pay funds leave your account in the current financial year, but your staff aren't paid until the new financial year. This is more common for people with payroll intermediaries.

For some businesses, this isn't a problem. However, if you would like both payments to sit within the same financial year for reporting purposes, it's just a matter of bringing forward your pay day.

! If you are paying out bonuses at the end of the financial year, the above applies too.



If you're with Thankyou Payroll, our [help article](#) will show you how to change your pay date to the current financial year.

Task 2

Legislation Changes

IRD legislation changes usually come into effect on the 1st April as this is when most businesses' financial years begin. As an employer, it's your responsibility to make sure you know which changes apply to your payroll.

→ How do I know which legislation changes apply to my payroll?

IRD will usually make updates to payroll legislation at the beginning of the financial year. This often relates to new tax rates or wage thresholds.

If you use payroll software, it's likely that some of these changes will be automatically reflected in your pay calculations. However, it's a good idea to check with your provider each financial year end about which changes are your responsibility to implement.



Whether you're making the changes or not, it's your job as an employer to make sure that your employees are well informed about any fluctuations they might see in their paycheck and what they mean.

For example, in April 2023, the following legislative changes from IRD fall into place for the 23/24 FY:

- 1 Minimum wage increase.
- 2 ACC Earner's Levy increase.
- 3 Student loan threshold increase.

If you're with Thankyou Payroll, our system will update to reflect changes 2 and 3.



Adapting to wage thresholds (change 1) is the responsibility of the employer. With this change, it's possible that you will have to change your pay rate during the middle of a pay period.

Our [help article](#) will show you how to do this in a tick.

**Good things
happen when
we payroll
together.**

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