



Cook Islands Payroll Processing

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Welcome to SmoothPay payroll for the Cook Islands

SmoothPay provides built-in localisation (tax and superannuation rules) for the **Cook Islands**.

This guide is intended as a general guide on how to proceed in each of the identified situations.

This guide is not a substitute for correct legal advice. If in any doubt regarding your legal obligations, you should consult a *Labour Officer or Inspector* or your legal adviser.

SmoothPay is designed to permanently record your pay input entries for subsequent retrieval and reporting. If used correctly, it will provide you with all the requirements for leave recording and reporting, overtime, allowances history, leave accruals, superannuation, tax reporting, auditing etc.

Extra localisation, such as specialised reporting requirements, or implementation of rules we may not know about, can be requested by contacting the SmoothPay helpdesk and providing as much in the way of supporting documentation and examples as possible.

Employees in the Cook Islands are provided minimum employment conditions by the *Employment Relations Act 2012*.

Do this FIRST!

If you have installed from the localised installation file (*available from the Cook Islands page on our website*), then your system will already be set up correctly for Cook Islands payroll processing.

If, on the other hand, you installed from a generic installation, then your payroll will probably be set for Australian payroll rules, or one of the other countries supported by SmoothPay. If so, you need to delete the original installation and re-install from the correct install file (*or download the correct empty database from the country-specific features page on our website, or call the HelpDesk for assistance*).

SmoothPay is now ready for Cook Islands payroll processing and you can commence with the rest of your setup, then add or import employees - **refer to our *Getting Started Guide*** and follow the easy steps. The *Getting Started* and *Pay Process* guides are available on the splash screen under *Tutorials*, and under *Help*, as well as our website.

You can also call our helpdesk for assistance by phone or by email - it's free during your evaluation, and all support is included as part of your subscription.

Piece-rate and casual contracts

Piece-rate employees are defined as "Casual" in the employee record (*Staff..Contract*), and the leave entitlements (*Staff..Leave..Entitlements*) can be set to zero unless otherwise agreed.

Pay input will be via the *F6 (Staff..Pay..Allowances)* screen, using allowance codes to represent each type of piece-work, the units of work and the rate applicable to each unit. New codes are added in the Codes section (refer *Getting Started Guide*).

Permanent (usual) piece-rate entries should be saved as part of the employee's Standard Pay Template (to avoid having to re-enter them each pay period).

Overtime

SmoothPay provides for overtime via (*Pay..Time entries*) with a default multiplier of 1.5, and 2 for double time. You can add other overtime codes if you need to (*Codes..Time*) to cater for other time types and different multipliers.

Maternity Leave

All eligible working women are entitled to 6 weeks paid maternity leave.

This should be entered as Leave Taken (a Maternity Leave code is supplied in the default Cook Islands database template, set up as auto-balancing).

Paternity Leave

All eligible working fathers are entitled to no less than 2 days paid and 3 days unpaid paternity leave.

This should be entered as Leave Taken (a Paternity Leave code is supplied in the default Cook Islands database template, set up as auto-balancing).

Annual (or Holiday) leave

The minimum prescribed entitlement is 10 working days off after each year of service (*except casual and piece-rate workers*) or a pro-rated portion for part-time workers.

Therefore, each employee's annual leave should be established as Annual Days with the annual accrual (e.g. 10 or more) set as required. Any balance owed from their previous annual accruals should be set in *Staff..Leave..History* by adding a transaction containing the bring-on balance).

If you choose a different method (*e.g. Percentage each pay, or annual weeks, or annual hours*), then a rate producing a similar result should be used, however for clarity, the method prescribed by the Act should be used (*10 days, accruing annually for a full-time employee*).

Annual Leave entitlement on termination

Any unused annual leave accrued is payable. The Leave Taken wizard provides a termination function which will calculate the balance payable for you.

Sick Leave

The minimum entitlement is 5 days of paid sick leave for every 12 months of continuous service.

Leave balances on payslips

For each type of leave you have the option of showing the leave balance on the employee's payslip - refer *Codes..Leave*

Payslips

SmoothPay provides for printing of individual payslips (in a variety of styles) from each employee's Pay Input screen, or in bulk from Standard Reports.

Payslips may also be emailed - individually or in bulk from the Standard Reports screen.

These disclose all the required information to the employee.

Leave Records

A series of reports is available from SmoothPay which, when combined, provide full details of leave taken, leave accruals and employee information:

- Employee detail printout, shows all required employee details including next of kin
- Individual leave reports show details of leave accruals, adjustments, leave taken
- Summary and detail reports are also provided that show leave entitlements and balances

Leave comments may also be edited to provide a complete history/reason for leave and adjustments.

Savings and Loans

SmoothPay provides a built-in Savings and Loans module that lets you easily establish and manage:

- loans and a repayment rate,
- savings with an optional target and the ability to borrow against savings or even to overdraw savings
- print statements and balance reports at any time
- show account balances on the employee's payslip

For more information, please refer to the Savings and Loans Guide available on our website.

Taxation

SmoothPay provides current tax rules and calculations for weekly, fortnightly, 4-weekly, monthly and half-monthly pay cycles.

Primary income employees are taxed according to the current tax thresholds.

Secondary income employees are taxed at the No Declaration rate unless a rate is entered in their tax settings (*this rate will be on the RM153 form*).

Agents/Contractors (e.g. real estate agents) who have requested tax to be deducted and VAT to be calculated can be processed in SmoothPay (and a tax invoice is issued instead of a payslip). If no tax rate is specified then no tax will be deducted.

No declaration employees are taxed at No Declaration rate.

Directors Fees

Despite the Income Tax Act identifying directors fees as Employment Income, we have received official advice from RMD that **directors fees are not subject to PAYE**.

Tax reporting

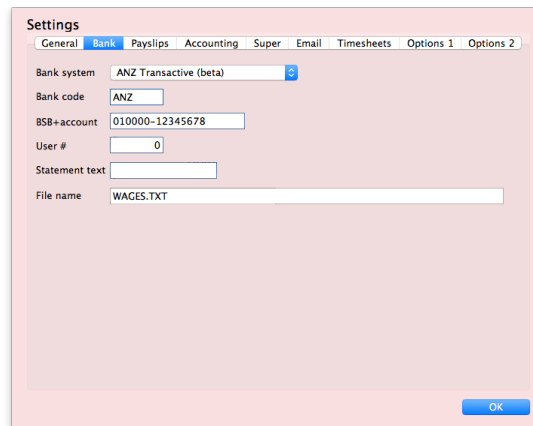
SmoothPay provides a full complement of PDF forms (RM101, RM106) supplied by RMD and pre-filled as required.

The RM101 Tax Deduction Certificate forms can be produced for a single employee direct from their History tab, or for an entire tax year from the Reports..Tax menu (NOTE: the form is printed with 2-copies per A4 page)

The RM106 PAYE Reconciliation Form (creates a spreadsheet called PAYE.XLS) and PAYE Reconciliation Statement are produced from the Reports..Tax menu.

Bank Accounts and Direct Credit files

SmoothPay can generate direct credit files for various banking systems (e.g. ANZ PC1, ANZ Transactive and BSP).



The screenshot shows a 'Settings' dialog box with the following fields and values:

- Bank system: ANZ Transactive (beta)
- Bank code: ANZ
- BSB+account: 010000-12345678
- User #: 0
- Statement text: (empty)
- File name: WAGES.TXT

If the option you need is not available then please contact the HelpDesk and we'll provide additional options (*as long as we can obtain the required formatting information*).

Every time a direct credit file is produced you will be presented with a Direct Credit Schedule report showing you all direct credit entries in the current pay run.

When the current pay run is finished, any direct credit files required will be produced automatically.

You can also re-run a direct credit schedule (*and associated direct credit files*) for any historical batch at any time (*Reports..Pay..Direct Credit*). This is very useful for testing purposes.

Bank accounts must be entered and formatted as follows:

ANZ use standard bank codes (see list below) e.g.
020000-123456

Where 02000 is the Bank (02=ANZ, 0000 is the branch number if known/used) for the BSB part, and 123456 is the Account.

BSP have their own BSB numbers and must be entered correctly, e.g.
039001-123456

BCI accounts can have letters (optionally replaced by digits, S=5 and L=7 - SmoothPay provides for either method)

Here is a list of known Banks and BSB's used in Cook Islands (at time of writing):

BSP bank users

- 039001 BSP accounts
- 089001 BCI accounts
- 099012 ANZ accounts

ANZ Bank users

- 01 Bank of the South Pacific (BSP) - entered as 019001
- 02 ANZ - entered as 020000
- 03 Bank of the Cook Islands (BCI)* - entered as 030000

Please make sure you enter the BSB correctly in ALL cases. If you don't know the actual branch code use 0000 (so you end up with 030000 as an example for BCI).

* *BCI do not actually have an official "Bank number prefix", so to identify BCI in SmoothPay using ANZ banking please use the "03" prefix as indicated (BSP bank users need to use 089001 instead). They do however have numerous branch codes (Aitutaki=02, Manihiki=03, Penrhyn=04 and so on. Please enter the BSB as 030000 and the account starting with the branch number (e.g. 08123456 for Rakahanga), as that is all that is required for BCI to make payment to the correct account. So, a correctly formatted BSB and Account would look like this:*

030000-08123456

* *BCI also have alpha characters in account numbers (e.g. 12345L56 or 12345S1 etc.). These can be entered as supplied (or you can substitute "5" for "S" and "7" for "L")*

SmoothPay also provides optional entry of a SWIFT code (if present it will be used in the ANZ Transactive file, otherwise the ANZ SWIFT code will be used for "01" accounts and the BSB for other banks.

Employee bank account/s can be created, edited etc. in the *Staff..Bank* screen.

There is no limit to the number of bank accounts an employee may have, and each account can be set as an amount per pay, a percentage of pay, balance of net pay etc, providing full flexibility.

DO NOT use employee bank accounts area for payments to other parties - use Agencies/Payments instead.

Agency bank accounts

Payments to other parties (Agencies) require an Agency record to be created (Codes..Agencies), which is then added to the employee's Payment tab as required.

The agency payee details provide for account name, bank name, branch name, SWIFT code (optional).

If bank name is not entered then the first line in the agency name/address block will be used instead.

Superannuation

SmoothPay provides for automatic calculation of both the employee and employer contributions for CINSF.

Default superannuation percentages are established in *Configure..Super*.

The screenshot shows the 'Settings' window for Superannuation. The 'Super' tab is active. The 'Provider' is set to 'CINSF'. The 'Employee %' is 5.000000 and the 'Employer %' is 5.000000. The 'Employer Ref#' is 'XX123'. There is a checkbox for 'Allocate employer contributions in costing analysis' which is checked. A dropdown menu is set to 'Prorated'.

NOTE the option to include employer superannuation costs in the cost analysis reports for easy accounting for super.

Each new employee you add will inherit these as their default values (*Super* tab). Change the superannuation provider and settings if you need to (*Super* funds can be added in *Codes..Agencies and Super Funds*) or you can choose “None” if the employee is not eligible.

NOTE: Superannuation in Cook Islands is usually calculated on taxable earnings (*except lump sums on termination*).

There is an option on all time, leave and allowance codes to include for superannuation if you wish to include/exclude specific earnings types.

Superannuation reporting

Comprehensive Superannuation Schedules (*Reports..Super..Schedule*) includes:

- a schedule report of totals per month, per employee, grouped by pay-point (employee department) or by Super Fund
- individual payment schedules per fund (again, itemised by employee/month)

- an optional electronic reporting file CINSF_XXXXX_dd-Mon-YYYY.XML for email to CINSF (*this is created in your SmoothPay Gold\spool folder and then you can easily email it to CINSF for processing*)



PLEASE NOTE: Your CINSF Employer Code (“AC001” in the example above) **MUST** be entered in the CINSF agency payee details area, otherwise it will not be accepted by CINSF for processing.

A recent change makes this available also in Configure..Super (please check!)

Salary Packaging

Please check with RMD (Revenue Management Division) before entering into any packaging arrangements.

Packaging may include:

- Sacrifice to superannuation
- Non-cash benefits that are wholly or partially exempt from income tax
- Novated leases (motor vehicle, if the vehicle is used solely for business purposes). Any private use is a taxable benefit. Transfer of ownership to the employee is a taxable benefit equivalent to:
 - current market value at the end of the lease period or
 - residual lease value when the transfer occurs

Here is an example of a sacrifice code set up (create separate codes for super sacrifice etc as needed):

The screenshot shows the SmoothPay Gold Payroll interface. On the left, a navigation pane lists 'STAFF' and 'CODES'. Under 'CODES', 'Agencies and Super Funds' is expanded, and 'Sacrifice' is selected. The main area shows 'Current records' with a list of entities including AON, COURTS PNG LTD, HEDURU MONI LTD, JOHEN INVESTMENTS, MERCHANT TRADERS LTD, NPF, SUPER, and VIRTUES CHILD DAY CARE. The 'Sacrifice' record is highlighted. On the right, the form for this record is displayed. The 'Title' is 'Sacrifice'. The 'Payee' is 'Super fund (insert full name and address of payee here)'. The 'Category' is 'Salary Packaging', which is highlighted with a red box. The 'Holding A/c' is 'Deductions Holding', also highlighted with a red box. The 'Calculation' is 'Amount per pay period'. There is an 'Employer expense?' checkbox which is unchecked. At the bottom, there is a 'Payment' button labeled 'Payee account details'. The status bar at the bottom shows '529', 'SmoothPay NZ HelpDesk +64 6 3536462', and a link to 'Email the HelpDesk'.

Add the sacrifice to the employee's payments tab entries for the amount required each pay period.

We recommend that all packaging arrangements be in writing and cleared with RMD.

Software (Program) updates

All tax rules and other legislative changes are incorporated in regular software releases - minor updates are issued approximately monthly, however tax changes are generally included in updates around the end of the tax year, ready for the next year (*it depends on when we receive notification of any changes*).

For this reason it is VERY IMPORTANT that you keep your software up to date.

SmoothPay automatically checks for updates (every 2 weeks or so), however to be effective you need a broadband connection as the update download can be quite large.

If your internet connection isn't particularly fast or your payroll computer isn't connected to the internet, then you can obtain the latest update from **any computer** connected to a decent broadband connection (*e.g. another business computer, an Internet Cafe, Library etc*) and save the update file to a USB stick, CD or other media - then, on your payroll computer just run the latest update from that media.

SmoothPay support, training and assistance

SmoothPay provides all end-user support, training and assistance **at no additional cost** as part of both your evaluation of SmoothPay and as part of your ongoing subscription. This includes "direct-to-desktop" assistance with any problems you might be having (requires a reliable broadband connection) - it includes a handy chat feature which enables discussion during training.

We can be contacted via phone or email (see the foot off the Control Centre for contact options).

You may need to backup your data to our free offsite internet backup (*or upload your latest database archive to dropbox or other file-sharing service*) for analysis, especially for technical questions or troubleshooting. This is highly recommended to further protect your payroll data in the event of computer loss or data corruption.

Feedback

We're always keen to do better!

Any and all feedback is appreciated and if you feel we could include better examples, provide more explanation, provide references to additional information, make a process easier to use, or you spot something that isn't working the way it's supposed to - please let us know.