



Solomon Islands Payroll Processing

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Welcome to SmoothPay Payroll for the Solomon Islands

SmoothPay provides built-in localisation (tax and superannuation rules) for **Solomon Islands** and is available for Desktop (Gold) and Online (goPayroll).

Employees in the Solomon Islands are provided minimum employment conditions by various Acts (*Labour Act, Employment Act, Unfair Dismissal Act, Workmen's Compensation Act*). Links to these Acts are available on the Solomon Islands page of the SmoothPay website.

The **Labour Act** provides for basic entitlements such as minimum wage rate, overtime rates, rest periods, hours of work etc.

The **Employment Act** provides for employment contracts, employers' liability insurance requirements, redundancy and any associated payment, dismissal and long service benefits.

This guide covers some of these issues in the Solomon Islands edition of SmoothPay Payroll, and 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 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 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.

Do this FIRST!

If you have installed from the localised installation file (*available from the Solomon Islands page on our website*), then your system will already be set up correctly for Solomon 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 Solomon 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*, also under *Help*, as well as our website.

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

AV/Security settings

It is compulsory for AV/Security settings to specifically exempt the SmoothPay folder, it's processes and database file/s from active scanning by any AV/Security tools (MSE, Kaspersky, Norton etc), as these can cause severe degradation of performance and prevent necessary access to web-services, online backup, etc.

A comprehensive guide to the internet services and ports used by SmoothPay is available from our documentation centre online.

IT support must ensure this is implemented.

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 (additional loading allowances can be added if required).

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 (*normally used for extra time per day and work on weekends*), and a multiplier of 2 for **double time** (*payable for work done on a public holiday*). You can add other overtime codes if you need to (*Codes..Time*) to cater for other time types and different multipliers.

Stand-by Duty

This is normally paid as an allowance via the (*Pay..Allowances*) screen.

Maternity Leave

Female staff (*other than casual*) are entitled to 12 weeks paid maternity leave (*at 25% or normal wages*) and job protection during that period - see Labour Act for full details.

The screenshot shows a software window titled 'Current records' with a list of leave types on the left. The 'MATERNITY' record is selected. The main configuration area for this record includes the following fields and options:

- Abbreviation:** MATERNITY (with an 'Inactive' checkbox that is unchecked)
- Description:** Maternity leave
- Category:** Other Leave (with an information icon)
- How often?:** No entitlement or accrual (with an information icon)
- Cost centre:** (empty field with an information icon)
- Options:**
 - Show balance on payslip?
 - Balance never reduces?
 - Leave without pay?
 - Include in Super calculations?
 - Counts towards Rostered Day Off?

At the bottom left of the window are navigation buttons (+, -, print) and a page number '393'.

Example Maternity Leave code setup

Recreation Leave (Annual or Holiday leave)

The minimum prescribed entitlement is 1.25 working days for each complete calendar month of service (*15 days per year, except immigrant workers*) payable at normal pay rates.

Any travelling time is permitted as unpaid leave.

Workers are entitled to have one annual return journey home at the employer's expense.

Therefore, each employee's annual leave should be established as Annual Days with the annual accrual (e.g. 15 or more) set as required and marked as "Accruing per pay period".

Current records

ABSENT
ANNUAL
 COMPASSIONATE
 LEAVE WITHOUT PAY
 MATERNITY
 PUBLIC HOLIDAY NOT WORKED
 SICK

Abbreviation Inactive

Description

Category ⓘ

How often? ⚙️

How much?

Limit?

Cost centre ⚙️

Accrue portion per pay period?
 Show balance on payslip?
 Balance never reduces?
 Leave without pay?
 Include in Super calculations?
 Counts towards Rostered Day Off?

+ - 🖨️ 392

Example Annual Leave code setup

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 (*15 days, accruing per pay period*).

Any starting balance owed from their previous accruals should be set in *Staff..Leave..History* by adding a transaction containing the bring-on balance).

Sick Leave

The minimum prescribed entitlement is not more than 22 working days in any calendar year, provided employment has been at least 26 weeks (*excepting immigrant workers*).

Therefore, each employee's sick leave should be established as Annual Days with the annual accrual set as required (e.g. 22) and commencing after 6 months.

You may set the maximum accrual option to 22 (*or more if you wish*), and SmoothPay will automatically maintain the balance at, or below, this level.

The screenshot shows the 'Sick Leave' code setup interface. On the left, a list of leave codes is displayed under the heading 'Current records'. The codes are: ABSENT, ANNUAL, COMPASSIONATE, LEAVE WITHOUT PAY, MATERNITY, PUBLIC HOLIDAY NOT WORKED, and SICK. The 'SICK' code is selected and highlighted in blue. Below the list are navigation buttons: '+', '-', and a printer icon. The number '391' is visible at the bottom of the list. On the right, the configuration fields for the 'SICK' code are shown. The 'Abbreviation' is 'SICK' and there is an 'Inactive' checkbox. The 'Description' is 'Sick leave'. The 'Category' is 'Personal (Sick) Leave'. The 'How often?' is 'Days per year'. The 'How much?' is '22.000000' with a 'Fine tune' button. The 'Limit?' is '22.00'. The 'Cost centre' is 'None'. There are several checkboxes: 'Accrue portion per pay period?' (checked), 'Show balance on payslip?' (unchecked), 'Balance never reduces?' (unchecked), 'Leave without pay?' (unchecked), 'Include in Super calculations?' (checked), and 'Counts towards Rostered Day Off?' (unchecked). At the bottom, there is a 'Commence accrual after' field set to '6' months.

Example Sick Leave code setup

If you choose a different method of accrual (*e.g. Percentage each pay 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 (6 days, accruing annually).

Any starting balance owed from their previous accruals should be set in *Leave..History* by adding a transaction containing the bring-on balance).

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. Another option available is email payslips - also available 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.

Bank Accounts and Direct Credit files (ANZ Diskpay, PC1 format)

SmoothPay can produce a generic bank transfer schedule, or a direct credit file in ANZ Diskpay PC1 format.

ANZ Diskpay format requires that you enter bank account numbers in a specific manner:

BSB+account 020000-04685025

Example bank account number, formatted for ANZ Diskpay

The first 2-digits of the BSB will always be one of:

- 01 (BSP)
- 02 (ANZ)
- 03 (WBC)
- 04 (CBSI)

The next 4 digits will always be zero (we ignore them, but they need to be there so that the “account number” part starts after the “-“ character)

The remaining digits will be the account number (up to 8 digits)

For non-ANZ accounts, just place the account number after the “-“

Here’s an example:

020000-00123400
030000-123456

Which means ANZ, account 1234, suffix 00
Which means WBC, account 123456

If/when the banks implement branch codes, then the place-holder “0000” can be used to hold the branch number (it’s not currently extracted as the file format requires zeros in this position)

The Company bank account is entered in the Company Setup..Bank screen, eg:

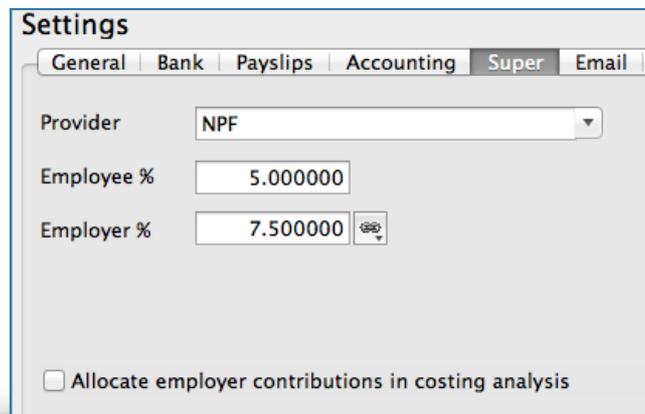
Employee bank account/s can be created, edited etc. in the *Staff..Bank* screen.

You can have as many bank accounts per employee as you wish, and each account can be set as an amount per pay, a percentage of pay, balance of net pay etc, providing full flexibility.

Superannuation

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

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

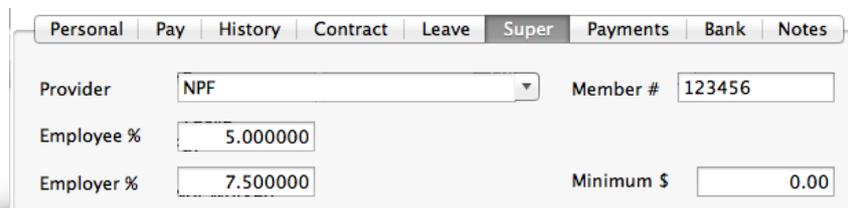


Field	Value
Provider	NPF
Employee %	5.000000
Employer %	7.500000
Allocate employer contributions in costing analysis	<input type="checkbox"/>

Typical default superannuation settings

Note the options to include employer superannuation costs in the cost analysis reports

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.



Field	Value
Provider	NPF
Employee %	5.000000
Employer %	7.500000
Member #	123456
Minimum \$	0.00

Employee super settings

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 EDI.xlsx spreadsheet (if you wish to send your return data in electronically)

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.

Honiara City Tax

SmoothPay is supplied with an agency code for Honiara City Tax (*currently a rate of 1% of ordinary or equivalent earnings*).

Every employee resident in Honiara, who has annual earnings of \$10501 or more, should have this tax added to their Payments tab:

The screenshot shows the 'Payments' tab in the SmoothPay software. The 'Agency' dropdown is set to 'Honiara City Council'. The 'Rate/Amount' field contains '0.010000' and there is an 'Inactive' checkbox. The 'Particulars' field is 'HCC Basic Rate'. The 'Priority' dropdown is set to 'Compulsory'. The 'Calculation' is 'Earnings x Rate'. There is a 'Reducing balance?' checkbox. The 'Original balance' and 'Balance owing' fields both contain '0.00'. At the bottom, there are instructions: 'All payments made to other agencies on behalf of the employee should be listed and maintained here' and 'Agencies are created in Codes..Agencies'.

IMPORTANT: If you add or change payroll codes for allowance, time or leave then you should also check that the Honiara City Tax agency code is fine-tuned (click Fine-tune button in the Codes..Agencies..Honiara City Tax) to ensure it includes basic earnings from all applicable sources.

By definition, the Honiara Basic Rate (commonly called Honiara City Tax) is calculated on ordinary time or equivalent earnings (holiday pay, sick leave etc that would otherwise have been ordinary time). It is NOT NORMALLY CALCULATED on overtime, bonus payments etc.

If you have any doubt if a payment should be included for Honiara it Tax you should contact the Honiara City Council on 21133 or 21134

Malaita Employee Tax

If you have staff in Malaita then employees are required to contribute an annual levy to Malaita Revenue based on their monthly salary.

You will need to collect an amount from the employee each pay period, then complete a schedule and make payment each year. Unfortunately it's not a percentage but based on a scale of fees according to salary, so you need to take care when setting an appropriate rate.

Step 1: set up a new Agency code (*Codes..Agencies*) for Malaita Rate, calculated as '*amount per pay period*'

Step 2: Add the Agency code to each employee's Payments tab and set a rate that would produce an annual rate amount (except it'll be collected in small portions each period)

Example: Assuming you have an employee who is likely to earn 500 per month (on average, over the year - a "salary" of 6000), his basic rate would be 84 for the year:

- assuming the employee is paid fortnightly, divide 84 by 26 = 3.23 per pay period
- set the amount to 3.23

At the end of the year you will have deducted 84 (assuming the employee was paid every period) and you can then pay the rate on to Malaita Revenue. Any differences will end up your responsibility though - some may be more, some less (e.g. didn't work the whole year, started or left part way through, or took time off without pay etc.).

Allowances (and how they affect the IR9 - Employer Monthly Summary)

This is IMPORTANT!

There are correct ways to deal with all payments made to staff, whether they are:

- direct allowances (taxable and non-taxable) included in the employee's pay
- taxable benefit: added as an allowance, then automatically deducted after tax
- non-taxable benefit: untaxed/exempt payments made by the employer for the benefit of the employee (e.g. school fees, travel fares (one return fare for employee and family) etc.)

SmoothPay provides allowance code categories so that all payments can be classified correctly.

It is EXTREMELY IMPORTANT when you add a new allowance code that you set its category correctly - as this not only affects how the item will be taxed, but where it will appear on the IR9.

NOTE: all allowances classified in the "Taxable Benefit" category (non-cash benefits provided by the employer where the value is included in taxable earnings) will always generate an automatic deduction for the amount of the allowance (*this is very convenient as it saves you having to maintain an allowance and a deduction amount and keep them synchronised*).

Tax Returns and Deduction Certificates

Each year:

At the end of each year you can produce certificates (*accepted by IRD in place of the manually completed IR2 form*).

Individual tax deduction certificate forms can be produced for any employee, for any tax year from *History..Print tool..Tax Deduction Certificate*.

You will also need to produce an IR11 form (*Reports..Tax..IR11*) - again, available for any tax year.

Each month:

You will need to produce an IR9 form (*Reports..Tax..IR9*). Normally you produce this for a specific month, however you can also produce a summary for any other period or date range.

The IR9 form, in particular, requires analysis by Housing, Vehicle and "Other" benefits that the employee receives and has to pay tax on, which is why it is critical that these be established and used correctly.

Allowance setup examples

SmoothPay is delivered with a set of standard, common allowances already configured for you - you can add as many additional allowance codes and set them up as required.

The following examples illustrate common scenarios and how they should be set up:

Purpose	Classification	SOE Classification	Comments
Reimbursement	Non-taxable	-	Use this to reimburse an employee for any out-of-pocket expenses
Advance	Non-taxable	-	Use this to make a cash advance to an employee - to be recovered from the employee as a deduction in subsequent pay periods
Fares (annual)	Other	Non-taxable benefit (if paid by employer), or Non-taxable allowance (if being reimbursed by employer)	One return fare is allowable per year.
Additional fares	Other	Taxable allowance (if paid to employee), or Taxable Benefit (if paid by employer)	You should never use the Non-taxable benefit option unless you have received an exemption from the Commissioner General.
Bonus	Taxable		
Accommodation	Accommodation	Taxable allowance (if paid to employee), or Taxable Benefit (if paid or provided by employer)	Where employer provides housing (refer IR5 for taxable value)
Retirement or Termination lump sum	Taxable	-	
Motor Vehicle benefits	Motor vehicle	Taxable allowance (if paid to employee), or Taxable Benefit (if paid or provided by employer)	Where employer provides a vehicle (refer IR5 for taxable value)
Housing	Accommodation	Taxable allowance	Where employer pays an employee an allowance in lieu of providing accommodation - full value unless variation obtained.
Other allowances and benefits	Select appropriate category	Taxable allowance (if paid to employee), or Taxable Benefit (if paid by employer)	Check with IRD if you are unsure

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).

We can be contacted via Skype, phone or email.

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 anyway 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.