year**one**

NET PAY v49 Solution (Single LC Variant)

Setups & Use

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Introduction

NET PAY Solution

'NET PAY' Solution refers to **Net** Foreign Currency **Pay** (Gross-Up Calculation)

The NET PAY Solution is useful for handling pays in Attache Payroll where contracts are negotiated in Net Foreign Currency (e.g. the employment contract states 10,000 USD Net to be **banked** per month).

The USD $10000 is converted at current exchange rate (e.g. 3.3955 PGK) so 33955 PGK is the Net value.
The Tax is calculated based on the Attache PNG Tax Tables installed (e.g. 22450 PGK).
An additional Gross amount needs to be applied on top of the Net 33955 PGK to offset the Tax,
so there is an Allowance (include in Salary and Wages) with code "**TALLOW**" (e.g. 22450 PGK) for this.

Net Pay: USD 10000
Exr USD   3.3955 PGK
Net Pay: 33955 PGK
Add TALLOW   22450 PGK
GROSS Pay: 56405 PGK
Tax: 22450 PGK

The NET PAY Solution primarily calculates the Tax (& an offset Allowance) for each particular Timesheet.
The NET PAY Solution creates a KFI import for the Timesheets in Attache containing the Allowance and Tax information, as well as a comment stating the Foreign Currency and Exchange Rate used.

The specific aim of the NET PAY Solution is to facilitate a Local Currency -based Attache company
(e.g. in PGK) to gain the benefit of Attache Payroll Compliance and Reporting in Local Currency,
while managing payment in multiple currencies, exchange rates and overseas banking.

Core Information

Besides the normal Attache Payroll information, it is important to specify:

Currencies and Exchange Rates in Attache (Setups/Company/Currencies, Exchange Rates).
In the Single LC variant, Income Types are coded to incorporate Exchange Rates (more on this later).

The NET PAY Solution utilises the Local (e.g. PGK) Currency Company's Attache Tax Scales, as assigned to each Employee, to calculate the Tax values for Net Pay Employees.

and for each Employee:
Employee 'Home Currency' which the Net amount is to be paid in (Employee Masterfile Pay Point)
Employee Rate of Pay (Employee Masterfile - Net, in the Foreign Currency specified in Pay Point)
Employee Base Hours (Employee Masterfile – determines hourly rate of pay for Timesheet Entry)
Employee set to calculate as Net Pay as required (Employee Masterfile last page, 'Yes/No 2' is [Y])

Other Pays

Gross Pays (normally calculated in Attache) may be processed alongside Net Pays, and the Solution will import an Exchange Rate Comment Line in all cases, but only creates Tax and Tax Offset Allowance transactions for Net Pay Employees.

Pre-Setups

Payroll Options & Pay Points

On the last screen of the Payroll Options, it is possible to set descriptions for custom fields, and we'll be using "Yes/No 2" field to indicate when an employee is to be calculated as a Net Pay. It is recommended that the field be labelled "NET PAY?":
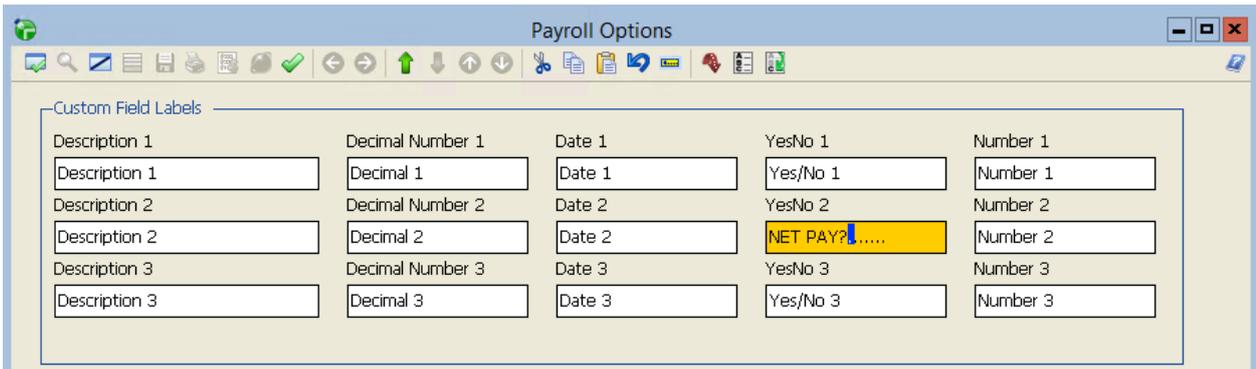
One PayPoint needs to be setup for each Home Currency to be used (e.g. AUD, USD, EUR, SGD) via Setups / Payroll / PayPoints / Maintain in Attache.
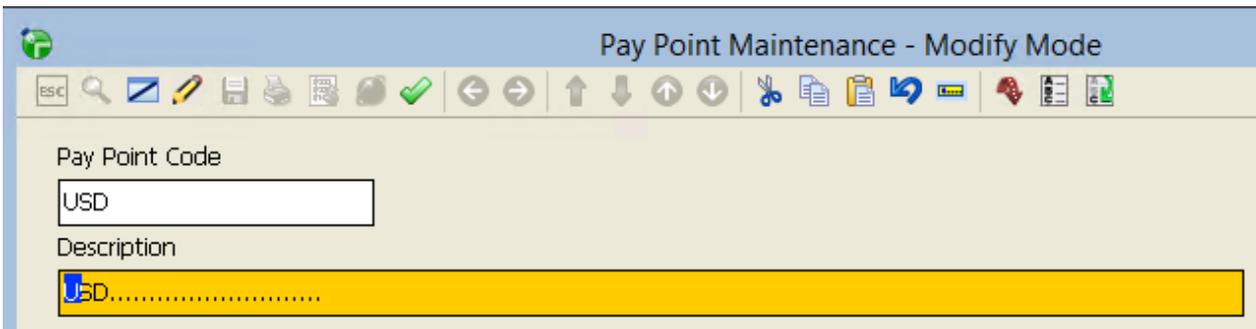
It is recommended that standard 3-letter currency codes are used.

Currencies & Exchange Rates

In Attache, Setups/Company/Currencies need to be setup, e.g. AUD, USD.

Setups/Company/Exchange Rates need to be set periodically (the Solution will always the latest date's rate for a currency):

The second "Cash Register" Rate is used, but normally both are entered the same in any case.
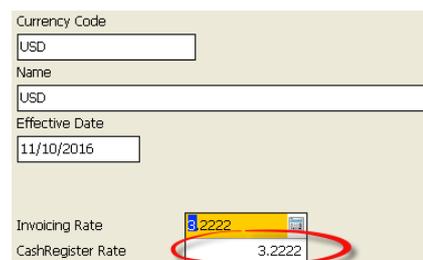
Setups

Employee Masterfile

In the Employee Masterfile, we set the Home Currency (Pay Point), the Rate of Pay, and the Base Hours.

For Example:

These values will be converted to Local Currency (e.g. PGK) on the Timesheet.

Also, if the Employee is to have Tax calculated by Grossing Up (a Net Pay Employee), then the Net Pay field on the last page of the Employee Masterfile (Yes/No 2' needs to be set to "Y".

Employee Bank Accounts

The Net Pay solution can be used for International Banking, which allows for long Bank Account addresses, names, SWIFT/BIC Numbers, TTFees, ABA File Generation, per-Country Banking Reporting by Bank/Branch, etc – if International Banking is to be used, then Attache Employee Bank Accounts should not be used on Timesheets.

If International Banking is not to be used, Attache Employee Bank Accounts can be used.

Income Types

First, we need to make the specially-coded Income Types for use on our Timesheets.

Note that we entered the Employee's Rate of Pay in Foreign Currency (that the Employee is to be paid in). (e.g. the Employee Masterfile holds 'Normal Rate Per Month' 10000, and is set to Paypoint USD)
Attache uses this value divided in this case by Hours per Month as an hourly Rate of Pay.
(for example if we use 173hr/month, we get a rate of pay of $57.803 USD per hour)

Income Types in Attache calculate based on hours entered times a rate of pay, with an optional Rate Multiplier – in our application, we use the Rate Multiplier as the exchange Rate.

So, if we ensure that for all Income Types coded with a suffix of USD that the rate multiplier includes the rate conversion factor from USD>PGK, then the values on the Timesheet will be in PGK as desired, while allowing us to represent the Rate in the Employee Masterfile in the Employee's home currency.

For example, NORMUSD - for use on timesheets whose Employee Pay Point is USD:
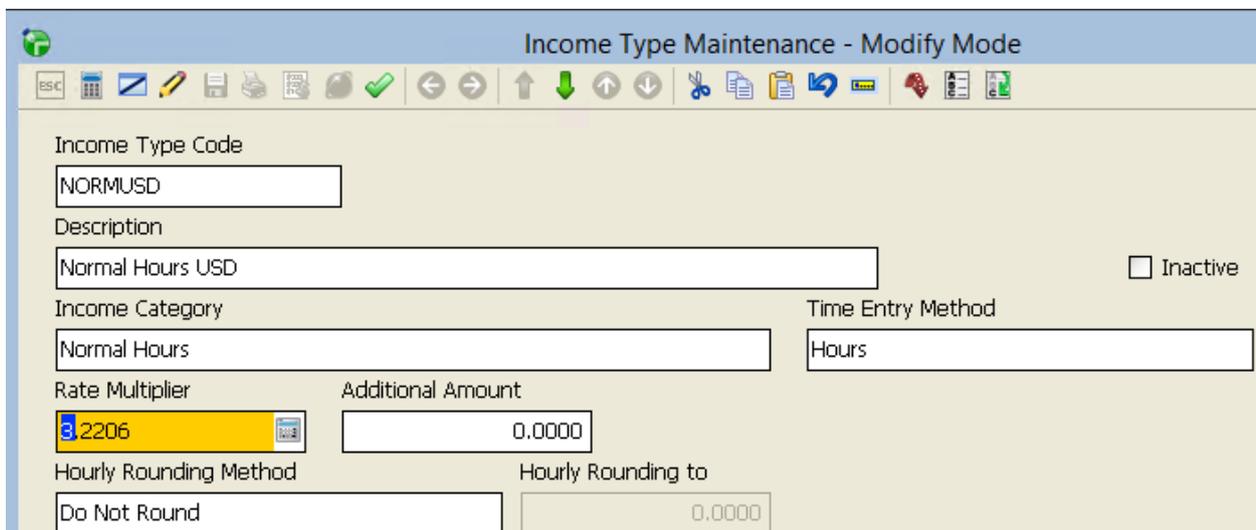
…takes the Rate Per Hour from the Employee Masterfile (in USD) and multiplies it to convert to PGK when calculated on the Timesheet.

This results in several Income Types being maintained, one for each Currency/Income Type combination.
e.g. Income Type 'Normal' also has several Home Currency equivalents,
                     NORMUSD, NORMAUD, NORMEUR and NORMSGD

Also, AL (Annual Leave) has ALUSD, ALAUD, ALEUR and ALSGD Home Currency equivalents,

Similarly, other Income Types like Backpay, Sick Leave, etc all need Home Currency equivalents if used for Employees coded to home currencies.

When Exchange Rates are set within the organisation and updated in Attache, all the Income Types Rate Multipliers are updated by the PowerLink Solution when opened.

There is also a report in the Solution (F2-Exchange) which lists the current exchange values for all Income Types by Currency Code (3-letter suffix) for checking purposes.

Benefits in Kind

On a Timesheet Benefits in Kind are typically entered as an Allowance and Deduction pair, to recognise the Benefit in Kind and tax it appropriately, yet not add anything to the net income.

In PNG, Tax on Benefits in Kind are to be calculated separately at the Marginal Tax Rate.

To facilitate this, the Net Pay Solution recognises any allowances starting with "BENE" as Benefits in Kind, for example BENEHMC Housing Medium Cost (700PGK).

In the Net Pay solution, on "This Pay" screen, Benefits (any allowance starting with "BENE") are separated out and tax is calculated at the Employee's Marginal Tax Rate:

Benefits Tax	Benefits in Kind	NonTax PGK	Marg Tax Rate
75.60	180.00	0	0.42
37.80	90.00	0	0.42
36.00	90.00	0	0.4
37.80	90.00	0	0.42

Benefits Tax is then added back into the total PGK Tax calculated.

KFI Import - Exchange Rate Comment

When the Import is made, a Comment is added to each timesheet stating the relevant Exchange Rate for PGK from the Home Currency.

KFI Import - Tax and Tax Allowance (TALLOW)

The Net Pay contract requires that there be an Allowance (include in Salary/Wages) to "Gross-Up" the pay – the pay is calculated, e.g. 10,000 USD (Net Pay) - converted to PGK (e.g. 34400 PGK) NET.

Then, we need to calculate the amount of tax to be paid and the corresponding Gross-Up Allowance to offset the tax, leaving the correct Net Pay amount to be banked.

The Tax appears on the Timesheet as a Fixed Tax amount – and the Allowance code "TALLOW" (include in Salary/Wages) is used for the Tax ALLOWance when imported to the timesheet.

KFI Import - Reversing

If for some reason it is necessary to alter a timesheet, recalculate its Tax, etc
It is possible to reverse imported changes by simply deleting the Exchange Rate Comment and TALLOW lines from the timesheet, then accessing the Tax field on the timesheet and pressing F5 – Auto Tax.

This reverses the effect of the import on this timesheet entirely, and the Pay Calc – F4 can be run again to calculate and import again. The F5-Import Tax function does not generate imports to timesheets with exchange rate Comment / Tallow Allowance / Fixed Tax set, to avoid double- calculation, etc.

An Example:

Code	Description	Hours/Value	Rate	Cost Centre	LineTotal
C	[USD Ex:3.3955 PGK]			-	
A	Tax Allowance	22450.90		OPS	22450.90
N	Normal Hours USD	173.3300	195.8980	OPS	33955.00

Insert Mode

New Line Type: Normal Rate
Code:

Hours:

Cost Centre:

Emp. Group:

OPS - Clive Freeman

01/07/2020

Gross Pay	Taxable Pay
56405.90	56405.90
Fixed Tax	Vol. Tax
22450.90	0.00
Net Pay	Banking
33955.00	0.00
Hours Worked	Cash/Cheque
173.3300	33955.00

FRECLI

The Net Pay Solution

Startup

It is standard practice to open Attache, and access the Payroll company, then via Tools, launch PowerLink.

This allows both programs to be used – update exchange rates in Attache, update and check Income Types in PowerLink, enter timesheets in Attache, Read Pays and Generate Tax KFI in PowerLink, import the KFI to timesheets in Attache, Read Pays and Generate Banking and Payslips in PowerLink – switching from Attache to PowerLink and back easily through the process. (a Desktop on Cloud Servers is needed)

It is important that when PowerLink is launched, the Data Service Status Message says "Data service active"
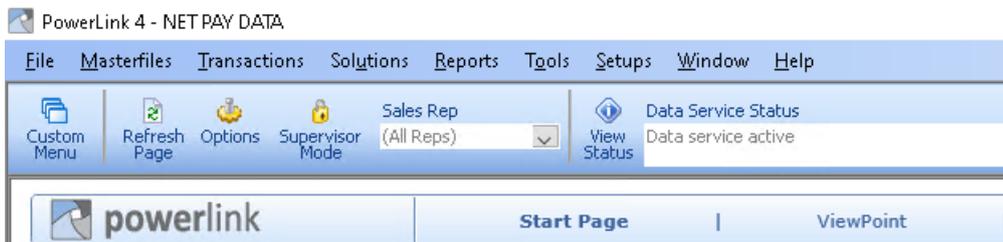
When initially opening the Net Pay Solution in PowerLink via Solutions/Payroll/Process Pays, all Income types with a 3-letter currency code as the suffix (e.g. NORMAUD) will be checked and if needed, updated automatically to hold the latest exchange rate. (Attache will pop to the front, indicating the import was done)

SO it is recommended that Exchange Rates be updated as needed, **before** any timesheets are created. Then, access the Solution in PowerLink via Solutions/Payroll/Process Pays – so exchange rates are updated in the Income Types. Then, to check, run the F2-Check Report which shows current exchange rates and Income Types current values (which should contain the current exchange rate).

Then, create timesheets in Attache. The Solution only works on UNCHECKED timesheets in Attache.
(so, if they have been checked, uncheck them before running the F4-Read Pays)

Then, the rest of the process can proceed. Remember to update exchange rates FIRST.

Toolbar

The Solution has a number of Toolbar buttons across the top of the screen:

Check Report (F2)

The Check Report (F2) can be run to ensure exchange Rates are correct:

```
AUD
    2.2622                    AUD Exchange    18/10/2016
    2.2622          A         ALAUD           Annual Leave AUD
    2.2622          F         R&RAUD          R&R - AUD Paid
    2.2622          N         BACKAUD         Backpay AUD
    2.2622          N         NORMAUD         Normal Hours AUD
    2.2622          N         OTAUD           OverTime AUD
    2.2622          N         PHAUD           Public Holiday AUD
    2.2622          S         SLAUD           Sick Leave AUD
    2.2622          U         LWPAUD          Leave Without Pay


PGK
    1                         PGK Exchange    18/10/2016


SGD
    2.9666                    SGD Exchange    11/10/2016
    2.9666          N         NORMSGD         Normal Hours USD
    2.9666          N         OTSGD           OverTime SGD


USD
    3.2222                    USD Exchange    11/10/2016
    3.2222          A         ALUSD           Annual Leave USD
    3.2222          N         NORMUSD         Normal Hours USD
    3.2222          N         OTUSD           OverTime USD
    3.2222          S         SLUSD           Sick Leave USD
```

Read LC Pays (F4)

Once the Attache Timesheets are created (**but not yet checked**), they are read in and displayed:

Each timesheet is shown on one line

	Loc	Code	Name	NetPay	TC	Desc	Foreign Pay	Currency	exchange	Net Pay ATTACHE
	ADM	011	Justin DeSilva	☑	0	General Manager	5320.95	SGD	2.9666	15785.13
	ADM	028	Elizabeth Windsor	☑	0	Finance Controller	5000.00	AUD	2.2622	11311.00
	ADM	337	Lorraine Fredricksen	☐	0	Accounts Co-ord.	715.00	SGD	2.9666	2121.11
	ADM	344	Jonathan Nerk	☐	NONRES	Accountant	9954.02	USD	3.2222	32073.83

Net Pay ATTACHE	Tax PGK	Gross PGK	Net PGK	Benefits Tax	Benefits in Kind	NonTax PGK	Marg Tax Rate	Mark
15785.13	10455.90	26241.03	15785.13	75.60	180.00 0		0.42	☐
11311.00	7308.56	18709.56	11311.00	37.80	90.00 0		0.42	☐
2121.11	881.49	3056.60	2121.11	36.00	90.00 0		0.4	☐
32073.83	13969.04	46096.87	32073.83	37.80	90.00 0		0.42	☐
								☐

Import LC Tax (F5)

Once the figures are checked, pressing F5 generates an import file for Attache Timesheets, to read in the Tax and Tax Allowances for Net Pay Employees. Prior to this, the "Net Pay Attache" will show as 0.00.

Once the Tax and TaxAllowance(gross-up) are read in, "NetPay Attache" will show the same as "Net PGK".

Generate Banking (F7)

Generate Banking calculates banking dissections for the current Pays / Bank Accounts.
Generate Banking must be run before printing Payslips or geenrating Banking reports.

Banking (F8)

The Banking screen allows setup of Foreign Bank Accounts and shows Banking Dissections for the most recently calculated Pay (once F7 is pressed):

It is possible to bank specific Pay Currency amounts, PGK amounts, Percentages and Remainders into different Bank Accounts in different currencies for the same employee/pay.

The Messages field will show Under or Over Banking if there are issues with banking setups in a Pay.
If there are issues, resolve the banking configuration issue and F7-Generate Banking again.

PaySlips (F9)

Once Banking is Generated (F7), Payslips become available.

Payslips are configurable and can print in dual-currency and show Banking details, for example:

```
James Caan
Pay Advice       092          11124

    AUD Exchange:      2.6555                Hrs                    Value            Taxable

    Tax Conversion                                                6919.48           6919.48
    Normal Hours AUD                        84.00               10000.00          10000.00
    Housing Allowance                                             22.59             22.59
    Meal Allowance                                                11.30             11.30
    Housing                                                      -13.10              0.00
    Meal                                                          -6.55              0.00
                                                                  0.00              0.00
    James Caan
     AUD  10000.02      exr 2.6555     PGK 26555.03      exr 0.321316    USD  8532.56

    James Caan
     AUD  37.66         exr 2.6555     PGK 100.00        exr 1.000000    PGK  100.00

                        (PGK)                             (AUD)

           Gross:     45019.69                           16953.38
           Taxable:   45019.69                           16953.38
           Tax:       18374.69                            6919.48
           Nett Pay:  26592.80                           10014.23
```

This Pay (F10)

After entering ne Bank Account information, Checking Banking or Printing Payslips,
the "This Pay (F10)" button will return you to the This Pay screen.

Loc	Code	Name	NetF	TC	Desc	Foreign Pay	Currency	exchange	Net Pay ATTACHE	Tax PGK	Gross PGK	Net PGK	Benefits Tax	Benefits in Kind	NonTax PGK	Marg Tax Rate	Mark
ADM	011	Justin DeSilva	✔	0	General Manager	5320.95	SGD	2.9666	15785.13	10455.90	26241.03	15785.13	75.60	180.00	0	0.42	
ADM	028	Elizabeth Windsor	✔	0	Finance Controller	5000.00	AUD	2.2622	11311.00	7308.56	18709.56	11311.00	37.80	90.00	0	0.42	
ADM	337	Lorraine Fredricksen		0	Accounts Co-ord.	715.00	SGD	2.9666	2121.11	881.49	3056.60	2121.11	36.00	90.00	0	0.4	
ADM	344	Jonathan Nerk		NONRES	Accountant	9854.02	USD	3.2222	32073.83	13969.04	46096.87	32073.83	37.80	90.00	0	0.42	

Net Pay (LC) Solution Setups
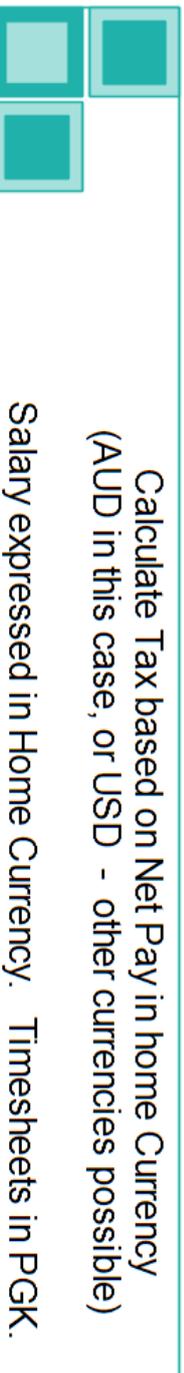
Calculate Tax based on Net Pay in home Currency
(AUD in this case, or USD - other currencies possible)

Salary expressed in Home Currency. Timesheets in PGK.

Software Setups

Attaché Payroll Installed
- File Monitoring Activated

Powerlink Installed
ODBC Installed

ODBC Data Sources
- Payroll
- Sample Payroll

Setup Powerlink
External Data Sources

Install Solution (*.zip)

Attaché Configuration

Setup Attaché

Income Types
(ending in Currency code)
e.g. NORMAUD
"TALLOW" Allowance
"BENEx" Allows & Dedns

Employees
-[Net Pay] ="Y"
-Paypoint
-Annual Salary
in Net Foreign (AUD)

Hours per PayPeriod

Processing Flow

1) Enter Timesheets
LEAVE PAYS UNCHECKED.
NO TALLOW Allowance, Auto Tax

2) Perform an ATTACHé archive

3) Pow erlink: PayPFC Solution
"F4- Calc Pays"

4) Attaché: Add/Modify Timesheets
Import KFI File. (via File / KFI)

5)Pow erlink: "Yes" all imported OK.

6) Attaché: normal Pay Processing

The **F2-Check Report** provides a list of income types with currency conversions, for checking

Attache Timesheet Entry Screen is used to edit UNCHECKED, (ACTIVE) PAYS.

STANDARD PAYS

ACTIVE PAYS

UNCHECKED Pays

CHECKED PAYS

HISTORICAL PAYS

Import the KFI File into Active Timesheets to add TALLOW allowance and corresponding FIXED TAX preserving NETT PAY

KFI FILE FOR IMPORT

File   Masterfiles   Transactions   Solutions   Reports   Tools   Setups   Window   Help

Payroll ▼   Process Pays

| Close ESC | Help F1 | Check Report F2 | Create LC DiskFile F3 | Read LC Pays F4 | Import LC Tax F5 | Update FC Pays F6 | Generate Banking F7 | Banking F8 | Payslips F9 | This Pay F10 |

F5- Import LC Tax
Calculates Local tax on Local currency, and generates a KFI import file for Attaché Timesheets

F7- Generate Banking
Generates the Banking Report for the current Pay Run

F9- Payslips
Generates the Payslips in Foreign Currency

This Pay Dissections:

Loc	Code	Name	Desc	Foreign Pay	Currency	exchange	Net Pay ATTACHE
ADM		James Caan	Prod.Manage	10014.23	AUD	2.6555	26592.80

☐ Days Per Month 31

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