



**MYOB EXO Payroll  
Employment Termination Payment  
changes for 2012/2013 Reporting**



# 1 Contents

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## 2 Overview

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Changes have been made by the Australian Tax Office (ATO) to the reporting of Employment Termination Payments (ETP's). New ETP codes have been introduced, relating to the reason for the termination payments.

When processing an ETP in EXO Payroll, one of the following codes must be used in relation to the reason for the termination:

Reason Code	Description
R	Retirement, Redundancy, Invalidity or compensation for personal injury, unfair dismissal, harassment or discrimination.
O	Reasons not covered under code "R", e.g. Golden Handshake, Gratuity, Payment in Lieu of Notice, Unused Sick Leave, Unused Rostered Days Off.
D	Death Benefit ETP paid to a dependant of the deceased.
N	Death Benefit ETP paid to a non-dependant of the deceased.
T	Death Benefit ETP paid to a trustee of a deceased's estate.

These changes apply retrospectively from July 1, 2012, which means any ETP's processed in the 2012/2013 payroll year must be updated **prior** to printing Employment Termination Payment Summaries and generating the EMPDUPE file. The Australian Tax Office will reject any electronic file reports with ETP's that do not comply with these changes.



## Updating ETP records

1. Click on the ETP record to update and click on the **Edit** button.

Employment Termination Payment FY 2012/13 Update

Employee: 2 Andrews, Thomas Harley

Date of Payment: 05/06/2013 Total Taxable Payments YTD: 14205.62

Taxable component: 15500.00 Tax free component: 0.00

Tax withheld: 2355.00

Type of Payment: Genuine Redundancy

Total Payment Amount: 0.00

Tax Free Limit: 61654.00

Amount Under Tax Free Limit: 0.00

Amount Over Tax Free Limit: 0.00

**Note:**  
If "Amount Over Tax Free Limit" is more than \$0.00 enter directly into the ATO online ETP Calculator.

To access the ATO online ETP Calculator, please [click here](#).

Taxable component: Tax free component: Date of birth: 04/07/1979

- pre July 83 segment: Employee start date: 15/07/2000

- invalidity segment: Financial year: 2013

Total tax to withhold:

- component taxed at 31.5%:

- component taxed at 46.5%:

ETP code: Select Select

CAP: Select Select

**Note:**  
Results from the ATO online ETP Calculator should be entered into the relevant fields here.

Save Exit - Esc

This window combines information from the previous and new ETP screens in the Termination Wizard.

2. Click on the provided link to access the ATO's online ETP Calculator.

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What do you want to do?

- Lodge a business activity statement (BAS)
- Lodge another statement or return
- Pay staff
- Apply for an ABN, TFN or other registration
- Make a tax payment
- Find rates, calculators and tools
- Find a form or publication
- Fix a problem
- Get help

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### Employment termination payment calculator

The [Employment termination payment calculator](#) will help:

- employers to
  - work out the type of employment termination payment (ETP)
  - calculate the correct withholding amount to complete an employee's payment summary
- employees to
  - access information about employment termination payments
  - work out if any tax liability will apply.

**Disclaimer**

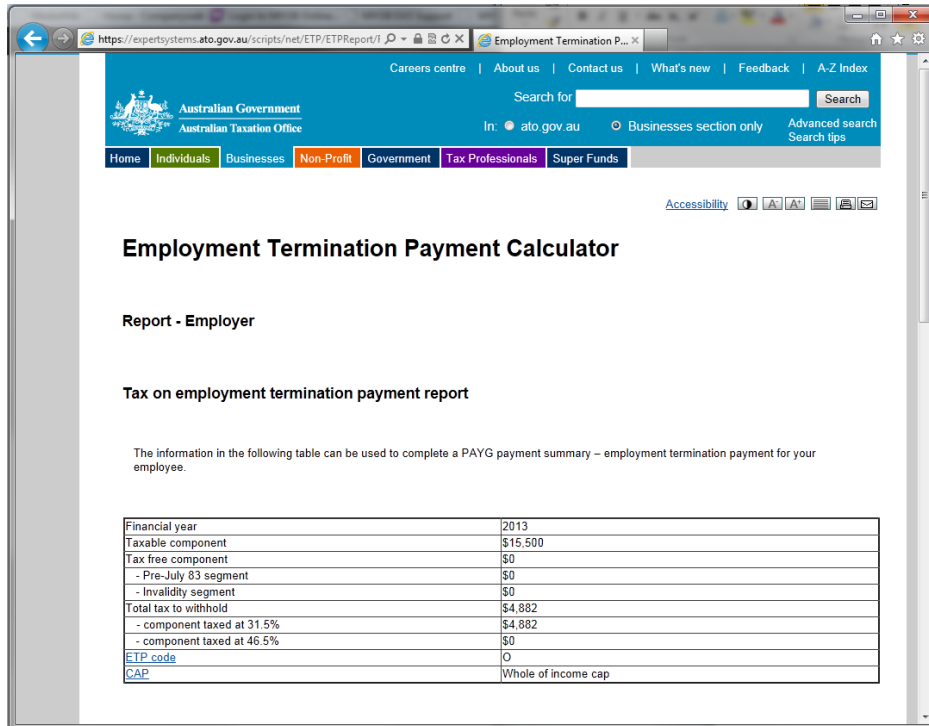
This calculator can not be used for payments made earlier than 1 July 2012.

Calculations performed by this calculator are based on the information you provide.

Last Modified: Thursday, 7 February 2013

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3. Follow the instructions and end the required information in the ETP Calculator.

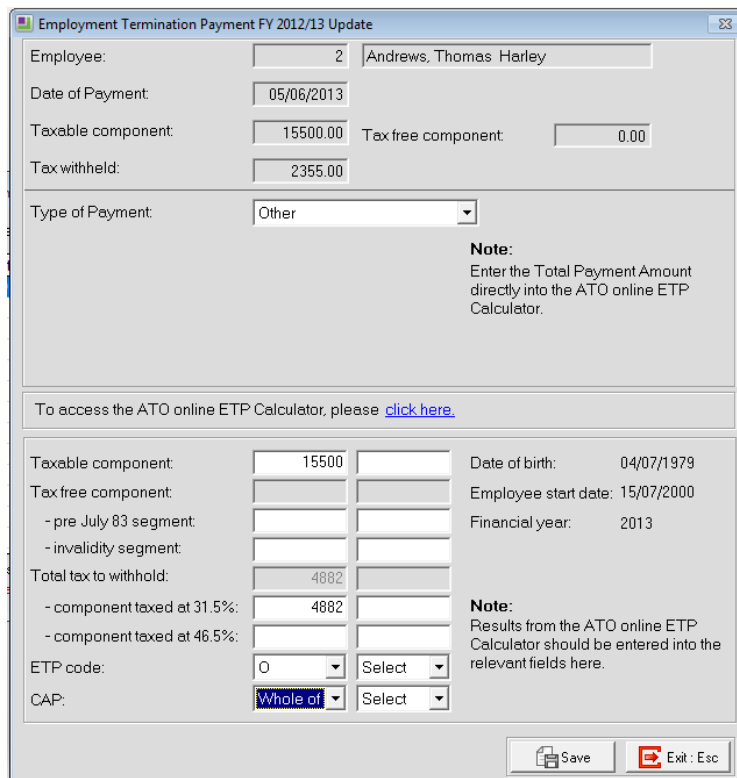


4. Enter the information provided in the ETP Calculator into the corresponding fields in the Update utility.

5. Click on the **Save** button. This will return you to the Update Utility.

6. Repeat these steps for each employee listed in the Update Utility.

7. Click on the **Exit** button once all employee ETP's have been updated.



## 4 Processing ETP's moving forward

As a result of the way in which ETP's are reported, changes are also required in the configuration of EXO Payroll.

### *Termination Payment thresholds*

A new section has been added to the setup of EXO Payroll to maintain the thresholds for ETP:  
**(Utilities > Setup EXO Payroll > Payment Setup > Termination Payments**

Setup Payroll

Termination Payments

ETP Cap: 180000

Redundancy / Early Retirement

Base limit: 9246

Completed years service: 4624

Save : F10 Exit : Esc

List view Tree view

The values displayed in this screen are used for the calculation of the Tax Free Limits in termination pays. Upon upgrading, these values will be for the 2012/2013 payroll year as they are used for the ETP calculations. After reporting to the ATO has been completed, and prior to the first pay for the new payroll year, these values must be updated for the 2013/2014 payroll year as follows:

Value	Amount for 2013/204
ETP Cap	\$ 180,000
Base Limit	\$9,246
Completed years service	\$4,624

### *ETP Pay Items*

Previously the payment and tax withheld from ETP were processed in EXO payroll using the ETP Payment Allowance and Tax on ETP Deduction. The system will continue to use these when required. In addition, the following two Allowances will automatically be created the first time they are required:



Name	Description
ETP TFT Payment	The amount of the termination payment that is below the tax free threshold (Amount Under Tax Free Limit on the Termination Wizard) for Genuine Redundancy or Early Retirement Scheme termination payments.
Death Benefit ETP	The amount of the termination that is below the tax free threshold (Amount Under Tax Free Limit on the Termination Wizard) for Death Benefit – Deper termination payments.

When these Allowances are created , no Cost Centres will be assigned. It is important to update the Cost Centres (Maintenance > Allowances) to ensure they are costed and journalled to your GL correctly.