

## **LEAVE & BONUS PROCEDURES**

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The following document serves as a guideline in order to overcome any difficulties experienced whilst producing a 13<sup>th</sup> Cheque/Annual Bonus. Vanilla Payroll is flexible in this area as there is more than one manner to produce a 13<sup>th</sup> Cheque/Annual Bonus. Below you will find the various ways to go about this.

## ! AUTOMATIC PAYMENT OF ANNUAL BONUS & ACTIVATION OF BONUS TAX SAVINGS

To automate the payment of your Annual Bonus amounts, select payslip profile, click the 'Bonus' tab. Select a category on which the bonus is to be paid. If you choose package, the bonus will be calculated on the basic salary plus any permanent incomes, i.e. basic salary + travel allowance + cell phone allowance.

In the case of wages, it will multiply the normal weekly wage by the number of weeks indicated (as below). Amount allows you to enter any amount.

Once you have selected the month or week ending (in the case of wages), you want the system to pay out the bonus. Vanilla Payroll will automatically insert a bonus payment on the employee's payslip when the nominated period is processed.

Bonus	
<input type="radio"/> None <input checked="" type="radio"/> Wages <input type="radio"/> Package <input type="radio"/> Amount   Wages x: 3.00 Weeks	
<b>Bonus Information</b>	
Bonus Amount:	6,000.00
Date Bonus Paid:	15/12/2009
Estimated Bonus Tax:	1,080.00
Weekly Tax Saving:	20.00
<input checked="" type="checkbox"/> Activate Bonus Tax Savings	
Savings p/f:	100.00
<b>YTD Bonus Savings: 160.00</b>	
<b>Bonus Tax Savings</b>	
Period To	Amount
6/03/2009	20.00
13/03/2009	20.00
20/03/2009	20.00

An employee who receives an annual bonus may like the opportunity to save a nominated amount towards off-setting the tax he/she will pay on this type of income. A saving scheme has been created to do this and works as follows:

- The estimated tax on a bonus is calculated by Vanilla Payroll and is automatically updated if the estimated annual income increases during the year.
- To activate the 'Bonus Tax Savings', tick the indicator as seen above and enter the nominated amount. To ensure the savings will cover the estimated tax, divide the estimated tax by the number of months from the current month to the payment. Even a partial savings can help towards the enjoyment of your annual bonus.
- On activation, the system will start to deduct the nominated amount. The log of deductions towards this saving will be recorded here as well as the total amount saved.
- If you are carrying forward an amount from a similar scheme in another payroll, use the savings carried forward field to bring in this amount.

The deduction will be shown on the payslip as follows:

Identity No.: 7904170025080	Employee No.:	Pay Period: 1/03/2009 to 31/03/2009
Pay Mode: Monthly	Cost Centre: Purchasing	Payslip No.: 51
Pay Type: Cheque	Occupation:	Date Employed: 1/03/2001

Income		Deductions	
3601 Salary	8,000.00	9001 Unemployment Insurance Fund	80.00
		9002 Bonus Tax Savings	145.00
		4102 PAYE	627.00
<b>Total Income</b> <i>(not including fringe benefits)</i>	<b>8,000.00</b>	<b>Total Deductions</b>	<b>852.00</b>
		<b>Net Salary</b>	<b>7,148.00</b>

YTD Remuneration	YTD Deductions	YTD Tax Paid	YTD Pension	YTD Provident	YTD UIF
8,000.00	225.00	627.00	0.00	0.00	80.00

<b>Tax Benefit RAF</b>		<b>Leave Due</b>	
0.00		0.00	

- If there is a savings balance at the end of the year, the system will automatically carry this forward to the new tax year. As we are deducting this as a savings and not tax, we are not restricted by deducting and paying over tax between the start and end dates of the tax year.
- In the month the bonus amount is to be paid, Vanilla Payroll will automatically refund the total savings at that point and return the balance to zero. Vanilla Payroll will continue to deduct bonus savings in the following months unless you de-activate the savings scheme.
- See the example below of the annual payment and the refund of the bonus tax savings

Identity No.: 7904170025080	Employee No.:	Pay Period: 1/12/2009 to 31/12/2009
Pay Mode: Monthly	Cost Centre: Purchasing	Payslip No.: 60
Pay Type: Cheque	Occupation:	Date Employed: 1/03/2001

Income		Deductions	
3601 Salary	8,000.00	9001 Unemployment Insurance Fund	124.78
3605 Annual Payment - Taxable	8,000.00	9002 Bonus Tax Savings	145.00
		9002 Refund on Bonus Tax Savings	-1,450.00
		4102 PAYE	2,067.00
<b>Total Income</b> <i>(not including fringe benefits)</i>	<b>16,000.00</b>	<b>Total Deductions</b>	<b>886.78</b>
		<b>Net Salary</b>	<b>15,113.22</b>

YTD Remuneration	YTD Deductions	YTD Tax Paid	YTD Pension	YTD Provident	YTD UIF
88,000.00	844.78	7,710.00	0.00	0.00	844.78

<b>Tax Benefit RAF</b>		<b>Leave Due</b>	
0.00		0.00	

- If the employee decides not to save anything further and there is an outstanding balance, simply un-tick the 'activate bonus savings' indicator and the system will prompt you to leave the saving balance until the bonus is paid out or to pay it out on the next payslip.

**Refund on Bonus Tax Savings**

? You have de-activated the weekly tax saving option. Would you like to refund the ytd bonus tax savings on the next payslip or in the period the bonus is paid out?

Next Payslip    Bonus Payslip

Weekly Tax Saving: 20.00

Activate Bonus Tax Savings

Savings p/ft: 100.00

**YTD Bonus Savings: 240.00**

27/03/2009	20.00
3/04/2009	20.00
10/04/2009	20.00
17/04/2009	20.00

- There is always the option to re-activate the scheme at any time.
- The system will automatically refund the savings if an employee is terminated.

## ! REFLECTING A 13<sup>TH</sup> CHEQUE ON A SEPARATE PAYSリップ

Annual bonuses can be paid in conjunction with the normal payslip or are sometimes paid earlier on a separate payslip. Follow the instructions set out below to process the annual bonus on a separate payslip. The procedure is the same regardless whether you are paying the bonus before or after the normal pay.

1. Make sure you have highlighted the correct employee and click on the payslip tab. Choose the 'Add' button at the bottom of the page.
2. Under the option 'Type of Payslip' select '13<sup>th</sup> Cheque' as well as the 'Month' the bonus is to be paid (e.g. December)

**Note:** If you have already processed the 'Normal Payslip' for the month be careful to re-select the correct month for your bonus as the system will automatically advance the calendar after a 'Normal Payslip' has been run.

**Select Period of Payslip**

**Type of Payslip**

Normal Payslip

13<sup>th</sup> Cheque

Other Bonus

**Period of Payslip**

Payslip for the Month of: December

Payslip for only Portion of Month?

Period From: 1/12/2009

Period To: 31/12/2009

Days Worked: 21.6700

OK    Cancel    Help

- Once you have selected 'OK' and have set up the annual bonus payment as set out in the first section of this document, you will see a preview payslip similar to the example set out below

**Period of Payslip**  
Payslip for the Month of: December Emp 201 Period: December

**Income Source**

Code	Description	RFI	Amount
3605	Annual Payment - Taxable (0.0000 Hour @ 50.00)	<input type="checkbox"/>	8,000.00

- If you have not previously set up the bonus value, add the bonus at this point by clicking on the 'Add' button directly below the income source section.
- Choose the Normal income button and select the Income code 3605 (Annual Payment). The following screen will appear.

**Select Description**

Annual Bonus  
 Incentive Bonus  
 Merit Awards  
 Leave Pay (Resignation / Encashment)

- Click on Annual Bonus as seen above and choose the select option

**Add an Income**

Income Code: 3605

Description: Annual Bonus

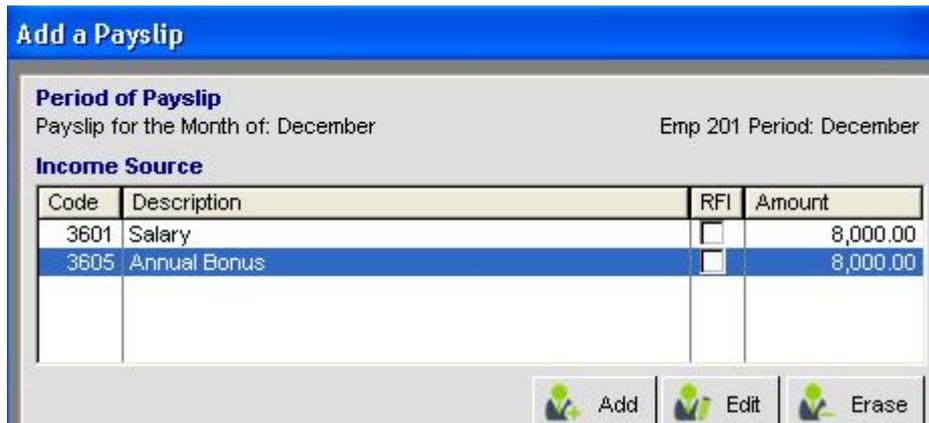
Amount: 8,000.00

Is this Income Retirement Funding?

- You must enter a description, a value and decide whether this income forms part of the employee's Retirement Funding Income
- Once you are satisfied click on 'Save' and print the payslip by clicking on the 'Print' button situated at the bottom of the payslip tab.
- Once the payslip has been printed you can, at a later time during the same month add another payslip for the 'Normal Payslip'

## ! COMBINING A 13<sup>TH</sup> CHEQUE AMOUNT WITH THE BASIC PAY AMOUNT ON NORMAL PAYSリップ

1. Ensure you have highlighted the correct employee and click on the Payslip tab.
  2. To combine the annual bonus amount with the 'Normal Payslip', click on the 'Add' button as you would when creating a new payslip in normal circumstances.
  3. Once you have clicked on 'OK' and you have set up the annual bonus payment to activate automatically as set out in the first section of this document, you will see a preview payslip similar to the example set out below



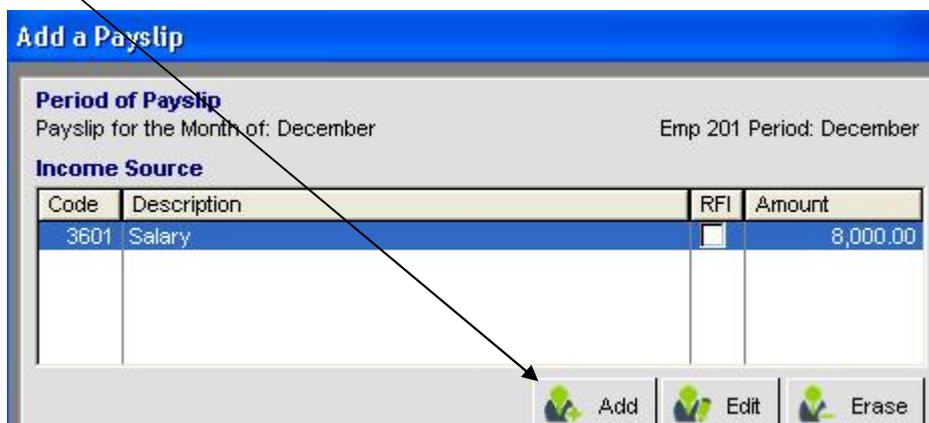
**Add a Payslip**

**Period of Payslip**  
Payslip for the Month of: December      Emp 201 Period: December

**Income Source**

Code	Description	RFI	Amount
3601	Salary	<input type="checkbox"/>	8,000.00
3605	Annual Bonus	<input type="checkbox"/>	8,000.00

4. If you have not previously set up the bonus value, add the bonus at this point by clicking on the 'Add' button at the bottom of the Income source shown on the screen below



**Add a Payslip**

**Period of Payslip**  
Payslip for the Month of: December      Emp 201 Period: December

**Income Source**

Code	Description	RFI	Amount
3601	Salary	<input type="checkbox"/>	8,000.00

5. Choose the Normal Income button and select the income code 3605 (annual payment)
6. Next select the Annual Bonus Option



**Select Description**

Annual Bonus

Incentive Bonus

Merit Awards

Leave Pay (Resignation / Encashment)

**Add an Income**

Income Code: 3605 Change Code

Description: Annual Bonus

Amount: 8,000.00

Is this Income Retirement Funding?

Save Cancel Help

7. You must enter a description, a value and decide whether this income forms part of the employee's Retirement Funding Income
8. Once you are satisfied click on 'Save' and then you can print the payslip by clicking on the print button situated at the bottom of the payslip tab.

## ! PROCESSING 13<sup>TH</sup> CHEQUE/BONUS AMOUNTS VIA THE BATCH OPTION

When using the 'Batch Run' method you must setup your auto bonus amount as described in the first section of this document.

1. Click on the 'Batch Run' option on the main tool bar.

Add Edit Erase Terminate Transfer Status Setup **Batch Run** Batch Payslips Reports

Employees Personal Payslip Profile Leave & Overtime Payslips Year-To-Date Totals

All ABC DEF GHI JKL MNO PQR STU VWX YZ#

Find Filter By Cost Centre

Filter:  All Employees  Daily  Weekly  Biweekly  Monthly

Sort By:  Employee Name  Employee Number

Employee Name	Employee No.	Date Employed	Frequency	IF
Palmer, Miss J		01/03/2001	Monthly	
Palmer, Miss JC		01/03/2001	Weekly	

2. If you wish to process the annual bonus separate to the 'Normal Payslip' make sure you select the correct payslip type.

**Batch Payslips**

Pay Frequency:  Daily  Weekly  Biweekly  Monthly

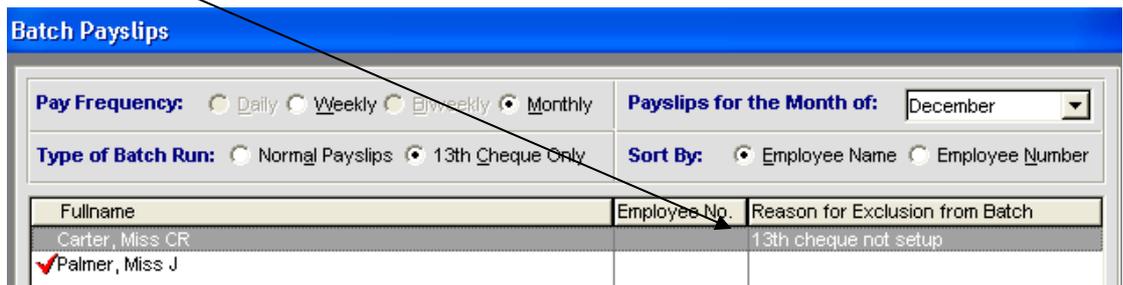
Payslips for the Month of: December

Type of Batch Run:  Normal Payslips  13th Cheque Only

Sort By:  Employee Name  Employee Number

Fullname	Employee No.	Reason for Exclusion from Batch
Palmer, Miss J		

3. If you have not setup the bonus amounts as described in the first section and you run the batch, the system will give, under the reason for exclusion from the batch, an error: *'Bonus amount not setup'*



The screenshot shows the 'Batch Payslips' interface. At the top, there are controls for 'Pay Frequency' (radio buttons for Daily, Weekly, Biweekly, Monthly) and 'Payslips for the Month of:' (a dropdown menu set to December). Below that, there are controls for 'Type of Batch Run' (radio buttons for Normal Payslips, 13th Cheque Only) and 'Sort By:' (radio buttons for Employee Name, Employee Number). The main part of the interface is a table with three columns: 'Fullname', 'Employee No.', and 'Reason for Exclusion from Batch'. The table contains two rows: one for 'Carter, Miss CR' and one for 'Palmer, Miss J'. The 'Palmer, Miss J' row has a red checkmark in the 'Fullname' column and the text '13th cheque not setup' in the 'Reason for Exclusion from Batch' column. An arrow points from the text in the first list item to the error message in the table.

Fullname	Employee No.	Reason for Exclusion from Batch
Carter, Miss CR		
✓ Palmer, Miss J		13th cheque not setup

4. When combining the bonus amount and the normal pay, select the 'Normal Payslip' type and run the batch as you would normally.
5. Once again the bonus amount has to be set up in advance under the Bonus Tax on the employee's Payslip Profile or it will not be automatically included in the batch run.

## ! PAYOUT LEAVE TAKEN OVER MORE THAN ONE PERIOD

In weekly and biweekly frequencies, there is a need to pay employees for leave pay in advance. In order to produce a payslip with the correct earnings and deductions, it is necessary to increase the permanent allowances and deductions by the number of weeks being paid.

1. Start by entering the leave under the Annual Leave Tab

Date From	Date To	Days	Taken
21/12/2009	15/01/2010	18.00	0.00

2. When you select to add a payslip **individually** you will see the following screen:

3. or by batch run:

4. The hours/days worked field refer to the normal hours/days being paid for the period, to which the leave pay will automatically be added as per the annual leave record.
5. The 'Multiply' field defaults to the number of times the normal permanent allowances and deductions will be multiplied to cover the period being processed. In this example, one week's normal pay and three weeks leave.
6. As you can see in this example below, the incomes and deductions have been increased by number of weeks being paid for:

Tool Allowance of R20 has been increased by 4 = R80.00  
 Trade Union Fees of R10 has been increased by 4 = R40.00  
 Staff Loan of R100.00 per week has been increased by 4 = R400.00

Identity No.: 7904170025080		Employee No.:		Pay Period: 13/12/2009 to 8/01/2010	
Pay Mode: Weekly		Cost Centre: Warehouse/Distribution		Payslip No.: 80	
Pay Type: Cheque		Occupation:		Date Employed: 1/11/2009	
Income			Deductions		
3601 Wages - Daily (2.0000 days @ 100.00)		200.00	8001 Trade Union Fees		40.00
3601 Annual Leave (15 days)		1,500.00	9001 Unemployment Insurance Fund		17.80
3710 Tool Allowance		80.00	9003 Weekly Installment on Loan (Staff)		400.00
Total Income <i>(not including fringe benefits)</i>		1,780.00	Total Deductions		457.80
					<b>Net Salary</b>
<b>1,322.20</b>					
YTD Remuneration	YTD Deductions	YTD Tax Paid	YTD Pension	YTD Provident	YTD UIF
4,800.00	398.00	0.00	0.00	0.00	48.00
Tax Benefit RAF		Leave Due		Total Loan Amounts	Balance of Loans
0.00		-2.10		1,000.00	600.00

7. Where the leave period, as in the example above, covers a portion of a week or biweek, you must take care in processing the first payslip on their return from leave. The period would cover the outstanding period until the normal week end. In the above example this would be from 09/01/2010 – 09/01/2010.
8. You must only enter the actual hours/days worked for the period and consider that the permanent allowances and deductions may have already been paid for this period with the leave pay. If this is the case, then the 'Multiply' field will be zero.

## ! ENCASHMENT OF LEAVE DUE

If your employees wish to sell back or 'cash in' their leave, the system will calculate the value and add it to their payslip by following a simple procedure.

1. On the leave tab, find the field at the bottom 'Pay out leave on Next Payslip' and tick this.
2. Below this, fill in the number of days to be paid out. See example below:

The screenshot shows the 'Leave & Overtime' tab in the Vanilla Payroll software. The interface is divided into several sections:

- Annual Leave:** Includes 'Sick Leave', 'Unpaid Leave', and 'Other Leave' sub-tabs.
- Leave Entitlement:** Shows 'Initial Take-On Leave' (10.00) and 'Annual Entitlement' (15.00) with up/down arrows. A 'Setup Future Entitlement Increase' button is also present.
- Leave at Present:** Shows 'Days Taken' (0.00), 'Days Paid Out' (0.00), and 'Leave Due at 31/12/2009' (22.50).
- Pay Out Leave on Next Payslip:** A checkbox that is checked.
- Retirement Funding Income:** An unchecked checkbox.
- No. Days to Pay Out:** A field set to 22.50 with up/down arrows.
- Leave Taken During the Tax Year:** A table with columns 'Date From', 'Date To', 'Days', and 'Taken'. It is currently empty. A 'List of annu' button is visible in the table area.
- Buttons:** 'Add', 'Edit', and 'Erase' buttons are located at the bottom right of the table area.

3. The system will not allow you to pay out more leave than is due by the next payslip period.
4. The system calculated the value of the leave using one of the following formulae to determine a daily rate.
  - Salary per month divided by the days per month entered in the 'Working Hours' tab
  - Weekly rate divided by the day per week in the ticked in the 'Working Hours' tab
  - Hourly rate multiplied by the average hours per day calculated by taking the total hours per week divided by the number of days per week in the 'Working Hours' tab

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