

AU Payroll Practice Set

START HERE

1. Create XERO account
Click the link to sign up to XERO for Free :
<https://www.xero.com/ph/signup/>

Refer to Resources >>> 1. Step by Step Process to Sign up in XERO

2. Create the Australian Company in XERO

Details:

Company Name : Bookwise Growth Clinic_Student Name
ABN: SKIP (*for demo purpose ONLY*)
Address: 127 William Street Brisbane QLD 4000

Refer to Resources >>> 2. Set up Australian Company account in XERO

DISCLAIMER: (for Bookwise Growth Clinic Practice set purpose ONLY)

3. Payroll Setting Step by Step process

Go to Payroll Tab > > Choose Payroll Settings

The screenshot displays the software's navigation bar with tabs for Dashboard, Business, Accounting, Payroll, Projects, and Contacts. The Payroll tab is highlighted with a red box. A dropdown menu is open from the Payroll tab, listing various options: Overview, Employee management, Employees, Leave, Timesheets, Payroll processing, Pay employees, Superannuation, Single Touch Payroll, Administration, Payroll history, and Payroll settings. The Payroll settings option is highlighted with a red box. A red arrow points from the Payroll tab to the dropdown menu, and another red arrow points from the Payroll settings option to the main content area.

4. Organisation Tab > **Choose the bank account to where the Payroll will be debited;**
5. Choose the Liability and Expenses account

Payroll settings

Hide help! 



Add bank details, accounts, pay frequencies & pay items via the tabs below.

You can also set up your superannuation funds too.

There are plenty of handy tips in the [help guide for Xero Payroll](#).

Organisation

Pay Frequencies

Holidays

Pay Items

Superannuation

Organisation

Bank Account 

Westpac Business Acct#1234

PAYG Liability Account

825: PAYG Withholdings Payable

Wages Expense Account

477: Wages and Salaries

Wages Payable Account

804: Wages Payable - Payroll

Superannuation Liability Account

826: Superannuation Payable

Superannuation Expense Account

478: Superannuation

Payroll Tracking


Employee Groups (optional)

None

Timesheet Categories (optional)

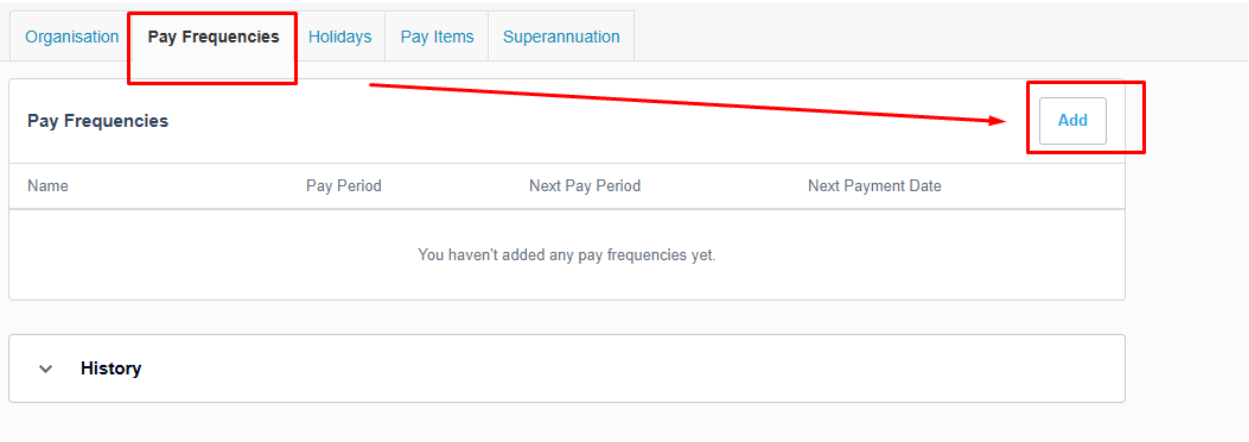
None

Payslip Options

Show Annual Salary 

Show Employment Basis

6. Pay Frequencies depending on the company policy of your clients – it can be Weekly, Fortnightly or Monthly or ALL types

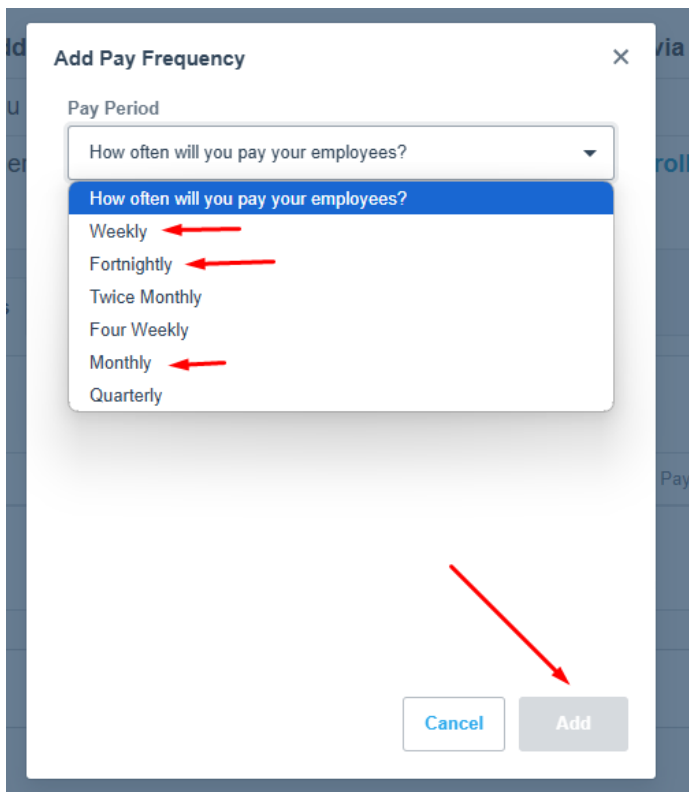


Organisation **Pay Frequencies** Holidays Pay Items Superannuation

Pay Frequencies Add

Name	Pay Period	Next Pay Period	Next Payment Date
You haven't added any pay frequencies yet.			

History



Add Pay Frequency

Pay Period

How often will you pay your employees?

- Weekly
- Fortnightly
- Twice Monthly
- Four Weekly
- Monthly
- Quarterly


Cancel Add

7. Holiday Group > General Rule is **Holiday group is based on where the employee resides**

Organisation Pay Frequencies **Holidays** Pay Items Superannuation Automatic Superannuation

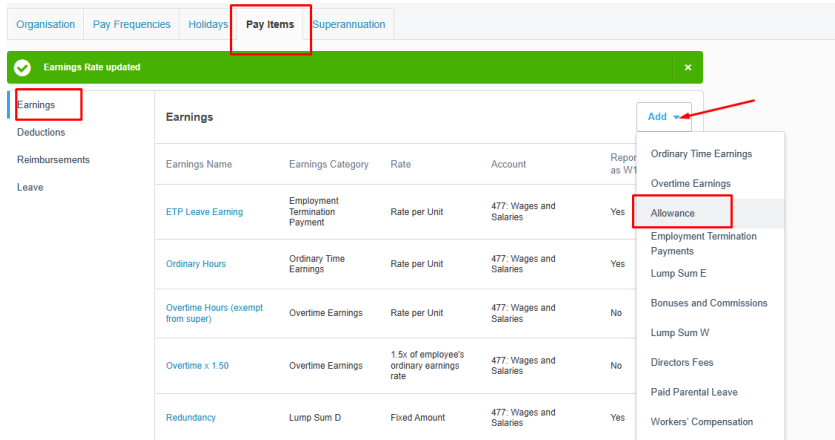
Set up your holidays

Holidays help us be more accurate when calculating leave for your employees. [Add Holiday](#)

All Holidays		All Holidays	
FILTER BY GROUP		Name	Date
Australian Capital Territory		New Year's Day	Monday, 1 Jan 2024
New South Wales		Australia Day	Friday, 26 Jan 2024
Northern Territory		Labour Day	Monday, 4 Mar 2024
Queensland		Eight Hour Day	Monday, 11 Mar 2024
South Australia		Adelaide Cup Day	Monday, 11 Mar 2024
Tasmania		Labour Day	Monday, 11 Mar 2024
Victoria		Canberra Day	Monday, 11 Mar 2024
Western Australia		Good Friday	Friday, 29 Mar 2024
Add Group		Easter Saturday	Saturday, 30 Mar 2024
		Easter Sunday	Sunday, 31 Mar 2024
		Easter Monday	Monday, 1 Apr 2024
		Anzac Day	Thursday, 25 Apr 2024
		May Day	Monday, 6 May 2024

8. Pay Items

Earnings Tab >> Create Car Allowance > Click Earnings > Click Add > Click Allowance



Organisation Pay Frequencies Holidays **Pay Items** Superannuation

Earnings Rate updated

Earnings

Earnings Name	Earnings Category	Rate	Account	Report as W1	
ETP Leave Earning	Employment Termination Payment	Rate per Unit	477: Wages and Salaries	Yes	Allowance
Ordinary Hours	Ordinary Time Earnings	Rate per Unit	477: Wages and Salaries	Yes	
Overtime Hours (exempt from super)	Overtime Earnings	Rate per Unit	477: Wages and Salaries	No	
Overtime x 1.50	Overtime Earnings	1.5x of employee's ordinary earnings rate	477: Wages and Salaries	No	
Redundancy	Lump Sum D	Fixed Amount	477: Wages and Salaries	Yes	

Aero Central

Earnings Name

Car Allowance

Type

Car

Type is used to group allowances for reporting to the ATO
[Read about allowance types](#)

Display Name (optional)

Car Allowance

Rate Type

Fixed Amount

Amount (optional)

\$

Expense Account

477: Wages and Salaries

Exempt from PAYG withholding

Exempt from Superannuation Guarantee Contribution


Reportable as W1 on Activity Statement

Cancel Save

9. Create another earnings for Commissions

Bonuses and Commissions

For automatically calculating tax on back payments, commissions, bonuses and similar payments.

Calculated using [Schedule 5 Tax table method B\(ii\)](#) 

Earnings Name

Display Name (optional)

Rate Type

Amount (optional)

Expense Account

Exempt from PAYG withholding

Exempt from Superannuation Guarantee Contribution

Reportable as W1 on Activity Statement

Deductions

1. Create Union Fees

Go to COA > create Union Fees expense > EXPENSE > Account code : **510** > Union Fees > Gst on expense

Union / Association Fees

For the industry you work in, you can claim union fees, subscriptions to associations and bargaining agents fees. [Learn more about union fees](#)

Deduction Name
Union Fees

Account
Union Fees

Reduces PAYG Withholding
If selected, this will be a pre-tax deduction and reported to the ATO as a salary sacrifice under STP2 reporting

Reduces Super Guarantee Contribution
If selected, this will reduce the earnings amount that's subject to superannuation guarantee (SG)

Excluded from W1 on Activity Statement
If selected, this will reduce the reportable amount at W1 on your activity statements

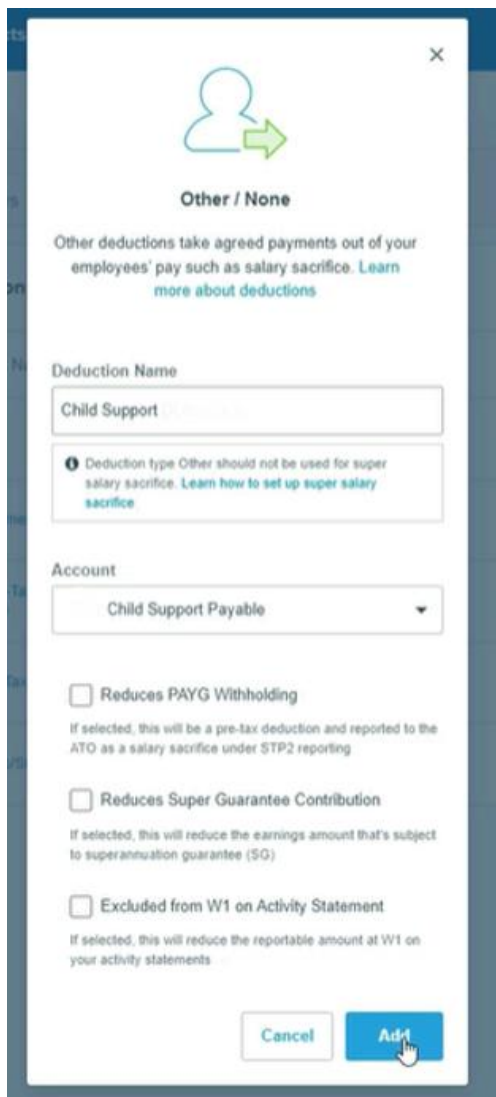
Cancel Add

2. Deductions – **Create Child Support** - Child support is an amount of money paid between separated parents to help with the cost of raising their children.

Go to COA >> Add > Current Liability > **810 > Child Support >**

Description : Amount deducted to Employee and payment made to Department of Humans Services (DHS) > BAS Excluded

Deductions > Click ADD > **Choose Other/None**



Other / None

Other deductions take agreed payments out of your employees' pay such as salary sacrifice. [Learn more about deductions](#)

Deduction Name
Child Support

! Deduction type Other should not be used for super salary sacrifice. [Learn how to set up super salary sacrifice](#)

Account
Child Support Payable

Reduces PAYG Withholding
If selected, this will be a pre-tax deduction and reported to the ATO as a salary sacrifice under STP2 reporting

Reduces Super Guarantee Contribution
If selected, this will reduce the earnings amount that's subject to superannuation guarantee (SG)

Excluded from W1 on Activity Statement
If selected, this will reduce the reportable amount at W1 on your activity statements

Cancel Add

Reimbursement

Add in Chart of Account >> Code 855 – Expense Reimbursement > Current Liability – BAS excl

Organisation	Pay Frequencies	Holidays	Pay Items	Superannuation	Automatic Superannuation
Earnings	Reimbursements				
Deductions					
Reimbursements	Reimbursement Name		Account		
Leave	Other Reimbursable Costs		855: Expense Reimbursement		
<input type="checkbox"/> Show inactive items	Travel Costs		855: Expense Reimbursement		
<p>History</p>					

SET UP EMPLOYEE

Reference : <https://www.fairwork.gov.au/starting-employment/types-of-employees/full-time-employees>

Go to Payroll Tab >> Click Employees >> Click New Employee > Add Employee

Full Time Employee

FULL NAME	Meredith Gray
Birthdate	25 June 1997
Employment Type	Full Time – Advertising Sales Representative Award: Commercial Sales Award [MA000083]
Tax File Number	
Superannuation Provider	AustralianSuper/Mercer, etc
Superannuation Members ID#	
Address	Brisbane QLD
Email address	
Contact number	
Salary	\$27.26/hr + Commissions Deduction – Union Fees \$10
Work hrs	38 hrs per week >> \$1,035.70/weekly (\$27.25526)

PREFERENCE IN CHECKING:

Find my Award Tools

<https://services.fairwork.gov.au/find-my-award>

<https://calculate.fairwork.gov.au/FindYourAward>

Transforming Aspirations into Expertise. Focused growth. Tailored for You.

Hourly pay rate: ? **\$27.26 per hour**
⊕ [Show rates for all employment types](#)
 Not the pay rate you expected? [Get help.](#)

Weekly pay rate: **\$1,035.70**

Your award: Commercial Sales Award (MA000083) ?

Employment Status: Full-time
✎ [Edit employment type](#)

FULL NAME	Lexie Grey
Birthdate	15 September 1990
Employment Type	Full Time – Manager
Tax File Number	
Superannuation Provider	AustralianSuper/Mercer, etc
Superannuation Members ID#	
Address	Brisbane QLD
Email address	
Contact number	
Salary	Annual Salary - \$55,000 + \$100/week Car allowance Ded : Child Support \$300/week
Work hrs	38 hrs per week

Part Time Employee

FULL NAME	Joseph Green
Birthdate	18 Feb 2002
Employment Type	Part time – Office Clerk
Tax File Number	
Superannuation Provider	AustralianSuper/Mercer, etc
Superannuation Members ID#	
Address	Brisbane QLD
Email address	
Contact number	
Salary	\$40/hr
Work hrs	20hrs per week (4hrs/day)

Casual Employee

FULL NAME	John Taylor
Birthdate	16 March 1989
Employment Type	Cleaner
Tax File Number	
Superannuation Provider	AustralianSuper/Mercer, etc
Superannuation Members ID#	
Address	Brisbane QLD
Contact number	
Salary	\$45/hr