

Payroll Year End for Churches using Xero

Here are the main steps in summary are:

1. **Make sure that all pay runs for the year have been processed**
2. **Reconcile the Bank account used to pay the wages**
3. **Check that the Payroll Clearing or Wages Payable Account is zero**
4. **Reconcile payroll reports to general ledger**
The purpose of this step is to increase the likelihood that all pays have been processed through the payroll system and the annual Payment Summaries will be correct
5. **Produce & send the Payment Summaries**
Payment Summaries must be given to employees by 14th July
Payment Summaries must be filed with the ATO by 14th August

Steps 3-5 in detail

3. Check that the Payroll Clearing or Wages Payable Account is zero

Wages Payable - Payroll Transactions						
From 1 Jun 2016 to 30 Jun 2016						
Add Summary						
Date	Type	Transaction	Reference	Debit	Credit	
31 May 2016		Opening Balance				0.00
10 Jun 2016	PE	Wages Payable	Payroll Expense Journal - PD-62		4,531.63	
13 Jun 2016	PAY	Payroll		1,569.71		
13 Jun 2016	PAY	Payroll		2,961.92		
Total				4,531.63	4,531.63	
30 Jun 2016		Closing Balance				0.00

4. Reconcile the payroll reports to the general ledger

First see this video: <https://help.xero.com/au/PayrollEOFY>

- a. **Run the Payroll Employee Summary Report for the year & export into a spreadsheet**

Payroll Employee Summary From 1 July 2015 to 30 June 2016

Employee	Earnings	Deductions	Tax	Super	Net Pay
Employee 1	\$74,951.82	\$36,813.84	\$4,680.00	\$0.00	\$33,457.98
Employee 2	\$38,305.40	\$0.00	\$4,744.00	\$3,638.93	\$33,561.40
Employee 3	\$85,310.71	\$49,079.70	\$4,104.00	\$10,807.02	\$32,127.01
Employee 4	\$88,442.45	\$48,397.44	\$5,328.00	\$0.00	\$34,717.01
Employee 5	\$48,143.66	\$23,766.59	\$1,872.99	\$7,883.40	\$22,504.08
Total	\$335,154.04	\$158,057.57	\$20,728.99	\$22,329.35	\$156,367.48



b. adjustments. Total these. The total must equal to the totals from the Payroll Employee Summary

63610 Admin Salaries	\$38,755.27				
61150 MEA Entitlements	\$158,057.57	\$158,057.57			
61110 Ministers Wages	\$148,697.31				
Leave Accruals	(\$9,906.25)				
Leave Accruals	(\$449.86)				
63620 Admin Super				\$5,248.01	
61170 Ministry Super				\$17,081.34	
21330 PAYG Payable			\$20,728.99		
Total	\$335,154.04	\$158,057.57	\$20,728.99	\$22,329.35	

c. Run the Payment Summary Details Report as at June 2016

Employee	Gross Payments	
		PAYG
Employee 1	\$38,137.00	\$4,680.00
Employee 2	\$38,305.00	\$4,744.00
Employee 3	\$36,231.00	\$4,104.00
Employee 4	\$40,044.00	\$5,328.00
Employee 5	\$24,376.00	\$1,872.00
Total	\$177,093.00	\$20,728.00

d. Compare the Gross Payments to Earnings – Deductions

\$335,154.94 - \$158,057.57 = **\$177,097.37**

Difference is \$4.37

This is acceptable as the cents are removed from Gross Payments

5. Produce. send & lodge the Payment Summaries

Steps	Instructions & Videos
Prepare and distribute employee payment summaries	https://help.xero.com/au/Payroll-EOFY-CheckDetails
Lodge the Payment summaries with ATO directly from Xero	https://help.xero.com/au/Payroll-EOFY-SendAnnualReport