Tonga Payroll Processing

Welcome to SmoothPay goPayroll - online payroll for Tonga

SmoothPay provides built-in localisation (tax and superannuation rules) for **Tonga**.

This guide is intended as a general guide on how to proceed in each of the identified situations.

This guide is not a substitute for correct legal advice. If in any doubt regarding your legal obligations, you should consult a *Labour Officer or Inspector* or your legal adviser.

SmoothPay is designed to permanently record your pay input entries for subsequent retrieval and reporting. If used correctly, it will provide you with all the requirements for leave recording and reporting, overtime, allowances history, leave accruals, superannuation, tax reporting, auditing etc.

Extra localisation, such as specialised reporting requirements, or implementation of rules we may not know about, can be requested by contacting the SmoothPay helpdesk and providing as much in the way of supporting documentation and examples as possible.

Tonga has a proposed **Employment Regulations Bill 2013** that has yet to make traction and become law, however due to lack of any other binding legislative ruling SmoothPay is delivered by default using the provisions of the Bill, and this guide is based on the Bill.

Until such time as the Employment Regulations Bill becomes law you may change leave settings etc. to suit.

You can also call our helpdesk for assistance by phone or by email - it's free during your evaluation, and all support is included as part of your subscription.

Piece-rate and casual contracts

Piece-rate employees are defined as "Casual" in the employee record (*Staff..Contract*), and the leave entitlements (*Staff..Leave..Entitlements*) can be set to zero unless otherwise agreed.

> Pay input will be via the *F6 (Staff..Pay..Allowances)* screen, using allowance codes to represent each type of piece-work, the units of work and the rate applicable to each unit. New codes are added in the Codes section (refer *Getting Started Guide*).
>
> Permanent (usual) piece-rate entries should be saved as part of the employee's Standard Pay Template (*to avoid having to re-enter them each pay period*).

Overtime

SmoothPay provides for overtime via *(Pay..Time entries)* with a default multiplier of 1.5, and 2 for double time.

You can add other overtime codes if you need to (*Codes..Time*) to cater for other time types and different multipliers.

Maternity Leave

All eligible working women are entitled to maternity leave of 30 consecutive days with a right of return to the same or better position and pay.

The Bill is silent regarding payment for this time off.

This should be entered as Leave Taken (*a Maternity Leave code is supplied in the default Tongan database template, set up as auto-balancing*).

Annual (or Holiday) leave

The minimum prescribed entitlement is 20 working days off after each year of service (*except casual and piece-rate workers*) or a pro-rated portion for part-time workers.

Therefore, each employee's annual leave should be established as Annual Days with the annual accrual (*e.g. 20 or more*) set as required. Any balance owed from their previous annual accruals should be set in *Staff..Leave..History* by adding a transaction containing the bring-on balance).

If you choose a different method (*e.g. Percentage each pay, or annual weeks, or annual hours*), then a rate producing a similar result should be used, however for clarity, the method prescribed by the Act should be used (*10 days, accruing annually for a full-time employee*).

> Your default settings may still be set to 10 days - as the Bill has yet to become law you need to decide the basic leave entitlements offered to staff and set it accordingly (*and it can be set differently per employee if you need*).

Annual Leave entitlement on termination

Any unused annual leave accrued and calculated to date is payable.

The **Terminate** payrun tool (*and **Leave Taken wizard** which provides a termination function*) calculates the balance payable for you.

Sick Leave

The minimum entitlement is 10 working days of paid sick leave for every 12 months of continuous service, capped at 10 days (*sick leave does not continue to accrue beyond 10 days - unless you want it to*).

Bereavement Leave

The minimum entitlement is up to 3 working days of paid bereavement leave for every 12 months of continuous service, capped at 3 days (*bereavement leave does not continue to accrue beyond 3 days - unless you want it to*).

Leave balances on payslips

For each type of leave you have the option of showing the leave balance on the employee's payslip - refer *Codes..Leave*

Payslips

SmoothPay provides for printing:

- individual payslips from **Payrun..Payslip**, or from the print tool in their **History**
- in bulk from **Payrun..Pay Reports,** or reprinted from **Reports..Pays..Reprint payslips.** You can also email payslips from these options as well.

These disclose all the required information to the employee.

Leave Records

A series of reports is available from SmoothPay which, when combined, provide full details of leave taken, leave accruals and employee information:

- Employee detail printout, shows all required employee details including next of kin
- Individual leave reports show details of leave accruals, adjustments, leave taken
- Summary and detail reports are also provided that show leave entitlements and balances

Leave comments may also be edited to provide a complete history/reason for leave and adjustments.

Taxation

SmoothPay provides current tax rules and calculations for weekly, fortnightly, 4-weekly, monthly and half-monthly pay cycles.

Standard (resident) income employees are taxed according to the current tax thresholds.

Agents/Contractors (e.g. real estate agents) who have requested tax to be deducted and VAT to be calculated can be processed in SmoothPay (and a tax invoice is issued instead of a payslip). If no tax rate is specified then no tax tax will be deducted.

> You also have the ability to override tax (in *Payrun...Summary*, though this is not the norm and should be discussed with our HelpDesk if you consider overriding tax necessary), or set a flat rate in the employee's tax settings.

Tax reporting

SmoothPay has no official information on forms or electronic reporting formats used in Tonga, and provides a generic Monthly tax report, Reconciliation report and Earnings Certificates for you (*Reports..Tax*).

Bank Accounts and Direct Credit files

SmoothPay can generate direct credit files for various banking systems (*e.g. ANZ PC1 DiskPay, ANZ Transactive and BSP QuickPay*).

If the option you need is not available then please contact the HelpDesk and we'll provide additional options (*as long as we can obtain the required formatting information*).

Every time a direct credit file is produced you will be presented with a Direct Credit Schedule report showing you all direct credit entries in the current pay run.

When the current pay run is finished, any direct credit files required will be produced automatically.

You can also re-run a direct credit schedule (*and associated direct credit files*) for any historical batch at any time (*Reports..Pay..Direct Credit*). **This is very useful for testing purposes.**

Bank accounts must be entered and formatted as follows:

ANZ use standard bank codes (see list below) e.g.
     020000-123456
     Where 02000 is the Bank (02=ANZ, 0000 is the branch number if known/used) for the BSB part, and 123456 is the Account.

BSP have their own BSB numbers and must be entered correctly, e.g.
     010000-123456

Here is a list of known Banks and BSB's used in Tonga (at time of writing):

- 010000 BSP accounts
- 020000 ANZ accounts
- 030000 PIC
- 040000 TDev

Employee bank account/s can be created, edited etc. in the *Staff..Bank* screen.

There is no limit to the number of bank accounts an employee may have, and each account can be set as an amount per pay, a percentage of pay, balance of net pay etc, providing full flexibility.

DO NOT use employee bank accounts area for payments to other parties - use Agencies/Payments instead.

Agency bank accounts

Payments to other parties (Agencies) require an Agency record to be created (Codes..Agencies), which is then added to the employee's Payment tab as required.
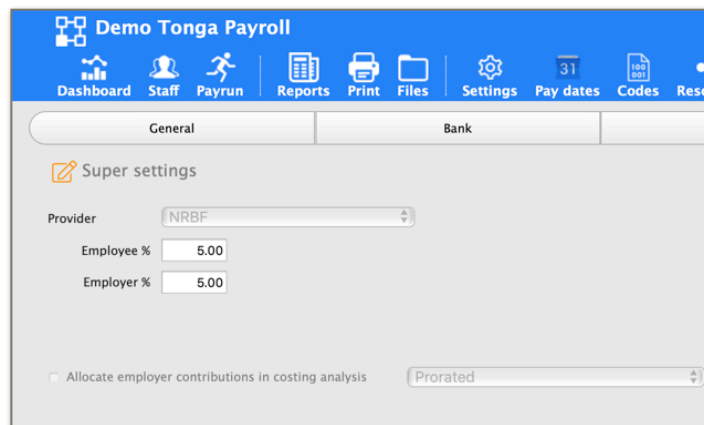
The agency payee details provide for account name, bank name, branch name.

If bank name is not entered then the first line in the agency name/address block will be used instead.

Superannuation

SmoothPay provides for automatic calculation of both the employee and employer contributions for NRBF.

Default superannuation percentages are established in *Configure..Super*:

Each new employee you add will inherit these as their default values (*Super* tab). Change the superannuation provider and settings if you need to (Super funds can be added in *Codes..Agencies and Super Funds*) or you can choose "None" and Permanent Exemption if the employee is not eligible.

NOTE: Superannuation in Tonga is usually calculated on taxable earnings.

There is an option on all time, leave and allowance codes to include for superannuation if you wish to include/exclude specific earnings types.

Superannuation reporting

Comprehensive Superannuation Schedules (*Reports..Super..Schedule*) includes:

• a schedule report of totals per selected month, per employee

Salary Packaging

Please check with Inland Revenue before entering into any packaging arrangements.

Packaging may include:

- Sacrifice to superannuation
- Non-cash benefits that are wholly or partially exempt from income tax

Add the sacrifice to the employee's payments tab entries for the amount required each pay period.

We recommend that all packaging arrangements be in writing and cleared with Inland Revenue.

SmoothPay support, training and assistance

SmoothPay provides all end-user support, training and assistance **at no additional cost** as part of both your evaluation of SmoothPay and as part of your ongoing subscription.

Support also includes "direct-to-desktop" assistance with any problems you might be having - it includes a handy chat feature which enables discussion during training.

We can be contacted via phone or email (*see the foot of the Dashboard for contact options*).

Feedback

We're always keen to do better!

Any and all feedback is appreciated and if you feel we could include better examples, provide more explanation, provide references to additional information, make a process easier to use, or you spot something that isn't working the way it's supposed to - please let us know.