Cook Islands Payroll Processing

Welcome to SmoothPay/goPayroll for the Cook Islands

goPayroll (*also commonly named SmoothPay after the company that developed the payroll, now owned by PaySauce in New Zealand*) provides built-in localisation (*tax and superannuation rules*) for the **Cook Islands**.

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.

Employees in the Cook Islands are provided minimum employment conditions by the *Employment Relations Act 2012.*

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 6 weeks paid maternity leave.

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

Paternity Leave

All eligible working fathers are entitled to no less than 2 days paid and 3 days unpaid paternity leave.

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

Annual (or Holiday) leave

The minimum prescribed entitlement is 10 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. 10 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*).

Annual Leave entitlement on termination

Any unused annual leave accrued is payable. The Leave Taken wizard provides a termination function which will calculate the balance payable for you.

Sick Leave

The minimum entitlement is 5 days of paid sick leave for every 12 months of continuous service.

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 of individual payslips (in a variety of styles) from each employee's Pay Input screen, or in bulk from Standard Reports.

Payslips may also be emailed - individually or in bulk from the Standard Reports screen.

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.

Savings and Loans

SmoothPay provides a built-in Savings and Loans module that lets you easily establish and manage:

- loans and a repayment rate,
- savings with an optional target and the ability to borrow against savings or even to overdraw savings
- print statements and balance reports at any time
- show account balances on the employee's payslip

For more information, please refer to the Savings and Loans Guide available on our website.

Taxation

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

Primary income employees are taxed according to the current tax thresholds.

Secondary income employees are taxed at the No Declaration rate unless a rate is entered in their tax settings (*this rate will be on the RM153 form if they have applied for a special secondary tax rate with RMD, otherwise the rate determined from the Information For Employers guide available from MFEM - it is the employee's responsibility to provide this rate*).

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.

No declaration employees should be taxed at No Declaration rate (*untick Primary and leave the flat rate empty or set to 30%*).

Directors Fees

Despite the Income Tax Act identifying directors fees as Employment Income, we have received official advice from RMD that **directors fees are not subject to PAYE**.

Tax reporting

SmoothPay provides a full complement of PDF forms (RM101, RM106) supplied by RMD and pre-filled as required.

The RM101 Tax Deduction Certificate forms can be produced for a single employee direct from their History tab, or for an entire tax year from the Reports..Tax menu (NOTE: the form is printed with 2-copies per A4 page)

The RM106 PAYE Reconciliation Form (creates a spreadsheet called PAYE.XLS) and PAYE Reconciliation Statement are produced from the Reports..Tax menu.

Bank Accounts and Direct Credit files

SmoothPay can generate direct credit files for various banking systems (e.g. ANZ PC1, ANZ Transactive, BCI and BSP) - either a consolidated file for one bank (e.g. ANZ) or separate files per bank.

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 produce 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.
    039001-123456

BCI accounts can have letters (optionally replaced by digits, S=5 and L=7 - SmoothPay provides for either method)

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

NOTE: the BSB used in each case depends on which bank is selected as the main banking system - each bank uses different BSB codes!

BSP bank users

- 039001 BSP accounts
- 089001 BCI accounts
- 099012 ANZ accounts

ANZ Bank users

- 01 Bank of the South Pacific (BSP) - entered as 019001
- 02 ANZ - entered as 020000
- 03 Bank of the Cook Islands (BCI)* - entered as 030000

Please make sure you enter the BSB correctly in ALL cases. You can easily select the correct bank and the BSB will be updated (all depending on the main bank type selected in Settings).

* BCI have alpha characters in account numbers (e.g. 12345L56 or 12345S1 etc.). These can be entered as supplied (or you can substitute "5" for "S" and "7" for "L")
* BCI also now require the use of an ARN in their ABA file format - it's a 9-digit number that you need to obtain from BCI for each account, and it needs to be entered against every BCI account in the system.

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 and BCI ARN (*required for all BCI accounts*) and a flag to indicate if transactions need to be itemised in the direct credit file, or consolidated into a single entry for that agency.

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 CINSF.

Default superannuation percentages are established in *Settings..CINSF*:
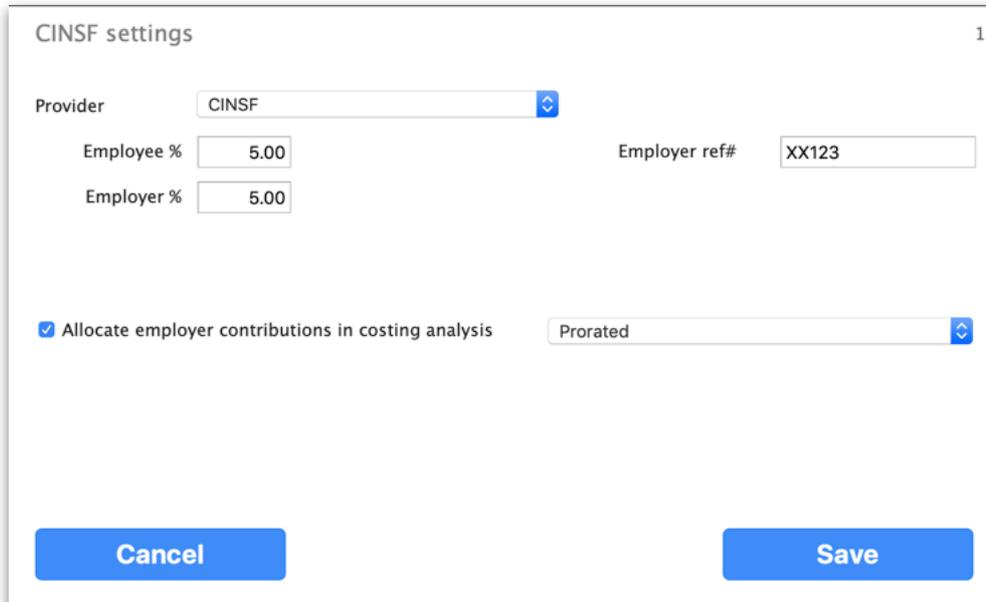
> **NOTE** the option to include employer superannuation costs in the cost analysis reports for easy accounting for super.

Superannuation reporting

Comprehensive Superannuation Schedules (*Reports..CINSF..Contributions schedule and CINSF file*) includes:

• a schedule report of totals per month, per employee, grouped by pay-point (employee department)

• an electronic reporting CSV file, e.g. CINSF_XXXXX_dd-Mon-YYYY.CSV for upload to CINSF (*you'll find this file in the Files page*)

> **PLEASE NOTE**: Your CINSF Employer Code ("XX123" in the example above) MUST be entered in the CINSF agency payee details area, otherwise it will not be accepted by CINSF for processing.
>
> A recent change makes this available also in Configure..Super (please check!)

Salary Packaging

Please check with RMD (Revenue Management Division) before entering into any packaging arrangements.

Packaging may include:

- Sacrifice to superannuation

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

- Novated leases (motor vehicle, if the vehicle is used solely for business purposes). Any private use is a taxable benefit. Transfer of ownership to the employee is a taxable benefit equivalent to:

  - current market value at the end of the lease period or

  - residual lease value when the transfer occurs

Here is an example of a sacrifice code set up (create separate codes for super sacrifice etc as needed):

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 RMD.

Software (Program) updates

All tax rules and other legislative changes are incorporated in regular software releases - minor updates are issued approximately monthly, however tax changes are generally included in updates around the end of the tax year, ready for the next year (*it depends on when we receive notification of any changes*).

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. This includes "direct-to-desktop" assistance with any problems you might be having (*requires a reliable broadband connection*) - it includes a handy chat feature which enables discussion during training.

We can be contacted via phone or email (*see the foot of the Control Centre 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.