

1

Getting Started

7

Introduction	8
Overview	9
Key Functions	12
The Payroll Desktop	13
Setting up Desktop Options	15
Using Criteria	18
Government Legislation	19
Demonstration Data	22

2

Payroll Security

23

User Names and Access Rights	24
Access	25
Setting up a User	26
Allocating Access Rights	27
Editing User Names	28
Deleting User Names	29
Passwords	30

3

Company Settings

31

Entering Company Settings	32
Company Bank Details	34
Coinage Requirements	35
Company Pension Schemes	36
Company Holiday Schemes	40
Departments and Cost Centres	42
Pay Elements	43

4

The Nominal Link

45

Setting up the Nominal Link	46
Setting up Nominal Codes	47
Payments Override	48
Deductions/Pensions Override	49
Departmental Override	50
Nominal Link Postings	51

5

Employee Records

53

Creating Employee Records	54
Quick Employee Records	58
Editing Employee Records	59
Employee Pay Elements	61
Entering P45 and YTD Details	62
Assigning a Holiday Scheme	65
Recording Employee Holidays	66
Recording Sickness	67
Custom Types of Absence	68
Employee Bank Details	69
Company/Employee Analysis	70
Employee Payment History	71

6

Cars, Fuel and Class 1A NIC

73

Cars and Fuel Records	74
Creating New Car Records	75
Removing Car Details	77
Entering Mileage Records	78
Entering Class 1A NIC Details	79

7

Payments to Employees

81

Processing your Payroll	82
Payroll Processing Checklist	83
Payroll Processing Date	84
Resetting Payments	85
Processing your Payments	87
Processing your Deductions	88
Processing Attachments	89
SSP and Parental Leave	90
Processing Loans	91
Statutory Maternity Pay	92
Viewing Payment Summary	94
Manual Pension Payments	95
Advancing Holiday Pay	96

8

Processing Procedures

97

Printing Pre-update Reports	98
Updating your Records	100
Posting Nominal Link Payments	103
Processing Leavers	106
P32 Employers Summary Report	108

Changing Payment Frequency	109
Changing to Director Status	110
Correcting Errors with Rollback	112

9

Statutory Sick Pay

113

Introduction to SSP	114
SSP Checklist	115
SSP Qualifying Days	116
SSP 8 Weeks Gross Pay	117
Recording Current Sickness	118
Entering SSP Manually	119
SSP Calculation	120
SSP Handy Tips	121

10

Statutory Maternity Pay

123

Introduction to SMP	124
SMP Processing Checklist	125
Entering Maternity Pay Details	126
Viewing SMP Entitlement	127
SMP 8 Weeks Gross Pay	128
Entering Maternity Pay Manually	129
SMP Recovery and SMP Messages	131

11

Company Pension Scheme

133

Company Pension Schemes	134
Pension Scheme Checklist	136
Setting up Pension Schemes	137
Assigning Pension Schemes	139
Additional Voluntary Contributions	140

12

Deductions, Loans and Attachments

141

Setting up Deductions	142
Allocating Deduction Types	143
Processing Deductions	144
Advancing Deductions	145
Setting up Loans	146
Allocating Loans	147
Processing Loans	148
Attachment of Earnings	149
Allocating Attachments	151
Processing Attachments	152

13**Working Online****153**

Software Updates	154
e-Submission	155
Cloud Working	156

14**The Report Designer****157**

Introducing the Report Designer	158
Creating a New Report	159
Modifying an Existing Report	164
Creating a Custom Report	166

15**Year End Procedure****169**

Year End Checklist	170
Year End Procedure	171
Preparing for the New Tax Year	178
Updating Tax Codes	179
Updating Tax Bandwidths	181
Advancing Absence and Holiday Year	182

16**File Maintenance****183**

Backing Up and Restoring Data	184
Backing Up Data	185
Restoring Data	186

Index**187**

1

Getting Started

This chapter takes you through the stages of preparing Sage 50 Payroll for use. It explains initial procedures for setting up options and defaults before you start entering data.

- 8 Introduction**
- 9 Overview**
- 12 Key Functions**
- 13 The Payroll Desktop**
- 15 Setting up Desktop Options**
- 18 Using Criteria**
- 19 Government Legislation**
- 22 Demonstration Data**



Certain tasks need completing to set up payroll and pay your employees for the first time, such as registering as an employer and for reporting payroll online with HMRC and telling them about your employees. You normally have to operate PAYE as part of your payroll.



To avoid making mistakes on your company payroll, you can always practice on the demonstration data first. See page 22.



Whilst Sage 50 Payroll is a flexible, user friendly program, it is still very important to ensure you enter payroll information carefully and accurately.

Introduction

For many businesses, manual payroll was a very laborious task but with the introduction of Real Time Information (RTI) in recent HMRC legislation, the mandatory online submission of payroll information now makes reporting much quicker. This is covered in Chapters 13 and 15. However, as there are a minor number of exceptions where paper submission is still allowed, the manual production of various reports has been covered where applicable.

This book explains and describes in easy to follow stages how to computerise your payroll requirements using the Sage 50 Payroll package. It is full of handy hints and advice about how to enter, maintain and process your information quickly and easily and thus avoid making costly mistakes. It takes you through, in a step-by-step guide, the various stages involved in running a payroll system and covers important payroll and HMRC legislation changes.

Sage produce several versions of Sage 50 Payroll depending on number of employees, users and companies. Sage Instant Payroll is for small businesses with a maximum of five employees. Most of this book is relevant to all versions, though some features are specific to only certain versions.

Preparing to use Sage 50 Payroll

Before you can do any payroll processing, a certain amount of preparation is required. Employee, Company and Government legislation information should be checked so that complex tasks such as Tax Calculations, NI, SSP/SMP and holiday entitlements can be processed quickly and easily without error. This book guides you through all of this preparation in easy to follow steps.

Employee and Company records store very detailed information. Because of the confidential nature of payroll, this book shows you how to set up passwords and different levels of security to protect this information from unauthorised access.

Many statutory forms are produced during payroll processing. You will be advised of the various forms and reports required at different stages (handy for a business that may be exempt online submission), and of the importance of regularly backing up your payroll data.

You are also shown how to ensure you have the latest version of the program and up-to-date Government legislation by using the automated update facility.

Overview

The concepts used by Sage Payroll are very easy to grasp and are similar to the once manual system. It basically records information using three sets of 'cards' – the Employee Record card, the Payment card and a single Legislation card for the entire payroll.

For every employee there is an Employee Record card to store information such as Name, National Insurance Number, Tax Code and Payment Details etc. This information is grouped into a number of sections, accessed by clicking on the corresponding tab.

The following is an example of an Employee Record and shows Employment details:

The screenshot shows the 'Employment' tab of an Employee Record form. It contains various fields for job details, tax information, and payment methods. Key fields include Job Title, Works Number (2), Tax Code (745L), NI Category (A), N.I. Number (JE 875764 C), Start Date (01/02/2006), and Payment Method (BACS). There are also checkboxes for 'Week 1/Month 1 Basis', 'Manual NI Entry', 'Welfare To Work', 'FPS Starter', 'Non-UK Worker', and 'Operate net of foreign tax credit relief'. A 'Protected Earnings' field is set to 0.00. At the bottom, there are buttons for 'Pay Elements', 'Salary', 'YTD Values', 'Leaver', and 'Apprentice'.

For every employee, there is also an Employee Payment card, such as the one below, for recording Basic Pay, Overtime Rates and Bonuses, together with any regular Deductions, Attachments, Loans and Salary Sacrifice, etc.

The screenshot shows the 'Payments' tab of an Employee Payment card. It displays a table with columns for Payment Name, Tax, NI, Hours/No., Multiplier, Amt/Perc, Rate, Base Payment, and In Use. The table contains three rows of data: Salary, Bonus, and Overtime.

Payment Name	Tax	NI	Hours/No.	Multiplier	Amt/Perc	Rate	Base Payment	In Use
Salary	Pro	Pro	35.0000	N/A	N/A	5.6000	N/A	Yes
Bonus	Pro	Pro	1.0000	N/A	N/A	100.0000	N/A	Yes
Overtime	Pro	Pro	1.0000	N/A	N/A	0.0000	N/A	Yes



Use the Quick Employee option from the Employee Tasks list to speed up entering a new employee's details (see page 58).



Make sure you are always up-to-date with the latest Government legislation information relating to payroll.



When in doubt, check!
Some employees will not be happy if you make a mistake that then needs correcting in the next pay period.



For instant help in any Sage window, simply press the F1 key at any time to bring up the detailed Help facility.



You can link Sage Payroll to Sage 50 accounting software and make automated postings to update your Profit and Loss and Balance Sheet with payroll journals.

...cont'd

Location of Payroll Data

The installation procedure copies all the necessary files onto your PC for you, though it is sometimes handy to know how Sage 50 Payroll is stored on your computer.

Typically, the Payroll program will be stored on drive C:, in the PROGRAM FILES\SAGE PAYROLL folder, whilst data is stored in the PROGRAMDATA\SAGE\PAYROLL folder. This folder is then further sub-divided as follows:

PAYROLL\COMPANY.001	contains the PAYDATA and PICTURES folders (see the Note below).
PAYROLL\COMPANY.001\PAYDATA	holds all of the Employee Records, payments and parameter details.
PAYROLL\COMPANY.001\PICTURES	contains the bitmap files of employee photos to go with the respective records, where used.
PAYROLL\REPORTS	holds the report files available to you within the Payroll program.
PAYROLL\TEMPLATE	holds the Stationery layout templates such as Payslips, Giros, Cheques.

Multi-company versions will have COMPANY.001, COMPANY.002, etc.

Note: the above are the default file locations for recent versions of Sage 50 Payroll. You can, however, choose to specify different locations during the initial program installation.

...cont'd

Working through Sage 50 Payroll in easy steps

This book explains how to perform the main tasks required for keeping a computerised payroll system. The following chapters show you how to:

- Check and amend Government legislation settings
- Record comprehensive Employee and Company details
- Provide Payroll Security
- Create a nominal link to Sage 50 Accounts
- Pay your Employees weekly, fortnightly or monthly
- Deal with Statutory Sick Pay, Statutory Maternity Pay, SAP, SPP and SPP(A)
- Record and maintain your Company Pension Schemes
- Set up and process Deductions and Attachments
- Process Payroll runs and print Statutory Forms
- Run your Year End Routine
- Carry out File Maintenance

Preparing to start checklist

The secret to running an accurate payroll system is to have all relevant information to hand at all times. Therefore, make sure you have, or have done the following before using your Payroll program for the first time:

- Collated all your Employee Record information
- Checked your government parameters are recorded correctly
- Have company details and pay elements to hand
- Planned, then checked, your nominal link settings
- Decided how you will implement payroll security
- Set up a backup strategy or facility



Remember that you can familiarise yourself with Payroll's features and practice with the demonstration company provided with the program until you are ready to start entering your own data for real.



Why not let the Payroll Year End Wizard guide you quickly through the Year End procedure.



Remember to maintain your internet connection if you wish to make use of the news feeds, automatic updates, e-submissions and other online facilities available in Payroll.



Function keys and Keystrokes are provided for frequently used actions. Practice using them regularly and you will find your Payroll program easier to use.



To user-define your Function Keys, click Options from the Desktop window, select the Function Keys tab and use the Finder button to enter an action of your choice.



A quick method of accessing an option from the menu bar is to hold down the Alt key and press the underlined letter of the function required (i.e., Alt + T (or t) pulls down the Tasks menu).

Key Functions

The following shortcut features are available to help you whilst working with your Sage 50 Payroll program. Make full use of them to save time.

Function keys

- F1 Opens the online help system.
- F2 Displays your computer's calculator.
- F3 Opens the Sage Help Map that guides you through the payroll process.
- F4 Displays the calendar, calculator or Finder search if the selected box has any of these special buttons attached.
- F8 Clears the content of a field.
- F12 Minimises the Sage Payroll program.

Function Keys F5, F6, F7, F9, F10 and F11 can be user-defined by selecting View, then Options and clicking on the Function Keys tab from the Sage Payroll Desktop.

Keystrokes

- Esc Exits the current screen without saving.
- Tab Accepts an entry and moves to the next field or entry box.
- Shift + Tab Moves back to the previous field or box.
- End Moves the cursor to the last character of the last word in the field.
- Home Moves the cursor to the start of the field.
- Ctrl + Right Arrow Moves to the first character of the next word in the field.
- Ctrl + Left Arrow Moves the cursor to the first character of the previous word in the field.
- Ctrl + N (or n) Advances to the next selected record.
- Ctrl + P (or p) Moves back to the previous record.

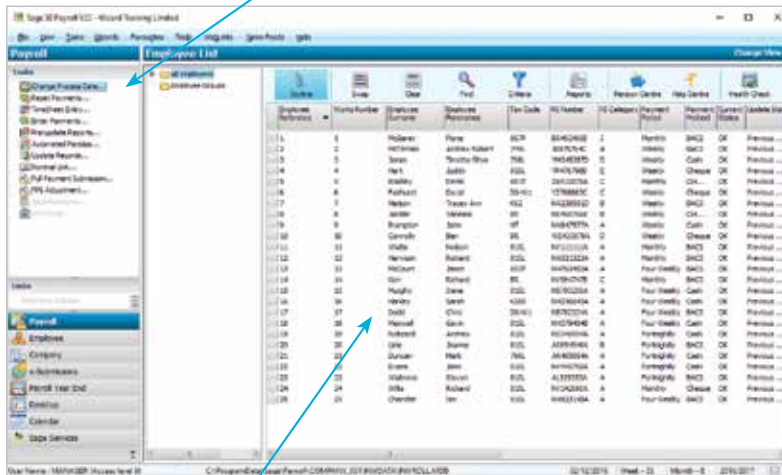
The Payroll Desktop

The Payroll Desktop features a menu bar, navigation groups, links and tasks on the left side, and a switchable split screen with tree view on the left and list view on the right.

The main program options are quickly accessed using the stacked groups by clicking on the Payroll, Employee, Company, Desktop, etc. buttons. Many of these options are also available from Tasks on the menu bar. The toolbar above the list view area provides additional list selection and reporting functions.

Payroll Desktop

- 1 Use the Tasks option on the toolbar for functions not shown in the navigation groups
- 2 Main payroll functions can be quickly selected in this area



- 3 The list area shows a list of Employee Records
- 4 The Outline button on the toolbar is used to hide the tree view when not required
- 5 Double-click an employee in the list view to quickly open the Employee Record window



Use the Health Check button from the toolbar to quickly see if any errors have occurred.



Remember that you can rearrange the fields in the list view to suit your requirements. Simply drag a field to a new position with the left button of your mouse.



Use the Criteria button from the toolbar to quickly filter employee information.





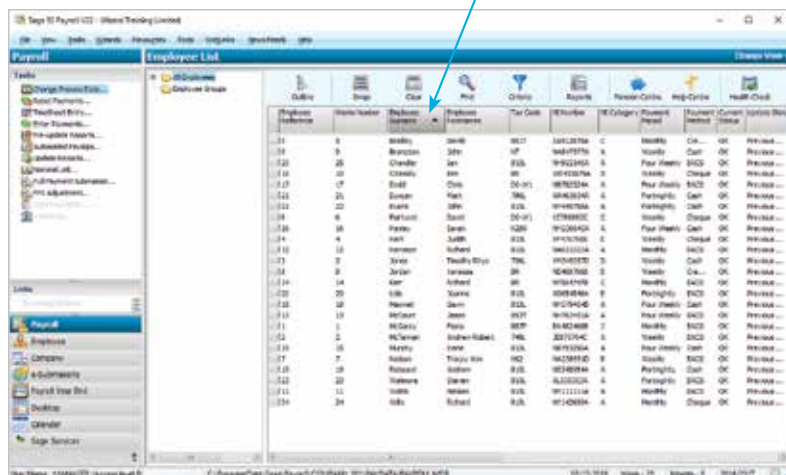
To sort by a particular field just click on the field name at the top of the column.

...cont'd

Sorting your information to meet requirements

When required, you can easily sort your payroll information into a different order. For example, to sort your employees by surname order do the following:

- 1 Click once here to sort into ascending order (A-Z)

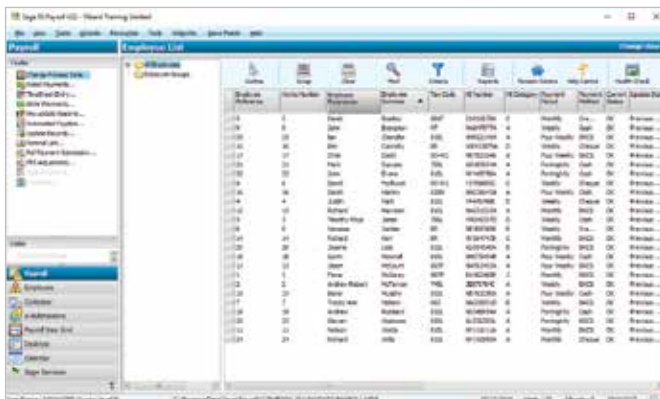


- 2 To revert the sort to its original order simply click again

Reorganising your columns

To reorganise the employee column list, do the following:

- 1 Using the left mouse button, simply drag the chosen column to a new required position



Clicking on the Outline button in the toolbar removes the tree view and maximises the list view, allowing you to see more record columns.



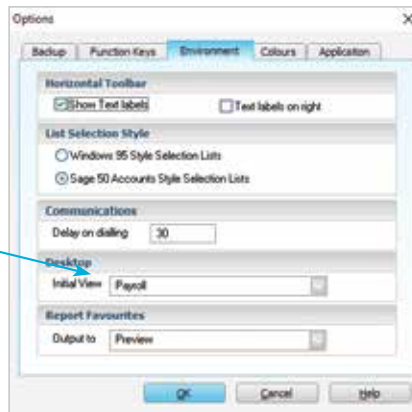
To restore the tree view just click on the Outline button again.

Setting up Desktop Options

You can change the appearance of the Desktop to suit your preferences. The following options are available:

Toolbars

- 1 From the menu bar click View, then Options and select the Environment tab
- 2 Tick how you want text labels shown on the toolbar
- 3 Change the list style to the older style if you prefer
- 4 Select the initial Desktop view here
- 5 Make Preview the Report default to save printer paper



Quickly define your own shortcut keys by selecting the Function Keys tab. Here you can user define six additional keys. See page 16.



Use the Browse... button to help you find a path for your Payroll backups.

Backup

To set the backup drive location:

- 1 In the Options window select the Backup tab
- 2 Enter the desired backup path
- 3 Ensure Automatic Backup is selected
- 4 Click OK to save selection and close



To exit without saving your changes, just click on the Cancel button.



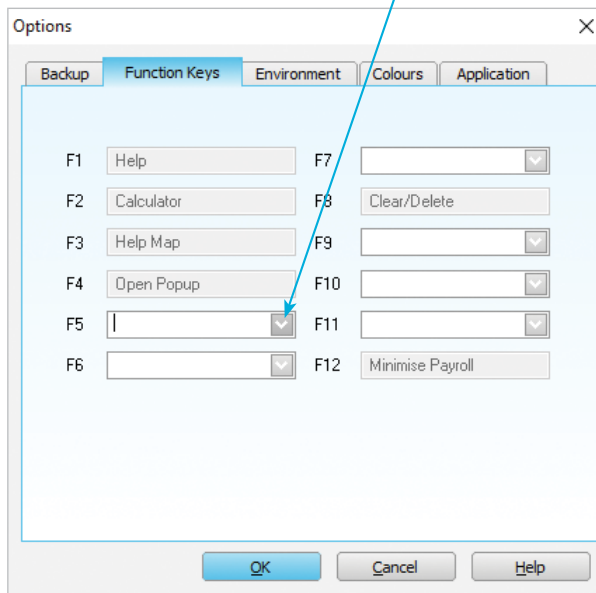
Press F12 at any time to minimise your screen, instantly hiding confidential information from view.

...cont'd

Function Keys

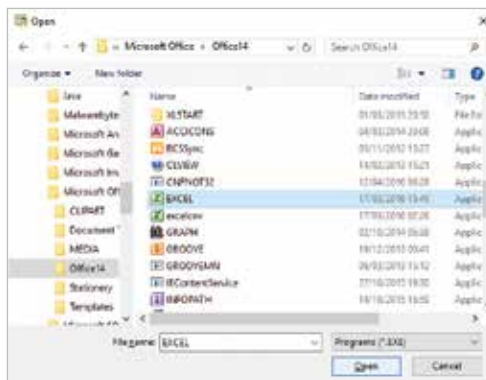
You can also set up some of the keyboard Function keys to open application programs for you. To set up a Function key:

- 1 From the menu bar click View, then Options and select the Function Keys tab
- 2 Decide which Function key you wish to define
- 3 Use the Finder button to browse for an application



Key functions shown in grey in the Function Key window, such as F1, F2, F8 etc., are pre-programmed by Sage and cannot be altered.

- 4 Select the program and click Open
- 5 Click OK to save, or Cancel to abort

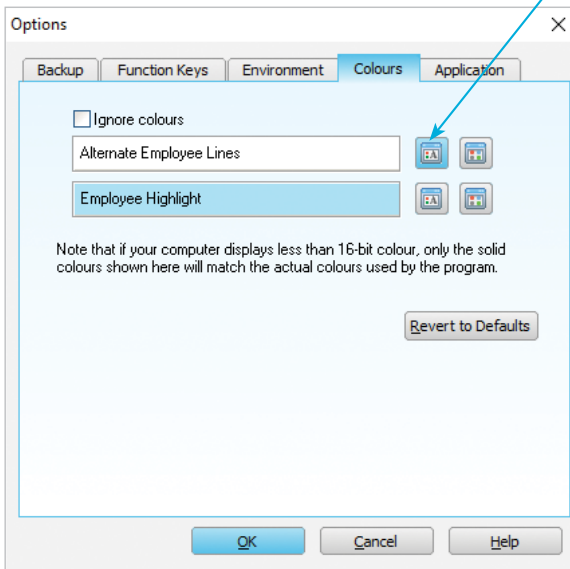


...cont'd

Colours

To set up your colour defaults, do the following:

- 1 From the menu bar click View, then Options
- 2 Click the Colours tab
- 3 To use colours, ensure Ignore colours is not ticked
- 4 Use this box to change text colours for each option



- 5 Select the colour required
- 6 Click OK
- 7 Use the other button to change the highlight colour for each option
- 8 Repeat Steps 5 & 6, then click OK to close the Options window



If you do not want to show colours, simply tick the Ignore colours box.



You can also define your own colours by clicking the Define Custom Colors >> button in the Color window.



You can also run the Criteria function by simply clicking on the Criteria icon in the Desktop Tasks area.



It is always advisable to reset the Criteria filters once you have finished to avoid confusion later. It is not uncommon for a user to forget they have set a filter and later think they have somehow deleted employees!



Remember that you will not see Employee Lists that match your selected criteria until you step down the appropriate levels in the tree view.

Using Criteria

This feature is very useful for quickly supplying you with categorised levels of employee information, e.g. a list of weekly paid staff together with their department. You can also use the Criteria option for excluding unnecessary records from your processing list, such as Leavers, staff On Holiday and those On Hold.

The following example shows you how to list only employees who are paid weekly in cash:

- 1 Click the Criteria button on the toolbar



- 2 In the Filter list select the By Payment Period filter

- 3 Then filter By Payment Method

- 4 Set the last filter to None

- 5 Ensure only Weekly and Cash is selected

- 6 Tick to Exclude Employees as required



- 7 Click OK to accept the settings and close the window

- 8 To see the filter in action, in the tree view double-click on All Employees to invoke your selection and bring up the Weekly folder only

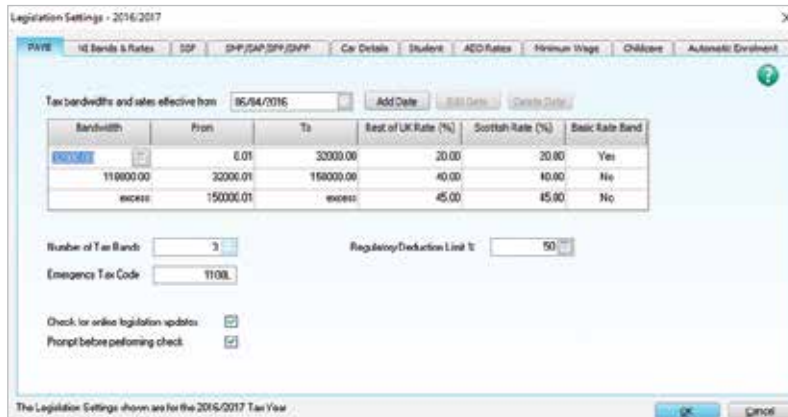
- 9 Finally, double-click on Weekly, then Cash. The list view now shows only those employees paid weekly in cash

Government Legislation

Government legislation can change from time to time, such as when there's a Chancellor's Budget. Sage Payroll comes with settings for legislation relating to the current tax year. If legislation changes for a new tax year then this will be included in updates or the latest software, which can be downloaded from the Sage website.

However, before you start entering employee and company details it is advisable to familiarise yourself with your current payroll legislation settings, as follows:

- 1 Click Company in the navigation group
- 2 Click Legislation... in the Tasks pane
- 3 From the PAYE tab check the Bandwidths and Rates. Details can be changed should it become necessary



- 4 When finished, click OK to save and close or Cancel to discard any changes and close the Legislation Settings window



These settings should not need changing unless there is a change to Government legislation.



You can also use the Reports option from the toolbar to print out and check current legislation settings and information.



Regularly refer to the HMRC website, www.hmrc.gov.uk for the most up to date legislation information.



It is very important to remember that you should not edit these bandwidths or rates unless government legislation changes, or unless you are advised to do so by Sage.



If you make a mistake and accidentally alter a setting, simply click on the Cancel button.



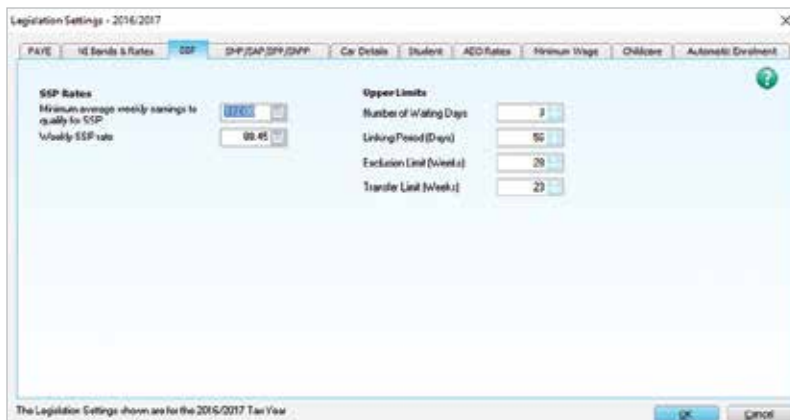
Statutory Payments are recorded via the Absence tab of the individual Employee Records.

...cont'd

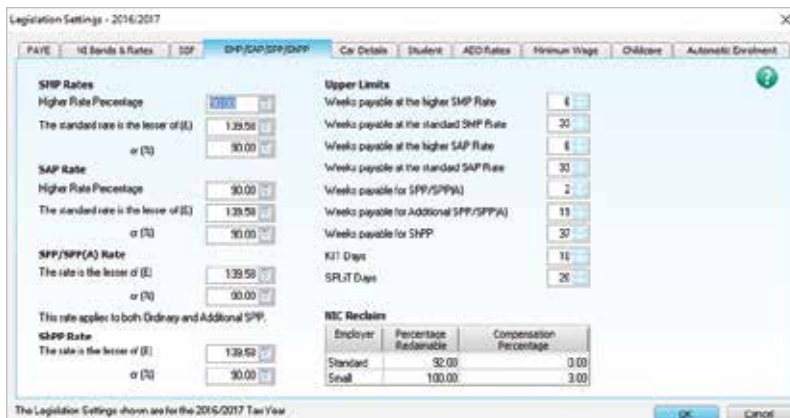
To check SSP and SMP/SAP/SPP legislation settings

It is also important to be very familiar with Statutory Sick Pay, Statutory Maternity Pay, Statutory Adoption Pay, and Statutory Paternity Pay legislation. To check the settings for the current payroll year, do the following:

- 1 Click Legislation... in the Company Tasks pane
- 2 Click on the SSP tab and note the settings



- 3 Next, check the settings on the SMP/SAP/SPP/ShPP tab



- 4 When finished, click OK to close the Legislation Settings window or Cancel to discard any changes

...cont'd

To check Car Details and Car Bands

Another area that can change in annual budgets is the legislation for the use of company cars. Check and familiarise yourself with these rates as follows:

- 1 Click Legislation... in the Company Tasks pane
- 2 Check settings in the Car Details tab, then click the Rates button to view CO2 Emissions details

CO2/g	Petrol % (Road % incl. Duty from 01/01/1998 or after 01/01/1998)	Diesel % (incl. Duty from 01/01/1998 or before 01/01/1998)	Diesel % (incl. Duty from 01/01/1998 or before 01/01/1998)
0	9.00	3.00	3.00
1	9.00	3.00	3.00
51	9.00	3.00	3.00
76	13.00	3.00	3.00
95	14.00	3.00	3.00
130	15.00	3.00	3.00
135	16.00	3.00	3.00
150	17.00	3.00	3.00
155	18.00	3.00	3.00
170	19.00	3.00	3.00
175	20.00	3.00	3.00
180	21.00	3.00	3.00
185	22.00	3.00	3.00
190	23.00	3.00	3.00
195	24.00	3.00	3.00
199	25.00	3.00	3.00
199	26.00	3.00	3.00
199	27.00	3.00	3.00
199	28.00	3.00	3.00
199	29.00	3.00	3.00
199	30.00	3.00	3.00
199	31.00	3.00	3.00
199	32.00	3.00	3.00
199	33.00	3.00	3.00

CC class	CC To	Petrol %	Diesel %
1	1400	15.00	18.00
1400	2000	25.00	28.00
2000	Excess	37.00	37.00

CC class	CC To	Charge %
1	1400	15.00
1400	2000	26.00
2000	Excess	37.00

Fuel Type	% Rebate
Electricity Only	0.00
Hybrid Electric	0.00
B-Fuel	0.00
Conversion	0.00
FVE (Bio-Fuel)	0.00



Legislation was introduced in a past budget regarding the liability for National Insurance contributions (NIC) on the value of company cars and the fuel they use. Employers are liable for NIC on the value of company cars and fuel provided by them. Therefore, accurate records need to be kept of business mileage for each company car.

Repayment of student loans

- 1 Click on the Student tab to view the income thresholds

Type	Weekly Threshold	Monthly Threshold	Annual Threshold	Rate
Row Type 1	306.44	1452.98	17435.76	9.58
Row Type 2	403.66	1718.00	25896.00	9.58



Current legislation requires that the collection of any student loan repayments be made through the payroll system.

- 2 When done, click OK to close



Use the Finder button to help you quickly search for previously set up records.



An asterisk marks the currently selected company in the Open Company window.

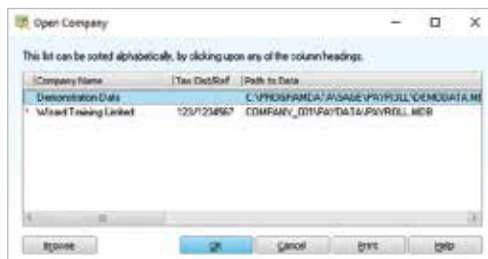
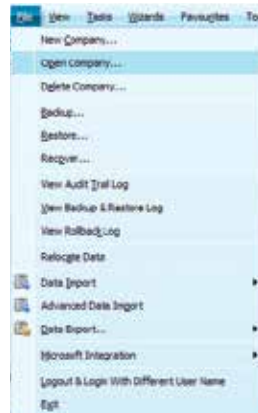


When deleting a company stored on a local drive, i.e., drive C:, you have the option of deleting the selected company's data and its directory. Click Yes to delete everything associated with the company or No to only delete the company's name from the list but leave its directory and data. If the company is located on a network drive, you can only delete the company from the list, but not the data.

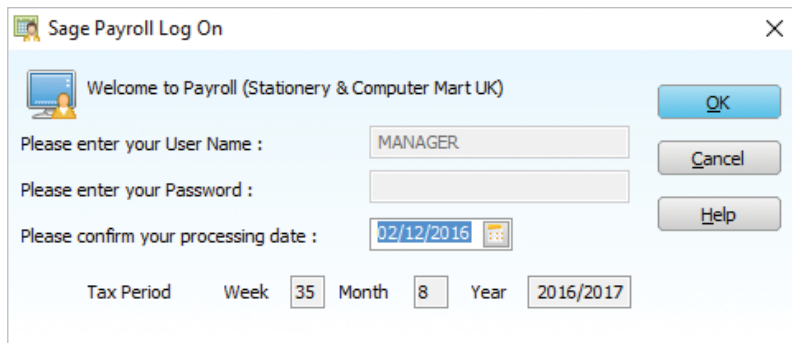
Demonstration Data

To help you become familiar with Payroll and all of its features without using your own company data, you are provided with demonstration data to practice on. To open the demonstration company, simply do the following:

- 1 From the File menu choose Open Company...
- 2 Select Demonstration Data from the list
- 3 Click OK to bring up the Log On screen



- 4 Note the processing date and tax period
- 5 Click OK to open the demonstration data



- 6 When finished, to return to your own company data, simply repeat the above steps