

User Guide

Employees

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HIRING EMPLOYEES

Businesses hiring employees must meet government requirements related to their working conditions, pay and record keeping.

PAYG WITHHOLDING

Once a business hires their first employee, they are required to withhold taxes from their pay. The first step prior to hiring their first employee, is to register for PAYG Withholding to the ATO. Under the PAYG Withholding a business must withhold amounts from all employee payments. Withheld amounts must then be reported and paid to the ATO by lodging Activity Statements.

EMPLOYEE RECORDS

All new employees must be provided with 3 standard employee documents at the beginning of their employment. These are:

- Tax File Number Declaration → determines the amount of taxes to withhold from their payments
- Superannuation Standard Choice Form → advise the employer of the employee's choice of super fund
- Fairwork Information Statement → informs employees about their workplace rights and entitlements

The Tax File Number Declaration and Superannuation Standard Choice forms must be filled out by the employee and returned to the employer within 28 days from the start of their employment. Employers must also provide evidence that these forms have been given to the employee at the time of employment. The Tax File Number Declaration must then be lodged to the ATO.

It is also advisable for employers to provide employees with:

- Employee Forms → to gather additional employment details
- Employment contract → to outline the employment agreement between the two parties

Finally, employers must also issues pay slips to each employee within one working day of their pay day. Employers who wish to issue pay slips by email, must obtain written consent from their employees.

Employee details are then added to Xero to process pays, issue pay slips and pay superannuation. [Watch the video.](#)

How to add an employee

1. Go to Payroll → Employees

2. Click on [\[Add Employee\]](#)

→ *The Employee screen opens*

Note: at this stage, the Employee screen only displays the **[Details]** Tab

Basic Information		
Title (optional)	First Name	Middle Name (optional)
<input type="text"/>	<input type="text" value="Andrew"/>	<input type="text"/>
Last Name	Date of Birth Andrew is 37 years old	
<input type="text" value="Citizen"/>	<input type="text" value="01"/>	<input type="text" value="January"/> <input type="text" value="1980"/>
Job Title (optional)	Gender (optional)	
<input type="text" value="eg: Marketing Manager"/>	<input checked="" type="radio"/> Male <input type="radio"/> Female	
Contact Information		
Phone Number (optional)	Mobile Number (optional)	
<input type="text"/>	<input type="text" value="0432 555 222"/>	
Email (optional)	<input type="text" value="andrew.citizen@hotmail.com"/>	
Address	Address Line 2 (optional)	
<input type="text" value="123 Collins Street"/>	<input type="text"/>	
Suburb	State	Postcode
<input type="text" value="Sydney"/>	<input type="text" value="New South Wales"/>	<input type="text" value="2000"/>
Emergency Contact		
Name (optional)	Relationship (optional)	
<input type="text" value="Jane Citizen"/>	<input type="text" value="Wife"/>	
Phone Number (optional)	Email (optional)	
<input type="text" value="0412 899 633"/>	<input type="text" value="jane.citizen@hotmail.com"/>	

3. Enter the employee basic details

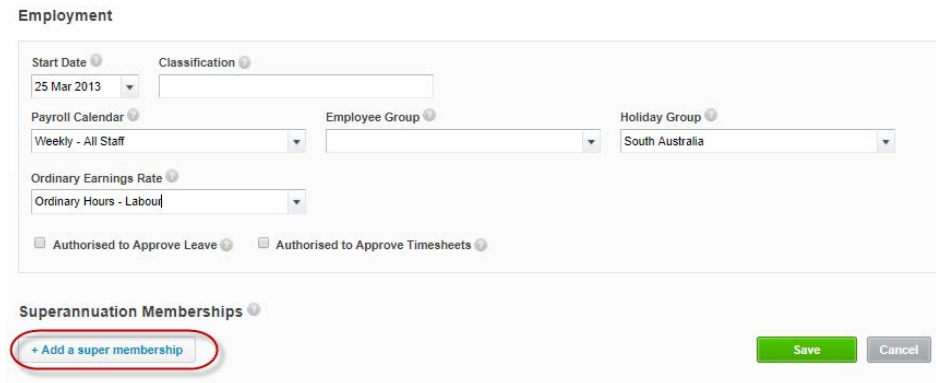
Note: *DOB, Gender and Address are mandatory fields*

4. Click on [\[Save\]](#)

→ *Additional Tabs are now displayed on the Employee screen*

5. Click on the [\[Employment\]](#) Tab

→ The Employment Tab is displayed



6. Select/Enter the following details

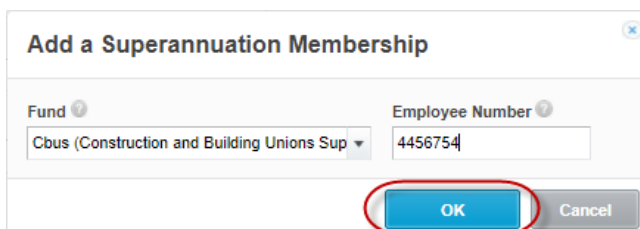
- Start Date → Enter the Employment start date
- Classification → Enter the Fairwork Award Name and Code
Note: *only applicable for employees paid under a Fairwork Award*
- Payroll Calendar → Select the correct Payroll Calendar
- Employee Group → Select the Correct Employee Group (if applicable)
- Holiday Group → Select the State this employee resides in
- Ordinary Earnings Rate → Select the relevant Earnings Item
Note: *this is the Earning Item where leave accruals will be calculated on*

7. If this employee is a manager, you may also select the following two options:

- Authorised to Approve Leave
- Authorised to Approve Timesheets

8. Click on [+ Add a super membership]

→ The Add a Superannuation Membership pop window opens



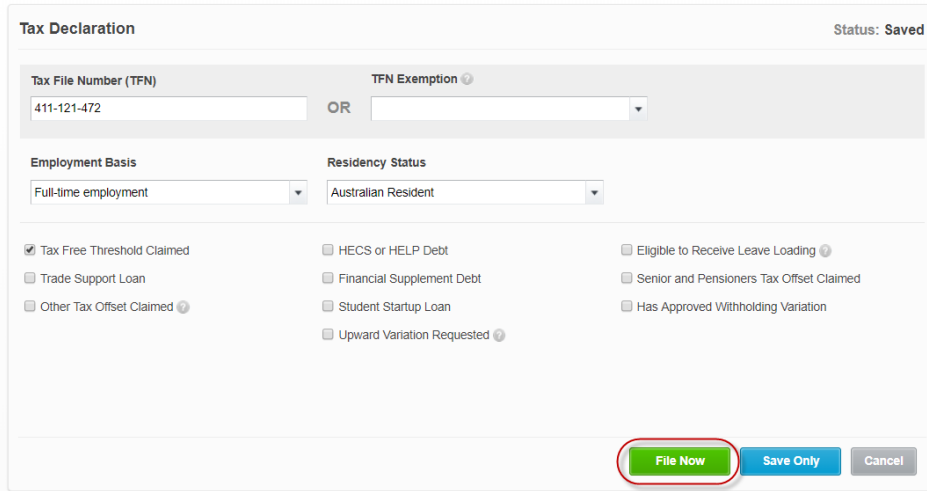
9. Select/Enter the following details:

- Fund → Select the employee fund from the list
- Employee Number → Enter the Employee membership number

10. Click on [OK] → [Save]

11. Click on the [Taxes] Tab

→ The Taxes Tab is displayed

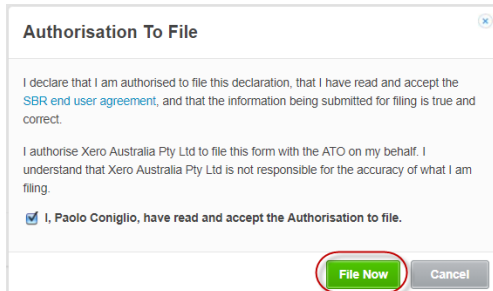


12. Select/Enter the following details

- Tax File Number → Enter the employee Tax File Number or select the appropriate TFN exemption
- Employment Basis → Select the relevant employment type
- Residency Status → Select the relevant residency status

13. Select the appropriate tax option(s) as per the employee Tax File Declaration form

→ The Authorisation to file screen opens

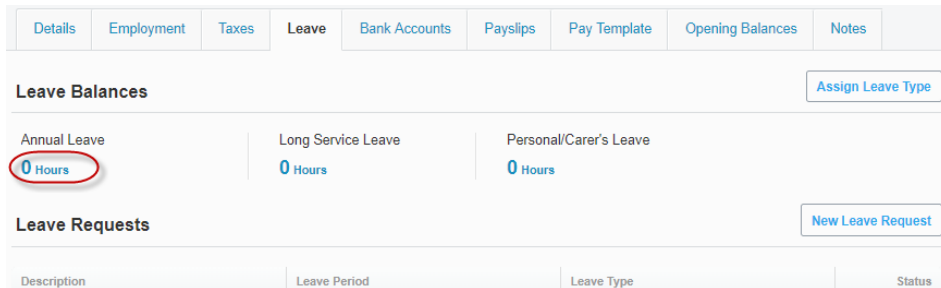


14. Click on [File Now]

→ The Tax File Declaration is lodged to the ATO

15. Click on the [Leave] Tab

→ The Leave Tab is displayed

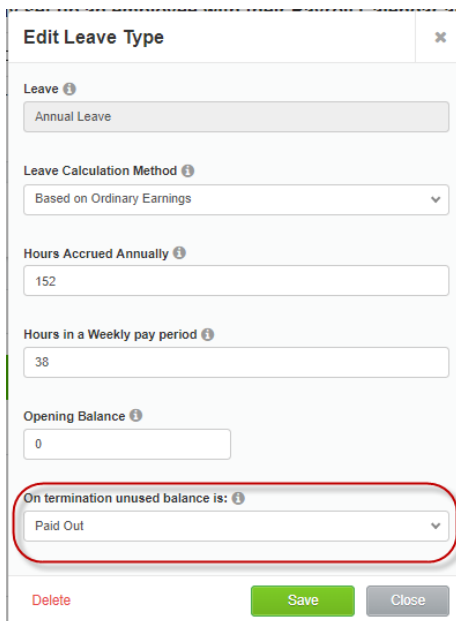


16. Click on [Assign Default Leave Types]

→ Any Leave Items set to accrue will be assigned to this employee

17. Click on 0 Hours under Annual Leave

→ The Edit Leave Type pop window opens



18. Modify the following details:

- Hours in a Weekly pay period → Change to the employee weekly hours
- On termination unused balance is → Select: **Paid Out**

19. Click on [Save]

20. Click on 0 Hours under Long Service Leave:

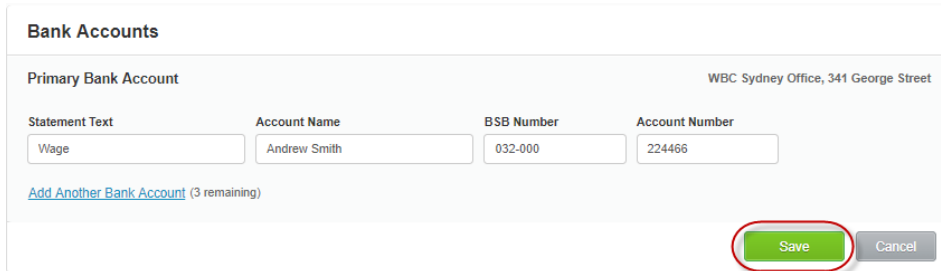
- For employees who have been employed for over 7 years → Repeat the same steps as Annual Leave
- For employees who have been employed less than 7 years → Click on **Delete**

21. Click on **0 Hours** under Personal Leave and modify the following details

- Hours in a Weekly pay period → Change to the employee weekly hours

22. Click on the **[Bank Accounts]** Tab

→ *The Bank Accounts Tab is displayed*

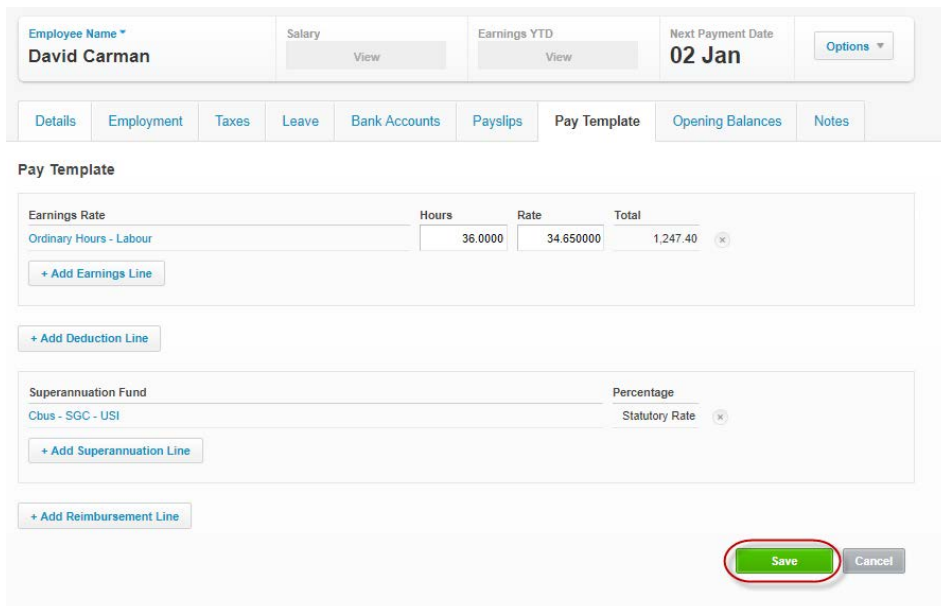


23. To pay a salary to multiple bank accounts, click on **Add Another Bank Account** and distribute the pay accordingly

24. Enter the Employee Bank Account details and click on **[Save]**

25. Click on the **[Pay Template]** Tab

→ *The Pay Template screen is displayed*



26. Add any relevant line for this employee

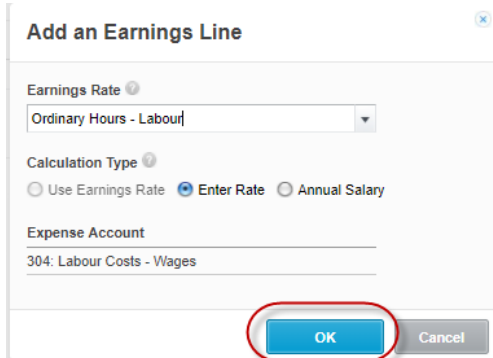
Note: to be able to save this screen you **must** enter at least:

- ✓ One Earning Line using the same Earning Item selected in the Employment Tab
- ✓ One Superannuation Line

Add the Main Earning Line

27. Click on [+Add Earnings Line]

→ The Add an Earnings Line pop up window opens



28. Select/Enter the following details:

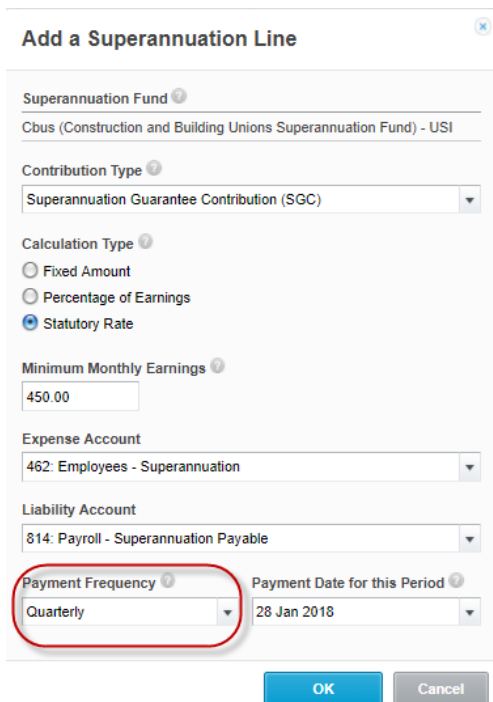
- Earnings Rate → Select the same Earning Item you have selected in the Employment Tab
- Calculation Type → Select the relevant calculation type based on the employment agreement
- Rate/Annual Salary → Enter the Hourly Rate or the Annual Salary (based on calculation selection)

29. Click on [OK]

Add Main Superannuation Line

30. Click on [+ Add Superannuation Line]

→ The Add a Superannuation Line pop up window opens



31. Modify the following details (if required)

- Minimum Monthly Earnings → Modify this based on your Industry Fairwork Award
- Payment Frequency → from Quarterly to Monthly (if required)

32. Click on [\[OK\]](#)

33. Add more lines in the template as required and then click on [\[Save\]](#)