

Managing Staff Wages

Last Modified on 26/08/2024 4:06 pm AEST

Wages and salaries are not to be included as acquisitions but are required for reporting. To achieve this the 'Wages' account must be set with the 'Tax Code' of '05 Wages'. This account should contain the Net Amount of wages paid (i.e. excluding tax). The amount of tax deducted from wages is also required for the BAS. To make this amount easily recognisable create a new account called Tax on Wages and set the 'Tax Code' to '06 PAYG'. See Add an account to the general ledger. This account should contain the amount of tax deduction from wages. These figures are the year to date cumulative. If managed this way the appropriate sections of the BAS will be completed automatically.

In order to pay the employee, you will need to set up two Wages Expense Account Codes. One should be created for 'Wages Excluding Tax' using Tax Code = 10 and another for 'Tax on Wages' using Tax Code = 06. You will also need to set up a Creditor for the Super Fund and a Superannuation Expense Code.

Please note that the information contained within this help page is only applicable to StrataMax version 5.6.112 or lower. Please refer to ***Pay Employees*** for later versions.

Posting Wages

1. Post the Net wages to the Wages Account with Tax Code 10 by:
 - Creating a Creditor Invoice for the Gross Amount, and
 - Creating a Creditor Invoice for the Tax Amount so the total amount of the two Creditor Invoices is the Net Amount
2. Enter a **Creditor Invoice** to the Superannuation Fund using a Superannuation Expense code and set this to *Not OK to Pay* as you would normally pay the Superannuation every quarter.
3. Do a Journal from the Wages Account with Tax Code 06 to the PAYG Clearing Account to enter the tax payable on that wage.

GL Code	Description	Amount	
Creditor Invoices			
082----	Creditor Code for Employee (Base)	-760.00	Wages
287	Wages Excl. Tax	760.00	Wages
082----	Creditor Code for Employee (Overtime)	-45.00	Wages
287	Wages Excl. Tax	45.00	Wages
082----	Creditor Code for Employee	111.00	Tax
287	Wages Excl. Tax	-111.00	Tax
082----	Creditor Code for Super Fund	-68.40	Super

288	Superannuation	68.40	Super
Journal			
061002	PAYG Clearing A/c	-111.00	Tax
28701	Tax On Wages	111.00	Tax

When you save each BAS you will need to enter a **Creditor Invoices** for the amount at W2 to pay the ATO the tax that has been posted to the PAYG clearing account over the past quarter. If the setting to 'Auto Create ATO Creditor Invoices for BAS' has been tagged, then the **Creditor Invoices** will be posted automatically.

To set this up on a recurring basis **Standing Journals** can be created with a set frequency to conduct the above Journals. You are then able to set yourself reminders to ensure that **Standing Journals** are processed. (They will automatically process if an appropriation is run on the day the **Standing Journals** are set for). The standing journals will need to be edited if the employee pay rate changes or the tax rate changes.