Sage Micropay

sage

Your step-by-step guide to payroll year end 2016

> **Note:** You should install the year end update immediately. You don't need to complete your payroll for the 2016 tax year first. For help with installing this update, please read this guide or visit **sage.ie/pye**

Payroll software for small to medium sized businesses who need complete control and confidence in their payroll process.

Contents

Welcome to your guide to payroll year end 2016

This guide takes you through the payroll year end process in four easy to follow parts:

1. Install your year end software update.

2. Prepare for your year end.

3. Process your year end.

4. Get ready for the new tax year.

Your 2016 year end software update

As part of your Sage Cover support contract, you receive the year end update. This update ensures you're ready for the 2016 year end tasks and also contains any budget 2017 changes.

Important note for Windows Server 2003 users

You can't install the 2016 year end update on Microsoft Windows Server 2003. If you're still using Micropay on a Windows Server 2003 computer, you must install your Sage software on a computer with a newer operating system, for example, Server 2012 R2. For more information, visit **sage.ie/ask** and search for article 35021.

Important note for Windows Vista users

If you're using Windows Vista, you can install the 2016 year end update and your Sage software will continue to function as normal. When you get a new version of Sage Micropay after 11 April 2017, for example the payroll year end 2017 legislation update, it won't install on Windows Vista. For more information, visit **sage.ie/ask** and search for article 35019.

Get more information this year end

Did you know you can access your online guide to payroll year end from in your software? It includes additional interactive features to make processing your year end even easier. To access this from within your software, click **Year End** then **Tax** then **View User Guide**.

Payroll year end 2016 checklist

Part 1: Install the year end software update	Completed? Yes / No
Take a full system backup of your payroll data.	
Download and install the 2016 year end update.	

Part 2: Prepare for year end	Completed? Yes / No
Register with Revenue Online Service (ROS).	
Process the final pay periods of 2016.	
Check your employee details are correct.	
Check your company information.	
Compare the Control Summary and P30/CC124 reports.	
Generate the Earnings, Tax & PRSI (ETP) report for each of your employees.	
Ensure that all your pensions are set up correctly.	

Part 3: Process your year end	Completed? Yes / No
Generate the P35 file for upload to ROS.	
Generate your employee P60s and other year end reports.	

Part 4: Get ready for the new tax year	Completed? Yes / No
Create and open the 2017 tax year.	
Set up the new tax year calendar.	
Update your employee tax allowances for the new tax year.	
Enable Central Statistics Office (CSO) reporting, if applicable.	
Set up the construction workers pension settings for 2017, if applicable.	
Clear down your financial year end balances, if applicable.	
Set period one of the 2017 tax year.	

Part 1: Install your year end software update

To ensure your software is up to date for the new tax year, if you haven't already done so, you must install your update. Before you install the year end update, it's important that you take a full system backup of your payroll data.

1.1   Take a full system backup of your payroll data

1. Open Sage Micropay and log in as the system administrator. For more information about how to do this, visit **sage.ie/ask** and search for article 32221.

2. On the menu bar, click **Miscellaneous** then **Backup**.

3. For each payroll you want to back up, select the **Backup** check box.

4. If you want to back up all system files, select the **Backup System Files** check box.

5. Click browse 🔲, browse to where you want to save the backup, then click **OK.**

6. Click **Backup** then **OK**.

1.2 Download and install your 2016 year end update

To make the installation of your year end update as easy as possible, you're automatically prompted to download and install this update when it's ready for you. As it contains legislation for both 2016 and 2017, you can install it straight away.

For more information about how to configure your software for automatic updates, visit **sage.ie/ask** and search for article 32204.

> **Note:** If you're unable to download the update using automatic updates, you can download it from our website instead when it's ready – **sage.ie/pye**

Check where your Micropay data is held

To guarantee that your year end update installs to the correct location, you must know where your existing Micropay software and data is held.

1. On the menu bar, click **Help** then **System Information**.
2. Make a note of the Program Directory and Data Directory links.

> **Note:** If the Data Directory link shows a local drive, for example, C:\Program Data, then your payroll data is held on this computer. If the Data Directory link shows a mapped network drive or path, then your payroll data is held on a network**.**

Check your access rights

Before you install the year end software update, you must log on to your computer as an administrator. This is only necessary for the installation of the software; you don't need administrator permissions when using Sage Micropay. You may need to contact your IT Support to make any necessary arrangements.

To download and install the year end update

1. On the menu bar, click **Help** then **Check For Updates**.

2. When you receive the prompt, click **Download Now**.

3. Once the download is complete, click **Install Now**.

4. To accept the terms of the licence agreement, select the check box and click **Next**.

5. When asked what type of installation you need, select one of the following options:

   - **This Computer** - If you store your payroll data files on this computer, use this option.
   - **Server** - If you store your payroll data files on a network, use this option.

> **Note:** If you run a server installation, the next time you open Sage Micropay you receive a prompt to run the client install. You must run this install on all computers that have Sage Micropay installed**.**

6. Click **Next**, then select one of the following options:

   - **Typical** - If you want to accept the default program and data folder locations, use this option.

   - **Custom** - If you want to change the program and data folder locations, use this option. Then to enter the folder details, click **Browse**, browse to and select the required location, then click **OK**.

7. Click **Next**.

8. Check the program and data folder locations are correct. If not, click **Back** then repeat steps 6 and 7.

9. Select the **Add shortcuts to my desktop** check box, then click **Install**.

10. When prompted, click **Finish**.

You've now completed the installation process and options appear on your desktop for both the 2016 and 2017 tax year.

1.3 Upgrade your data

After you install the year end update, the next time you open your Micropay 2016 software, your data automatically upgrades. How long this takes depends on the size of your data files.

Once your data upgrades, check your version number is 18.6. You can find this in the top left-hand corner of your software. You're also prompted that your software is ready for the 2016 year end.

Part 2: Prepare for year end

To successfully prepare for payroll year end, you must complete your final payroll as normal and check your 2016 information is correct.

2.1 Register with Revenue Online Service (ROS)

To make your P35 year end submission online to Revenue, you must register with ROS. If you haven't already done so, please contact the ROS technical help desk:

- By phone - 1890 201 106. If you're calling from outside Ireland, +353 1 702 3021.
- By email - roshelp@revenue.ie

Note: Registering with ROS may take you a few weeks, so allow plenty of time for this.

2.2 Process the final pay periods of 2016

Before you can create your year end returns, you must process the remaining pay periods of 2016 as usual.

Check if you have an extra pay period

If you're paying your weekly, fortnightly or four weekly paid employees on Friday 30 or Saturday 31 December, you have an extra pay period. You should process your payroll as normal on this date. For more information, visit **sage.ie/ask** and search for article 32326.

Note: Monthly paid employees never have an extra pay period.

Process any holiday pay due over year end

If you have employees on holiday before the end of 2016 who aren't returning to work until 2017, you must process their holiday pay over year end in advance. For more information, visit **sage.ie/ask** and search for article 32277.

Pension related deduction (PRD) recalculation

When you process your final pay period of 2016, Sage Micropay automatically recalculates your employee's PRD year to date information and refunds any overpayments on their final timesheet.

This recalculation only occurs for employees in continuous employment with your company in the 2016 tax year. For more information, visit **sage.ie/ask** and search for article 35394.

2.3 Check your employee details are correct

As part of the year end routine, you must check your payroll information, such as your employee details are correct and up to date. Missing or incorrect details can cause problems when you upload returns to ROS.

> **Note:** ROS may reject your submission if they find special characters in an employee's name or address, for example, ( ) @ # %.

Every employee record should have a valid PPS Number. If you don't have their PPS number, you must enter their date of birth and home address. For more information, visit **sage.ie/ask** and search for article 35152.

Process leaders

If anyone has left your employment, you must process them as a leaver before you submit your year end information to ROS. For more information, visit **sage.ie/ask** and search for article 32202.

Medical insurance eligible for tax relief

If you pay medical insurance premiums on behalf of an employee, you must include how much of this is eligible for tax relief on your P35 year end submission.

Your medical insurance provider tells you how much this is for each employee. You must enter this in their records before creating your P35 returns. For more information, visit **sage.ie/ask** and search for article 34397.

Pension tracking number

The 2016 P35 return form now require an additional field to be completed - the Pension Tracking Number. If you have employees that are members of an Approved Occupational Pension Scheme, you must enter their pension tracing number in their employee record. This information will be included on your P35 return to Revenue. Pension tracing numbers don't refer to Public Sector employment.

For more information about how to enter your employees' pension tracing numbers in Sage Micropay, visit **sage.ie/ask** and search for article 35283.

2.4 Check your company information

Your company information is included on your returns to Revenue.

1. On the menu bar, click **Company/Payroll** then **Company Details**.

2. Within the **General** tab, check the details are up to date and correct.

> **Note:** ROS may reject your submission if they find spaces or dashes on your phone
>
> and fax numbers, or special characters in your address, for example, ( ) @ # %.

3. Click **OK**.

2.5 Compare the Control Summary and P30/CC124 reports

You must compare the end of year totals in the Control Summary and P30/CC124 reports.
The totals for tax (PAYE), universal social charge (USC) and pay related social charge (PRSI)
should match on both.

> **Note**: To ensure that the values on your P30/CC124 report are up to date, check your
>
> payroll status at the bottom of your Micropay window is **End of Period**. For more
>
> information, visit **sage.ie/ask** and search for article 32187.

1. On the menu bar, click **Reports** then **Payroll Reports**.

2. Click the **Payroll** tab.

3. Select **Control Summary**, then click **Print**.

4. Select **P30/CC124**, then click **Print**.

5. When asked if you want to show quarterly subtotals, click select **No**.

6. Make sure the following corresponding values match on both reports:

Control Summary - Cumulative Control Totals	P30/CC124 Value
Tax This Employment (C/Forward)	PAYE Year
USC (C/Forward)	YSC Year
PRSI E'e (C/Fwd) + PRSI E'r (C/Forward)	PRSI Year

For more information about how to reconciling year to date values on your Control Summary and P30/CC124 reports, visit **sage.ie/ask** and search for article 35321.

2.6 Generate the Earnings Tax & PRSI report for each of your employees

We recommend that you print the Earnings Tax & PRSI (ETP) report for each of your employees to check their values are correct.

1. On the menu bar, click **Reports** then **Payroll Reports**.

2. Click the **Employee** tab.

3. Select **Earnings Tax & PRSI**, then click **Print**.

4. Confirm that each employee report is complete and correct.

If the ETP report is incomplete or incorrect, resolve any outstanding issues before you produce your employee P60s or generate your P35 return.

2.7 Ensure that your pensions are set up correctly

Your P35 ROS file includes details of any pension contributions made by your employees and your company on their behalf. You must ensure that pensions are set up correctly in your software.

> **Note**: If you have any pension, personal retirement savings account (PRSA), additional voluntary contribution (AVC), retirement annuity contract (RAC) or construction workers pension (CWPS) deductions on your payroll, check they have a pension link assigned to them.

1. On the menu bar, click **Company/Payroll** then **Deductions**.

2. Select a pension deduction and click **Edit**.

3. In the **Subtype** box, click **Pension / RAC / PRSA** .

   For CWPS deductions, click **Pension / RAC / PRSA / CWPS**.

4. In the **Pension scheme** box, click the relevant pension scheme link.

5. If the pension deduction is an AVC, select the **Additional Voluntary Contribution (AVC)** check box.

6. Click **Save**.

7. Repeat the steps 2 to 6 for all pension deductions set up on your payroll.

> **Note**: If either your employees or your company have made contributions to a pension that was set up incorrectly in Sage Micropay, you must contact Sage technical support immediately for further advice.

Part 3: Process your year end

Before you process your year end, you must have installed the year end update and followed the steps in the prepare section.

3.1 Generate the P35 file for upload to ROS

> **Note:** If you've more than one payroll with the same tax registration number, you must merge these payrolls into a consolidation company. You can then generate a single P35 file that covers all the consolidated payrolls. If you already have a consolidation company set up, we recommend that you create a new one before generating your P35 returns for Revenue. For more information, visit **sage.ie/ask** and search for article 32176.

1. On the menu bar, click **Year End** then **Tax** then **Tax Year End Reports**.

2. Under P35 Returns, select **via ROS**.

3. Click **Create** and **Continue**.

    If you're using a consolidation company, the P35 ROS – Consolidation Company Information window appears. Check that all valid payrolls are included, then click **Continue processing P35s**.

4. If any duplicate employee records are found, select the **I acknowledge** check box then click **Merge and Continue**.

> **Note:** If duplicate employee appears in red, you can't merge their record automatically. You must merge the employee records manually before continuing. For more information, visit **sage.ie/ask** and search for article 32285.

5. Select one of the following options:

    - **Original** - If you haven't already submitted a P35 for 2016, use this option.

- **Amended** - If you've already submitted a P35 for 2016, but you've changed some important employee details since then, use this option.

- **Supplementary** - If you need to submit extra information not included in the original P35 return, use this option.

6. Click **Proceed**.

7. In the P35 Pension Adjustments window, add any pension contributions you didn't enter in Micropay using the **+/- Adjustment** options.

8. Click **Proceed**.

9. The ROS P35 Save As window automatically appear. Browse to where you want to save the P35 file, then click **Save**.

> **Note:** Make sure the file extension is .P35, for example, 15-567T.p35.

10. Select the **Open folder containing P35 ROS File** check box, then click **View Monitor**.

11. To print the monitor report, click **File** then **Print**. Ensure your printer details are correct, then click **Print**.

12. Click **File** then **Exit** and **Done.**

13. To close the Tax Year End Reports window, click **Cancel.**

You've successfully produced the P35 return. You should now check the following details are correct:

P35 monitor report - Summary section	Control Summary - Cumulative Control Totals
Total Pay	Gross This Employment (C/Fwd)
Total Tax	Total Tax Tax This Employment (C/Fwd)
Total PRSI	PRSI E'e (C/Fwd) + PRSI E'r (C/Fwd)
Total USC	USC This Employment (C/Fwd)

> **Note:** You should also compare the Total LPT value from the P35 monitor report with the LPT Year total on the P30/CC124 report.

Once you've checked the values are correct, you must submit the P35 to ROS via their website by 15 February 2017. If you use ROS to both, submit your P35 return and pay the associated payment, the deadline is 23 February 2017.

3.2 Produce your employee P60s and other year end reports

You must produce a P60 for all employees still working with your company at the end of the year. You must provide this P60 by 15 February 2017.

To print your employee P60s

1. On the menu bar, click **Year End** then **Tax** then **Tax Year End Reports**.

2. Under P60 Plain Paper, select either **In English** or **As Gaeilge**.

3. Click **Print**.

4. If any of your employees pay pension related deduction (PRD), select the **Include applicable PRD60s** check box, then click **OK**.

5. To close the Tax Year End Reports window, click **Cancel**.

> **Tip:** To save you time and stationery, you can email P60s directly to your employees instead. For more information, visit **sage.ie/ask** and search for article 32186.

To print the PRD35 report

If one or more of your payrolls are subject to PRD, you must print the PRD35 report and submit it to the accounting office of your parent department.

1. On the menu bar, click **Year End** then **Tax** then **Tax Year End Reports**.

2. Select **PRD35**, then click **Print**.

3. To close the Tax Year End Reports window, click **Cancel**.

Part 4: Get ready for the new year

Before you can start to process in the new tax year, there are a few things you need to do.

New legislation for 2017

For a full listing of all legislation changes that come in to effect from 1 January 2017, visit **sage.ie/ask** and search for article 35294.

> **Tip:** Once you install the year end update, all legislation changes update automatically within your 2017 software.

4.1 Create and open the 2017 tax year

1. Open a payroll in your 2016 software.

2. On the menu bar, click **Year End** then **Tax** then **Set up 2017 Tax Year**.

3. Follow the on-screen instructions and click **Close** when prompted.

4. To close Micropay 2016 , click **Login** then **Exit**.

5. From your desktop, double-click Micropay Pro 2017 and log in to the payroll as usual.

> **Tip:** Before you start processing in the 2017 tax year, check your version number is 19.0 or higher. You can find this in the top left-hand corner of your Micropay window.

6. Repeat the steps above for all payrolls you want to use in 2017.

4.2 Set up the new tax year calendar

To help organise your company's payment dates for the new tax year, you must create the payroll calendar.

1. On the menu bar, click **Company/Payroll** then **Calendar**.

2. Within the **New Calendar** tab, enter the relevant details for period 1 of the new tax year.

> **Note:** It's important to enter the correct pay date for period 1, as this date determines the subsequent dates of all of your pay periods in 2017. For more information, visit **sage.ie/ask** and search for article 34494.

3. Click **Update** then **Save**.

4. Repeat the steps above for each of your payrolls.

4.3 Update your employee tax allowances for the new tax year

At the start of each tax year, you must update your employees' tax allowances.

> **Note:** If you're not registered with ROS, you must enter your employees' tax allowances manually. For more information, visit **sage.ie/ask** and search for article 32189.

If you use ROS, to save time you can download a P2C file from the ROS website. This contains your employees' allowances, which you can then import directly in to Micropay using the Tax Credit Import option.

> **Note:** The 2017 P2C tax credit file may not be available at the beginning of the tax year. You can process pay using the previous year's information until the new P2C tax credit file is available.

To import a P2C file in to Micropay

1. On the menu bar, click **Miscellaneous** then **Tax Credit Import** then **Import Tax Credits**.

2. Click **Browse**, browse to and select the P2C file, then click **Open**.

3. Check the summary information relating to the P2C is correct.

> **Note:** If any details appear in red, you need to address these issues before proceeding.

4. Click **Next**.

> **Note:** If there are any employees on the list that have left your company or that don't have a PPS number, they're automatically marked as invalid. You can't import their information. Before you proceed any further, check this information is correct.

5. Click **Import Now**.

6. To print a copy of the P2C information for your records, click **Print Tax Credit Import Report**, then click **Print**.

7. Click **Cancel** then **Done**.

4.4   Enable Central Statistics Office (CSO) reporting

If the CSO has selected your company for surveying and you haven't done so already, you must enable the CSO reporting option.

> **Note:** If the CSO haven't selected you for surveying, proceed to the following section.

1.   On the menu bar, click **Company/Payroll** then **Company Details.**

2.   Click the **CSO** tab.

3.   Select the **Use CSO Reporting Feature** check box.

4.   Enter your company's CBR number, then click **OK.**

You've successfully enabled CSO reporting. You also need to check your payments and employee data are set up for this. For more information, visit **sage.ie/ask** and search for article 32261.

4.5 Set up your construction workers pension (CWPS) settings for 2017

If you process a CWPS on your payroll, you must clear the 2016 balances and history, and set up a new CWPS calendar for the 2017 tax year. The 2017 CWPS scheme starts on Monday, January 2, 2017.

1.   On the menu bar, click **Year End** then **New Construction Pension Year**.

2.   When you receive the prompt to clear the balances and history, to continue, click **Yes**.

3.   To set up your 2017 CWPS calendar, click **Company/Payroll** then **Construction Workers Pension**.

4.   Click the **Calendar** tab.

5.   Check the default dates and information are correct for 2017. If not, amend as required.

6.   Once all information is correct, then click **OK**.

For more information about CWPS, visit **sage.ie/ask** and search for article 32262.

4.6   Clear your financial year end balances

The tax year runs from 1 January to 31 December, however your company's financial year may not coincide with these dates, for example, 1 August to 31 July.

This optional year end task involves you clearing any payment and deduction balances that you don't want in your new financial year. You can carry out this clear down whenever it's appropriate for your company payrolls.

To clear the cost analysis

You use the cost analysis feature to associate payments and deductions with departments and cost centres. This helps you break down where in your organisation costs occur.

1.   On the menu bar, click **Year End** then **Financial** then **Clear Cost Analysis**.

2.   Click **OK** then **OK** again.

3.   Repeat the steps above for all payrolls you want to clear the cost analysis for.

To clear the payments

1.   On the menu bar, click **Year End** then **Financial** then **Clear Payments**.

4.   To clear every payment's hours and values, select the **Select all** check boxes.

Alternatively, you can clear specific payments values by selecting the relevant **Hours TD** and **Values TD** check boxes.

4.   Click **Clear Selected**, then click **Yes** and **OK.**

To clear the deductions

1. On the menu bar, click **Year End**, then click **Financial** then **Clear Deductions**.

2. To clear every deduction's values, select the **Select all** check boxes.

   Alternatively, you can clear specific deduction values by selecting one or more of the following check boxes:

   - **Std. Amt**. - To clear the standard amount deducted each period, select this option.

   - **Balance** - To clear the total of the deduction accumulated since the last clearance, select this option.

   - **Total** - To clear the running total of the deduction since it was first introduced, select this option.

   - **Tax Yr. Bal**. - To clear the tax year balance of the deduction, select this option.

3. If you want to clear the employee pension history, in the **Non-Tax Deds. (Employee Employer)** box, select one or both of the following check boxes:

   - **Financial Year** - To clear the pension history accumulated since the last clearance, select this option.

   - **From Start** - To clear the pension history since it was first introduced, select this option.

4. Click **Clear Selected**, then click **Yes** and **OK**.

For more information, visit **sage.ie/ask** and search for article 32639.

4.7   Set period one of the 2017 tax year

Before you can start to process pay for your employees, you must first set the pay period.

1. On the menu bar, click **Processing** then **Set period**.

2. In the **New period to process** box, enter **1**.

3. Check the dates and information are correct for the current period. If not, amend as required.

4. Once all information is correct for the new period, click **OK**.

> **Note:** If your 2016 holiday year ended on 31/12/2016, you automatically receive the option to roll forward the holiday information when you set the first period of 2017. To check your holiday year dates:
> - On the menu bar, click **Company/Payroll** then **Company Details**.
> - Click the **Holidays** tab, then check your holiday year start and finish dates are correct.

You've now completed your year end process

Congratulations. You've prepared your data and can now start to process your payroll in the 2017 tax year. If you need any help with processing your payroll, visit **sage.ie/help**