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What is an ETP?

An ETP is an Eligible Termination payment, now called Employment Termination Payment. It is a payment made upon termination that is taxed differently to "normal" earnings. It has to be reported separately on an ATO form call an ETP form. Arrow will print these forms. An employee who has an ETP will also receive a Payment Summaries for the rest of their payments during the current year.

How do I set up ETP Payment Types?

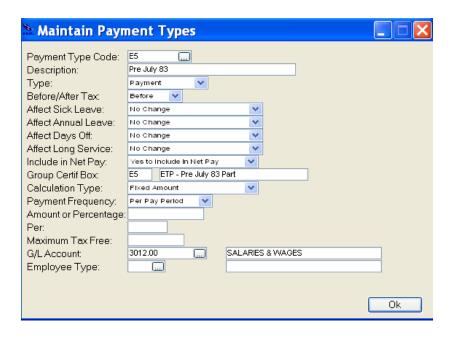A new Payment type must be created for each of the types of Payments that are to be printed on the ETP.

There are four payments type that may be made by payers of ETP's (who are not Superannuation funds). These are noted below:

E5 - ETP – Pre July 1983
E6 – ETP – Post June 1983 untaxed
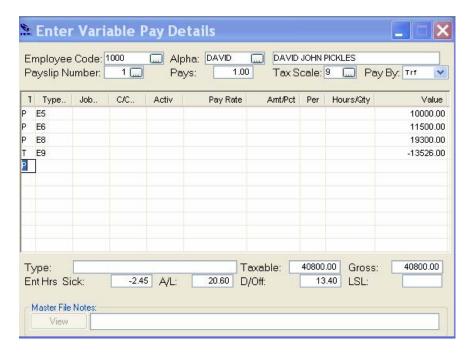E8 – ETP – Post June 1994 taxed
E9 – ETP – Tax attributable to the ETP

Paying an ETP – Running the Variable Pay

It is extremely important that an ETP payroll process is run as a separate pay run to the normal pay run or a termination pay run.

When entering a variable pay for an ETP, the tax scale number 9 MUST be used (no tax automatically calculated). You will be entering the amount of tax manually.

Enter Variable Pay Details

Employee Code: 1000   Alpha: DAVID   DAVID JOHN PICKLES
Payslip Number: 1   Pays: 1.00   Tax Scale: 9   Pay By: Trf

T	Type..	Job..	C/C..	Activ	Pay Rate	Amt/Pct	Per	Hours/Qty	Value
P	E5								10000.00
P	E6								11500.00
P	E8								19300.00
T	E9								-13526.00
P									

Type: Taxable: 40800.00   Gross: 40800.00
Ent Hrs Sick: -2.45   A/L: 20.60   D/Off: 13.40   LSL:
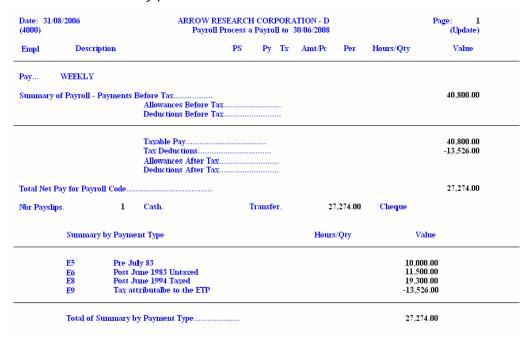
Master File Notes:
View

Enter each line with the amount attributable to each box on the ETP form. The tax MUST be manually calculated and attached to E9. Arrow cannot calculate the tax, as it does not calculate the concessional tax amounts and will post the amount to the 'ordinary' tax taken from the "normal" pay. This would then include this amount in the tax on the Individual Non-Business Payment Summary, which would be incorrect.

The ETP tax amount should only be reported on the ETP payment summary and SHOULD NOT be reported on the Individual Non- Business Payment Summary.

Process this pays as any other pay run for Arrow – under the Process Employee Payroll function.
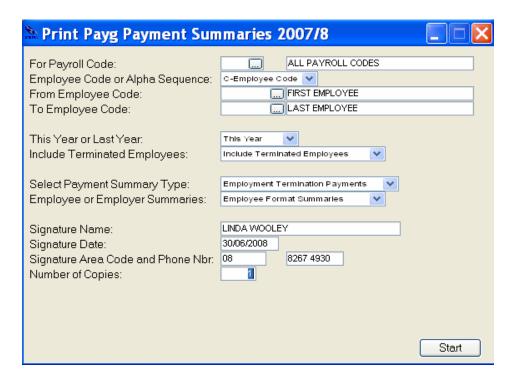
The above Variable Pay processed as below:

Date: 31/08/2006 (4000)   ARROW RESEARCH CORPORATION - D   Page: 1 (Update)
Payroll Process a Payroll to 30/06/2008

Empl	Description	PS	Py	Tx	Amt/Pc	Per	Hours/Qty	Value

Pay...   WEEKLY

Summary of Payroll - Payments Before Tax................   40,800.00
                         Allowances Before Tax.........................
                         Deductions Before Tax........................

                         Taxable Pay......................................   40,800.00
                         Tax Deductions.................................   -13,526.00
                         Allowances After Tax..........................
                         Deductions After Tax..........................

Total Net Pay for Payroll Code......................................   27,274.00

Nbr Payslips.   1   Cash.   Transfer.   27,274.00   Cheque

Summary by Payment Type   Hours/Qty   Value

E5	Pre July 83		10,000.00
E6	Post June 1983 Untaxed		11,500.00
E8	Post June 1994 Taxed		19,300.00
E9	Tax attributalbe to the ETP		-13,526.00

Total of Summary by Payment Type....................   27,274.00

Printing the ETP Payment Summaries

On the Payroll Menu, select the Print Menu and the PAYG Pay Summaries 2007/08. If you do not have the print option on your menu contact our office immediately so we can arrange the latest program.

Select as noted in the screen below:

There are a number of different Payment Summary types – choose Eligible Termination Payments. Please make sure that you include Terminated Employees.