

How do I Process a Termination?

The Terminations option is used to enter Termination details for an employee and to calculate their Termination Pay.

When the employee's Termination Date and Termination Reason are entered in this screen, SagePay will automatically calculate the employee's leave entitlements up to their termination date. SagePay automatically calculates the value of the termination pay based on leave entitlements in the employee's record.

Using the Termination Reason entered in the Employee Information section of the screen, SagePay will correctly allocate pay amounts to the appropriate Termination Pay Components and will calculate the applicable tax for each component.

The information entered in this screen will also be automatically added to the appropriate fields in Employee Maintenance for the selected employee.

Sample Termination Scenarios

Redundancy

An employee has been made redundant. The employee receives a lump sum payment on termination.

- 1 To access Terminations from the menu, select [Transactions](#) > [Enter Pays](#) > [Terminations](#).

Termination

Transactions Employees Options

Employee Information

Employee: [Dropdown] Generate Payment: Pre-July 1983: [Text]

Start Date: [Text] Retirement Date: 21/09/2005 Post-June 1983: [Text]

Termination Date: 21/09/2005 Retirement Date: 21/09/2005 Total Days Employed: [Text]

Termination Reason: [Dropdown] Trustee of Deceased Estate Non Dependent Total Years Employed: [Text]

Transaction Summary

Transaction Type	Advice No	No of Periods	This Pay			Last Pay		
			This Pay Gross	This Pay Tax	This Pay Net	Last Pay Gross	Last Pay Tax	Last Pay Net

Termination Pay Summary

Component	Hours	Gross
Termination Components		
Annual Leave	0	0.00
Long Service Leave	0	0.00
Additions After Tax		0.00
Deductions After Tax		0.00
Other Components		
Sick Leave	0	0.00
Lump Sum Payment		0.00
Total Termination Pay	0	0.00
Tax		0.00
Net Pay		0.00
Superannuation		
Employer Contribution	0.00	

Marginal Rate Calculation

Average Normal Gross: [Text]

Net Pay

Account Name	BSB Number	Account Number	Value	Balance of Pay

Reset Total Value: 0.00

Termination Advice Message: [Text Area]

- 2 Select an **Employee** from the dropdown list.
- 3 Select the Termination Date. The **Termination Date** field identifies the last day on which the employee is employed by the company.
- 4 Select the Termination Reason field. Click the Down arrow and select Redundancy from the list.
- 5 Decide if the employee is to be paid by EFT or some other means. The **Generate Payment** checkbox is selected when you want to have payment made by Electronic Funds Transfer into the employee's nominated bank account. Do not use this checkbox if the employee was paid by some other method, such as cash or a cheque.
- 6 Check the Marginal Rate Calculations. If no figure is displayed, calculate and enter the employee's Average Normal Gross for a pay period.
- 7 Press the Tab key. SagePay automatically calculates the pay.

Termination Pay Summary			Marginal Rate Calculation	
Component	Hours	Gross	Average Normal Gross	
Termination Components			3,323.72	
Annual Leave	1402.15	28,761.98		
Long Service Leave	303.98	6,235.49		
Additions After Tax		0.00		
Deductions After Tax		0.00		
Other Components				
<i>Sick Leave</i>				
Lump Sum Payment		0.00		
Total Termination Pay	1706.13	34,997.47		
Tax		11,024.00		
Net Pay		23,973.47		
Superannuation				
Employer Contribution		3,149.77		

Termination Components						
Component	Description	Rate	Hours	Amount	Tax	Cost Account
Annual Leave	Component A	20.5128	1402.15	28761.98	9060.00	NSW001
Long Service Leave	Post 93 Co...	20.5128	303.98	6235.49	1964.00	NSW001

NOTE: The system calculates average normal gross income. This value may be modified if required. It is calculated by dividing the YTD Taxable Income by the number of whole pay periods between the last Period End Date and the start of the Financial Year or Employee Commencement date whichever is the later. Any change to this value will have a corresponding affect on the automatic tax calculation for Post 17/8/93 payments.

- 8 In the Termination Pay Summary, click on Lump Sum Payment.
- 9 In the grid, click in the Amount cell of the Lump Sum Payment row (the top row) and enter an amount.
- 10 Press the Tab key to calculate the Lump Sym Payment components and tax.

Termination Pay Summary			Marginal Rate Calculation	
Component	Hours	Gross	Average Normal Gross	
Termination Components			3,323.72	
Annual Leave	1402.15	28,761.98		
Long Service Leave	303.98	6,235.49		
Additions After Tax		0.00		
Deductions After Tax		0.00		
Other Components				
<i>Sick Leave</i>				
Lump Sum Payment		40,500.00		
Total Termination Pay	1706.13	75,497.47		
Tax		12,534.00		
Net Pay		62,963.47		
Superannuation				
Employer Contribution		6,794.77		

Other Components						
Component	Rate	Hours	Amount	Tax	Cost Account	
Lump Sum Payment			40500.00			
Total	0.0000		40500.00	0.00		
Lump Sum D			35705.00		NSW001	
Pre July 83 Component			0.00	0.00	NSW001	
Post June 83 Component			4795.00	1510.00	NSW001	
Total	0.0000		40500.00	1510.00		
Assessable Amount			4795.00			

- 11 Follow the menu path [Transactions](#) > [Process](#) or press <Ctrl> + <P> on the keyboard to process the Termination.

Resignation

An employee is resigning. There are no termination payments being made other than accrued leave entitlements.

- 1 To access Terminations from the menu, select [Transactions](#) > [Enter Pays](#) > [Terminations](#).

- 2 Select an **Employee** from the dropdown list.
- 3 Select the Termination Date field. The **Termination Date** field identifies the last day on which the employee is employed by the company.
- 4 Select the Termination reason field. Click the Down arrow and select Resignation from the list.
- 5 Go to the EFT checkbox. The **Generate Payment** checkbox is selected when you want to have payment made by Electronic Funds Transfer into the employee's nominated bank account. Do not use this checkbox if the employee was paid by some other method, such as cash or a cheque.
- 6 Check the Marginal Rate Calculations. If no figure is displayed, calculate and enter the employee's Average Normal Gross for a pay period.
- 7 Press the Tab key. SagePay automatically calculates the pay.

NOTE: The system calculates average normal gross income. This value may be modified if required. It is calculated by dividing the YTD Taxable Income by the number of whole pay periods between the last Period End Date and the start of the Financial Year or Employee Commencement date whichever is the later. Any change to this value will have a corresponding affect on the automatic tax calculation for Post 17/8/93 payments.

- Follow the menu path [Transactions > Process](#) or press <Ctrl> + <P> on the keyboard to process the Termination.

Early Retirement

An employee has been offered early retirement. The only payments being made are for accrued leave entitlements.

- To access Terminations from the menu, select [Transactions > Enter Pays > Terminations](#).

The screenshot shows the 'Termination' window with the following sections:

- Employee Information:** Employee (dropdown), Generate Payment (checked), Pre July 1993, Start Date, Termination Date (21/09/2005), Retirement Date (21/09/2005), Post June 1993, Termination Reason (dropdown), Trustee of Deceased Estate (radio), Non Dependant (radio), Total Days Employed, Total Years Employed.
- Transaction Summary:** Table with columns: Transaction Type, Advice No, No of Periods, This Pay Gross, This Pay Tax, This Pay Net, Last Pay Gross, Last Pay Tax, Last Pay Net.
- Termination Pay Summary:**

Component	Hours	Gross
Termination Components		
Annual Leave	0	0.00
Long Service Leave	0	0.00
Additions After Tax		0.00
Deductions After Tax		0.00
Other Components		
Sick Leave	0	0.00
Lump Sum Payment		0.00
Total Termination Pay	0	0.00
Tax		0.00
Net Pay		0.00
Superannuation		
Employer Contribution	0.00	
- Marginal Rate Calculation:** Average Normal Gross (input field).
- Net Pay:** Table with columns: Account Name, BSB Number, Account Number, Value, Balance of Pay.
- Buttons:** Reset, Total Value: 0.00.
- Termination Advice Message:** (text area).

- Select an **Employee** from the dropdown list.
- Select the Termination Date field. The **Termination Date** field identifies the last day on which the employee is employed by the company.
- Select the Termination Reason field. Click the Down arrow and select Approved Early Retirement from the dropdown list.
- Go to the EFT checkbox. The **Generate Payment** checkbox is selected when you want to have payment made by Electronic Funds Transfer into the employee's nominated bank account. Do not use this checkbox if the employee was paid by some other method, such as cash or a cheque.
- Check the Marginal Rate Calculations. If no figure is displayed, calculate and enter the employee's Average Normal Gross for a pay period.

- 7 Press the Tab key. SagePay automatically calculates the pay.

Termination Pay Summary			Marginal Rate Calculation						
Component	Hours	Gross	Average Normal Gross						
Termination Components			Average Normal Gross: \$3,323.72						
Annual Leave	1402.15	28,761.98	Termination Components						
Long Service Leave	303.98	6,235.49	Component	Description	Rate	Hours	Amount	Tax	Cost Account
Additions After Tax		0.00	Annual Leave	Component A	20.5128	1402.15	28761.98	9060.00	NSW001
Deductions After Tax		0.00	Long Service Leave	Post 93 Co...	20.5128	303.98	6235.49	1964.00	NSW001
Other Components									
Sick Leave									
Lump Sum Payment		0.00							
Total Termination Pay	1706.13	34,997.47							
Tax		11,024.00							
Net Pay		23,973.47							
Superannuation									
Employer Contribution		3,149.77							

NOTE: The system calculates average normal gross income. This value may be modified if required. It is calculated by dividing the YTD Taxable Income by the number of whole pay periods between the last Period End Date and the start of the Financial Year or Employee Commencement date whichever is the later. Any change to this value will have a corresponding affect on the automatic tax calculation for Post 17/8/93 payments.

- 8 Follow the menu path [Transactions > Process](#) or press <Ctrl> + <P> on the keyboard to process the Termination.

Death

An employee has died and his estate is to be paid his entitlement to the date he passed away.

- 1 To access Terminations from the menu, select [Transactions > Enter Pays > Terminations](#).

Termination Pay Summary			Marginal Rate Calculation				
Component	Hours	Gross	Average Normal Gross				
Termination Components			Average Normal Gross: []				
Annual Leave	0	0.00	Net Pay				
Long Service Leave	0	0.00	Account Name	BSB Number	Account Number	Value	Balance of Pay
Additions After Tax		0.00					
Deductions After Tax		0.00					
Other Components							
Sick Leave							
Lump Sum Payment		0.00					
Total Termination Pay	0	0.00					
Tax		0.00					
Net Pay		0.00					
Superannuation							
Employer Contribution		0.00					

Reset Total Value: 0.00

Termination Advice Message

- 2 Select an **Employee** from the dropdown list.
- 3 Select the Termination Date field. The **Termination Date** field identifies the last day on which the employee is employed by the company. The date, in this instance, should be the date the employee passed away.

- 4 Select the Termination Reason field. Click the Down arrow and select Death from the list.
- 5 Go to the EFT checkbox. The **Generate Payment** checkbox is selected when you want to have payment made by Electronic Funds Transfer into the employee's nominated bank account. Do not use this checkbox if the employee was paid by some other method, such as cash or a cheque. This may not be the case if the employee has died.
- 6 Use the radio buttons to select if the payment goes to the Trustee of the Deceased Estate or a non-dependant.
 - Trustee of the Deceased Estate: The **Trustee of Deceased Estate** radio button indicates that no tax is withheld on the termination payment and the trustee of the deceased's estate receives the full value of the ETP.
 - Non Dependant: The **Non Dependant** radio button is displayed when Death is selected in the **Termination Reason** field. All payable tax is withheld for the termination payment to the deceased's estate.
- 7 Check the Marginal Rate Calculations. If no figure is displayed, calculate and enter the employee's Average Normal Gross for a pay period.
- 8 Press the Tab key. SagePay automatically calculates the pay.

Termination Pay Summary			Marginal Rate Calculation		
Component	Hours	Gross	Average Normal Gross		
Termination Components			Average Normal Gross: <input type="text" value="\$3,323.72"/>		
Annual Leave	1402.15	28,761.98			
Long Service Leave	0	0.00			
Additions After Tax		0.00			
Deductions After Tax		0.00			
Other Components					
Sick Leave	0	0.00			
Lump Sum Payment		0.00			
Total Termination Pay	1402.15	28,761.98			
Tax		0.00			
Net Pay		28,761.98			
Superannuation					
Employer Contribution		2,588.58			
			Termination Components		
Component	Description	Rate	Hours	Amount	Tax Cost Account
Annual Leave	Death	20,5128	1402.15	28761.98	NSW001

NOTE: The system calculates average normal gross income. This value may be modified if required. It is calculated by dividing the YTD Taxable Income by the number of whole pay periods between the last Period End Date and the start of the Financial Year or Employee Commencement date whichever is the later. Any change to this value will have a corresponding affect on the automatic tax calculation for Post 17/8/93 payments.

- 9 If you want to add non-standard items such as additions and deductions after tax, select the item in the pay summary window and perform the transactions.
- 10 Follow the menu path [Transactions > Process](#) or press <Ctrl> + <P> on the keyboard to process the Termination.