

Processing JobKeeper in Xero

How to ensure your payroll is correctly set up for JobKeeper

Once you have met the eligibility criteria, enrolled for JobKeeper through the ATO Business Portal, have completed employee nomination forms, enrolled for JobKeeper for your employees in Xero – then we can work out what needs to be done in Xero to ensure the ATO have our payments.

Overview

Xero have automatically created a JobKeeper allowance pay item for everyone's Xero file. You will only use this pay item if you need to top-up an employee's wage for JobKeeper.

You do not need to use a different pay item if your employees are already paid more than \$1500 per fortnight. All those employees need is for them to be enrolled correctly and for the STP to be filed.

It is important to note that this process requires Single Touch Payroll (STP) to be activated and that you are filing all these pay runs. If these pay runs are not being reported to the ATO through STP (or manually through the Business Portal) you will not be receiving JobKeeper payments.

If your employees are already paid more than \$1,500 per fortnight

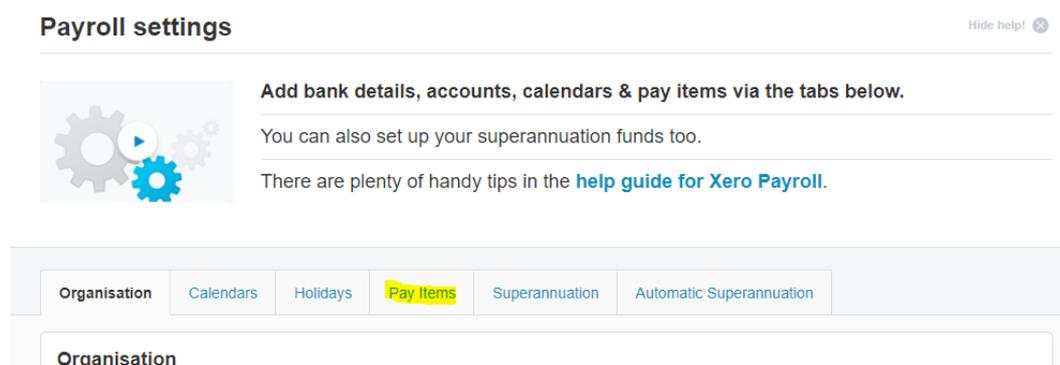
If you are already paying your employees \$1,500 or more per fortnight you do not need to change anything in their payroll. All you need to do is make sure you correctly enrolled them in Xero and are continually post pay runs and filing them through Single Touch Payroll.

If you need to top-up an employee's wage to \$1,500 per fortnight

If you need to top up your employee's wage to \$1,500 per fortnight, you will need to utilise the newly created JobKeeper allowance pay item that has already been created for you.

JobKeeper Pay Item

You can find this pay item when click on the name of the church in the top left > Settings > Payroll Settings > select the Pay Items tab (as seen below)



The screenshot shows the 'Payroll settings' page in Xero. At the top left, it says 'Payroll settings' and at the top right, there is a 'Hide help!' button with a close icon. Below this is a section with a gear icon and a play button icon, containing the text: 'Add bank details, accounts, calendars & pay items via the tabs below.' followed by 'You can also set up your superannuation funds too.' and 'There are plenty of handy tips in the [help guide for Xero Payroll](#).' Below this is a horizontal navigation bar with tabs: 'Organisation', 'Calendars', 'Holidays', 'Pay Items' (which is highlighted in yellow), 'Superannuation', and 'Automatic Superannuation'. Below the tabs is a dropdown menu with 'Organisation' selected.

Organisation	Calendars	Holidays	Pay Items	Superannuation	Automatic Superannuation
Earnings			Earnings		Add ▼
Deductions					
Reimbursements					
Leave					
Earnings Name	Earnings Category	Rate	Account	Reportable as W1	
<i>Allowances exempt from tax withholding and super</i>	Allowance	Fixed Amount	477: Wages Senior Pastor	No	⋮
<i>Allowances subject to tax withholding and super</i>	Allowance	Fixed Amount	477: Wages Senior Pastor	Yes	⋮
ETP Leave Earning	Employment Termination Payment	Rate per Unit	477: Wages Senior Pastor	Yes	⋮
JobKeeper Payment top up	Allowance	\$0.00 Fixed Amount	477: Wages Senior Pastor	Yes	⋮
Ordinary Hours	Ordinary Time Earnings	Rate per Unit	477: Wages Senior Pastor	Yes	⋮

If you would like to change the Expense Account that this top-up posts to, click on the blue text 'JobKeeper Payment top up' and you will see the pay item dialogue box which you can adjust accordingly.

The following pay item has some default settings, some of which can't be altered. The pay item is a fixed amount (which will be the amount to get the wage to \$1,500 per fortnight). The JobKeeper pay item is not exempt from PAYG Withholding, and it is reportable as W1 on the Activity Statement.

An optional field you will need to consider is if you wish to pay Superannuation Guarantee Contributions (SGC) on the top-up. The default is to not pay it on the top-up. See here for more information: <https://www.ato.gov.au/General/JobKeeper-Payment/Employers/Paying-your-eligible-employees/#Superannuation>

Applying JobKeeper Pay Item to Employee for Top-Up

The next step is to apply this to the employees that are to receive the top-up.

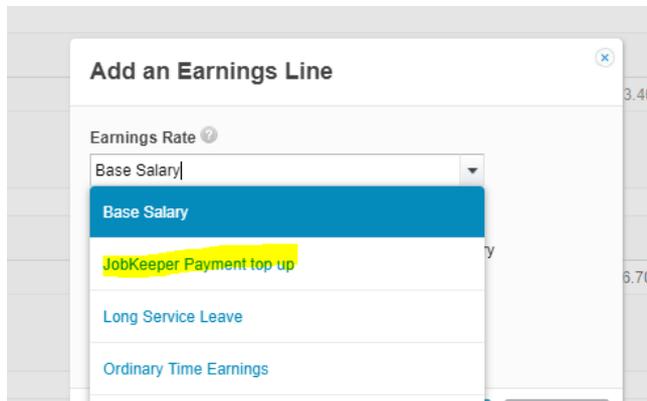
You will need to go to your employee's payroll file, found in the blue Payroll menu > Employees > select a relevant employee > click their Pay Template tab.

Under the Earnings area, click + Add Earnings Line

Pay Template

Earnings Rate	Hours	Rate	Total
Ordinary Time Earnings	20.0000	40.000000	800.00
+ Add Earnings Line			

Then select 'JobKeeper Payment top up' from the earnings rate dropdown menu and click OK



The screenshot shows a dialog box titled "Add an Earnings Line". It features a dropdown menu for "Earnings Rate" with the following options: "Base Salary", "JobKeeper Payment top up" (highlighted in yellow), "Long Service Leave", and "Ordinary Time Earnings".

You should now see a fixed amount earnings line for JobKeeper, in here you will need to type the amount to get the earnings to \$1,500 (for a fortnightly payroll). In this example, the employee is usually paid \$800 per fortnight. To calculate the top-up it's the $\$1,500 - \$800 = \$700$ top-up

Pay Template

Earnings Rate	Hours	Rate	Total
Ordinary Time Earnings	20.0000	40.000000	800.00
JobKeeper Payment top up			Fixed Amount 700.00
+ Add Earnings Line			

You will also need to consider updating the exempt benefit amounts for employees that are already receiving these.

Once you are happy with the Pay Template, make sure you click the green **Save** button at the bottom.

This will come into effect in your next pay run. Please review your needs, as you might need to adjust previous pay runs depending on when you are claiming JobKeeper.