



BELINA PAYROLL HR VERSION 2

August 2020

Tax Period Setup

FOR **USD & MULTI-CURRENCY** PAYROLLS

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INSTRUCTIONS

Dear Client,

This booklet provides step-by-step instructions on your August 2020 Tax Period Set-up for those running **USD or multi-currency payrolls**.
Please follow these instructions very carefully.

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August 2020 Tax Periods Setup: FOR USD & MULTI-CURRENCY PAYROLLS

Preface

This booklet is for those running USD or multi-currency payrolls.

The USD tax tables to use for the 2nd tax period of 2020 (1 August 2020 to 31 December 2020) have not yet been gazetted, but ZIMRA have confirmed that clients can proceed to use the USD tax tables we have published in this email.

In annualized form, the USD tax tables have not changed from the annual tax tables used in the 1st tax period of 2020, but they will appear different if pro-rated for the 5 month period. ZIMRA published USD tax tables earlier in August on their website, which were incorrect and taken down last week. Correct tax tables were published at the end of last week (21 August 2020).

The Income Tax Act has divided the 2020 tax year into two sections:

- 1 January 2020 to 31 July 2020, and
- 1 August 2020 to 31 December 2020.

This requires that we do a “Tax Split” from 1 August 2020 to enable you to generate **two** ITF16s at the end of the year. For the avoidance of doubt, clients running **a combination of ZWL and USD (multi-currency) payrolls** will also need to follow the steps below as the **USD tax tables** are used for computing tax in those situations.

NB: If you have run and finalized the August period already, then you can move into the next period (September) and then make the changes in that period. FDS will correct the cumulative tax position in the September period and going forward.

Should you require any assistance, please contact us over email or telephone.



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Section 1 – Period End

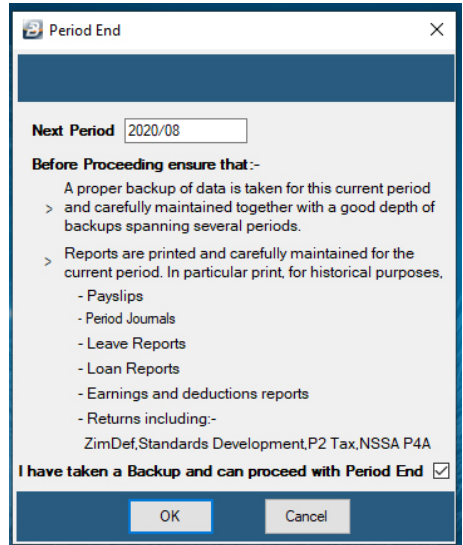
NB: Please note that if you had already done a period end to August 2020 you can proceed to **SECTION 2**.

- 1. After having finalised your last period in July 2020 for the First Tax Period (1 January 2020 – 31 July 2020), you can proceed to print any reports you desire to cover the period in question. Remember most reports can be printed afterwards.**
2. Backup **each payroll** onto reliable media such as External Hard Drive, DVD, cloud or any other external media device. We suggest that a backup is also done on the computer hard drive as an additional precaution.
3. Run a period end. This will take you into the first period of the second tax period starting 01/08/2020. Go to *Utilities > Period End*.

Please ensure that for the first period for August 2020, the start date must be 01/08/2020 (otherwise tax will not be calculated correctly going forward).

You can check this by going to *Setup > Periods > Pay Periods* and check that the first period relating to this tax period has a start date of 1 August 2020.

You will need to amend the start date if the normal periods in your payroll straddle the end of the month.





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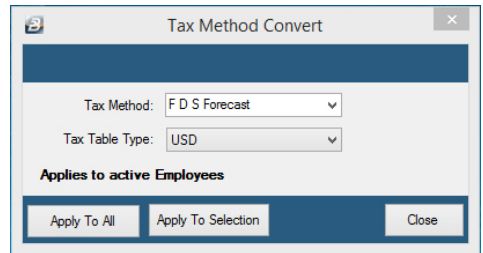
Section 2 – Tax Method Convert

Option A: USD Exclusive

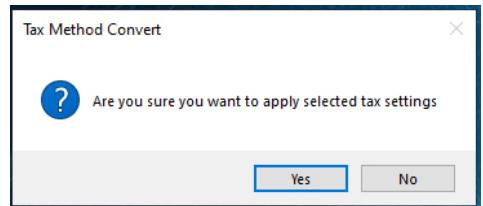
As a precaution we would like to ensure new employees taken on between February 2020 and July 2020 that were not on FDS, are now correctly converted to the FDS tax computation:

Please note for USD payrolls we are using Tax Table Type - USD:

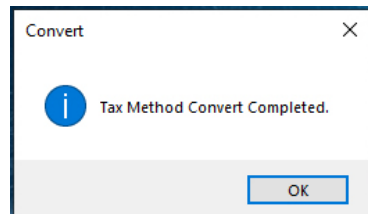
1. Click on *Data > Bulk Routines > 'Tax Method Convert'*.
2. Select *'FDS Forecast'* under *'Tax Method'*.
3. Select *'USD'* under *'Tax Table Type'*.



4. Click on *'Apply to All'*.
5. Click on *'Yes'*.



6. Click on *'OK'* then *'Close'*.





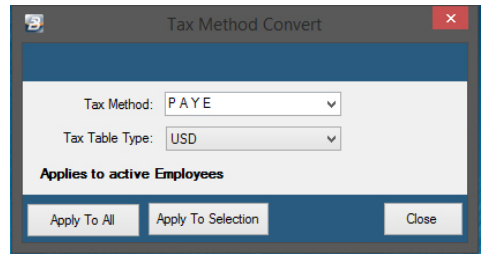
August 2020 Tax Periods Setup: FOR USD & MULTI-CURRENCY PAYROLLS

Section 2 – Tax Method Convert (Continued)

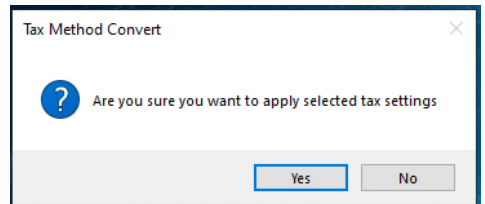
Option B: USD and ZWL Combination

Please note for USD and ZWL combination payrolls we are using Tax Table Type - USD:

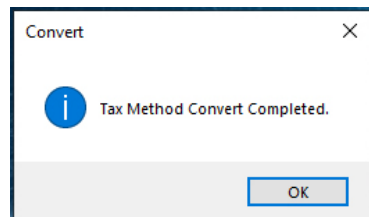
1. Click on *Data > Bulk Routines > 'Tax Method Convert'*.
2. Select 'PAYE' under 'Tax Method'.
3. Select 'USD' under 'Tax Table Type'.



4. Click on 'Apply to All'.
5. Click on 'Yes'.



6. Click on 'OK' then 'Close'.





August 2020 Tax Periods Setup: FOR USD & MULTI-CURRENCY PAYROLLS

Section 3 – Entering the New Tax Bands

1. Go to *Setup > Tax > New*.
2. Change the 'Effective Date' to **01/08/2020**.
3. Change the 'Tax Table' to **USD**.
4. Insert the new tax bands (Annual). **DO NOT insert** the monthly tax brackets or pro-rated tax brackets for the **5 month** period.

	UPPER LIMIT \$	PERCENTAGE %
\$	840.00	0%
\$	3,600.00	20%
\$	12,000.00	25%
\$	24,000.00	30%
\$	36,000.00	35%
\$	999,999,999.00	40%

- i. Insert the Elderly, Disabled and Blind tax credits of **\$900** each. (NB: The elderly credit has an "Age Lower Limit" of 55 years).
- ii. Medical Credit to **50%**.
- iii. Pension Deductible to **\$2,250.00**. (The 'annual' pension deductible for this second tax period is USD 5,400.00, but this needs to be pro-rated for 5 months in Belina's Tax setup by 5/12 to **USD 2,250.00**.)
- iv. NSSA Age Limit is **65** years.
- v. 'Loan to' box - **\$100**; 'above' **7.0%** (The percentage is a summation of the LIBOR rate **+5%**. The LIBOR rate for 2019 was just below **2.0%** and hence for 2020 we have taken a conservative approach to use **7.0%** for the loan Benefit percentage.)
- vi. Aids Levy is **3%**.
- vii. The Tax Free portion of bonus remains at **\$320.00**.



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Section 3 – Entering the New Tax Bands (Continued)

VEHICLE BENEFITS

Insert the vehicle benefits amounts. Please note if you have a weekly and bi-monthly payroll you will need to pro-rate the records.

E.g. Weekly Vehicle benefit for a 1500cc motor vehicle becomes:
 $\$300 * 12 \text{ months} / 52 \text{ weeks} = \$69.23.$

Threshold Engine Capacity	Deemed Vehicle Benefit / Month
1500cc	\$ 300.00
2000cc	\$ 400.00
3000cc	\$ 600.00
9999cc	\$ 800.00

The **USD Tax Table** should end up appearing as per the below example:

Tax Parameters

Click the ellipsis button next to Effective date to view other dates setup

Tax Table: Tax Method P6 Fields LIBOR Rates

Effective Date: 01/08/2020

Tax Table: Default

Tax Band Upper Limit	%
60,000	0
180,000	20
360,000	25
720,000	30
1,200,000	35
999,999,999,999	40

Insert Change Delete

Engine Capacity Limit	Amount
1500cc	4,500
2000cc	6,000
3000cc	9,000
9999999cc	12,000

Insert Change Delete

Tax Credits

Name	Amount
Blind	9,000
Disability	9,000
Elderly	9,000

Insert Change Delete

Medical Credits: 50,000 %

Deductible

Pension: 22,500

or: 0.0000 % Emoluments

NSSA Age Limit: 65 Years

NSSA Code: 630

Tax Levy

Aids: 3.0000 %

Loan Benefit

Loan To: 800 0.0000 % Above: 7,0000 %

Tax Free

Bonus: 5,000 or 0.0000 % Remuneration

Retrenchment / 3 or: 50,000 Limit: 80,000

Ok Close



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Section 3 – Entering the New Tax Bands (Continued)

We recommend that clients running multi-currency payrolls get their settings checked by us, as the setup for a multi-currency payroll can be complex, with more variables at play than is normal. We also **need to draw your attention to a few scenarios where there are anomalies** for multi-currency payrolls – it is important that clients are aware of these:

- i. **A payroll that pays majority RTGS income but commences an allowance which is in USD (such as a COVID allowance).** This USD allowance will trigger any existing motor vehicle benefits to be applied and taxed in USD and the USD tax on the allowance can end up being higher than the allowance itself.
- ii. **An RTGS payroll in which a USD once-off bonus is paid for the first time, switches to a multi-currency payroll.** We have not been able to get an answer from ZIMRA on how this payroll is treated for the rest of the year, even if all income throughout the year is RTGS except for the one bonus paid in USD in a single period.

There do remain some scenarios for multi-currency payrolls where the answers are not clear, and clients may not obtain guidance easily from ZIMRA. We do encourage a high degree of caution on multi-currency payrolls.



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General

You are now setup and ready to proceed with your payroll run.

We are committed to providing you with good service. We do appreciate any feedback that you may have so that we improve further. Should you require any assistance with the above instructions or any other issue, please do not hesitate to get in touch.

Please feel free to contact us for assistance.

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