



Integrating SmartPayroll with Xero

TABLE OF CONTENTS

One-off Setup	3
Exporting the Payroll information from SmartPayroll	4
Receiving the Payroll data into Xero	6
Invoice options	7
Importing costing data into xero	8
Export Options: Department Description or Code	12

Introduction

SmartPayroll is a fully featured payroll system which provides all the reports, costing information etc that a small to medium sized business is likely to require from a payroll system.

Running the payroll is only one aspect of running a business. Many business owners are likely to be using an accounting system such as the Xero Online to manage their business, and would like to include Payroll data in their accounts.

As the Xero interface is a web service, SmartPayroll can automate the process of transferring data to Xero at the click of a button. All that is needed is an internet connection.

It is not necessary to log on to Xero to import the data, the data is "pushed" into the company's Xero account from the payroll software.

One-off Setup

Adding account codes to your Payroll information

All payments that go to Xero are coded. Customers can use one code that represents the gross pay or each **portion** of the gross pay can be separated into separate codes. E.g.

- ⇒ Normal pay
- ⇒ Non-normal pay (One off Payments)
- ⇒ Allowances
- ⇒ Deductions (company deductions held back in the company accounts)
- ⇒ Kiwisaver company contributions (or other superannuation payments from the company).
- ⇒ PAYE – only for customers using SmartPayroll as a calculator

Find out from SmartPayroll which codes are necessary

1. Click on **Company Maintenance**.
2. Click on **GL Accounts** in left-hand blue frame.

The allowances, deductions and other pay types will be listed for your company

You will need to decide if you wish to separate all the payments with their own codes or click the **Combine all Payments** checkbox and keep the pays under one code. If using this option you can still code the deductions and Kiwisaver company contributions separately.

Open your Xero account to find the code numbers or create new ones

1. Log into Xero, click on the **Settings** button and click **Chart of Accounts**
2. Browse to find the correct codes, or to set up a new one, click on the **Add Account** button.

Make a note of the code numbers. Once the codes have been set up at SmartPayroll end, the pay can be exported to Xero.

Go back to SmartPayroll to enter the codes

Open the SmartPayroll screen.

1. Click on **Company Maintenance**.
2. Click on **GL Accounts** in left-hand blue frame.
3. Enter the codes for each payment or deduction and click the **Save** button.

Exporting the Payroll information from SmartPayroll

1. In SmartPayroll click on **Process Payroll**
2. Click **Export Pay Details** in left-hand blue frame
3. Choose **Export to.. Xero**

Sel	PPE Date	Pay Type	DC Date	Date Processed	Date Exported	Invoice No.
<input type="checkbox"/>	09/01/2011		05/03/2011	05/03/2011 17:19:17		
<input type="checkbox"/>	02/01/2011		28/01/2011	28/01/2011 10:43:31		
<input type="checkbox"/>	26/12/2010	Manual	07/12/2010	07/12/2010 16:14:39		
<input type="checkbox"/>	05/12/2010		07/12/2010	07/12/2010 16:16:45		
<input type="checkbox"/>	10/10/2010		06/12/2010	06/12/2010 10:48:39		
<input type="checkbox"/>	03/10/2010		07/10/2010	07/10/2010 16:57:50		
<input type="checkbox"/>	05/09/2010		06/09/2010	02/09/2010 15:09:04		
<input type="checkbox"/>	29/08/2010		30/08/2010	02/09/2010 15:08:15		
<input type="checkbox"/>	22/08/2010		23/08/2010	02/09/2010 15:06:53		
<input type="checkbox"/>	15/08/2010		16/08/2010	02/09/2010 15:06:24		
<input type="checkbox"/>	30/05/2010	Manual	04/06/2010	04/06/2010 15:21:22		

Export Pay Details screen

4. Enter the new invoice number for this payroll, select the pay and click **Export Data** at the bottom of the screen.

Note: If using Internet Explorer a note appears at the bottom of the screen saying the data is being exported.

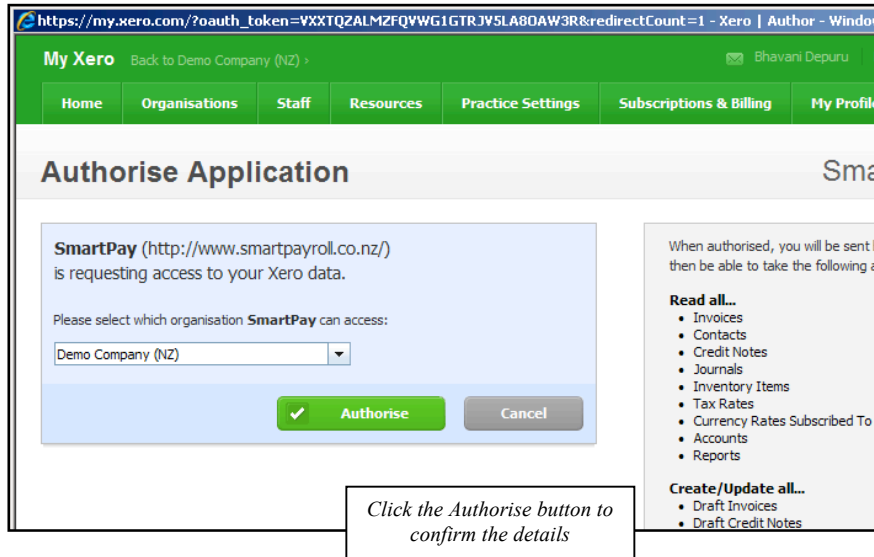
Note: If using other browsers such as Mozilla Firefox, Safari or Google Chrome at Step No. 5 a further step is necessary – the popups may be blocked so you can't see the next screen.

⇒ Search for an "allow popups" button near the top of the toolbar window. Once this button is clicked the option to **allow popups** will appear. Click **allow popups** and then start again from No. 1 (go to Process Payroll).

YOU WILL ONLY NEED TO SET THIS UP ONCE.

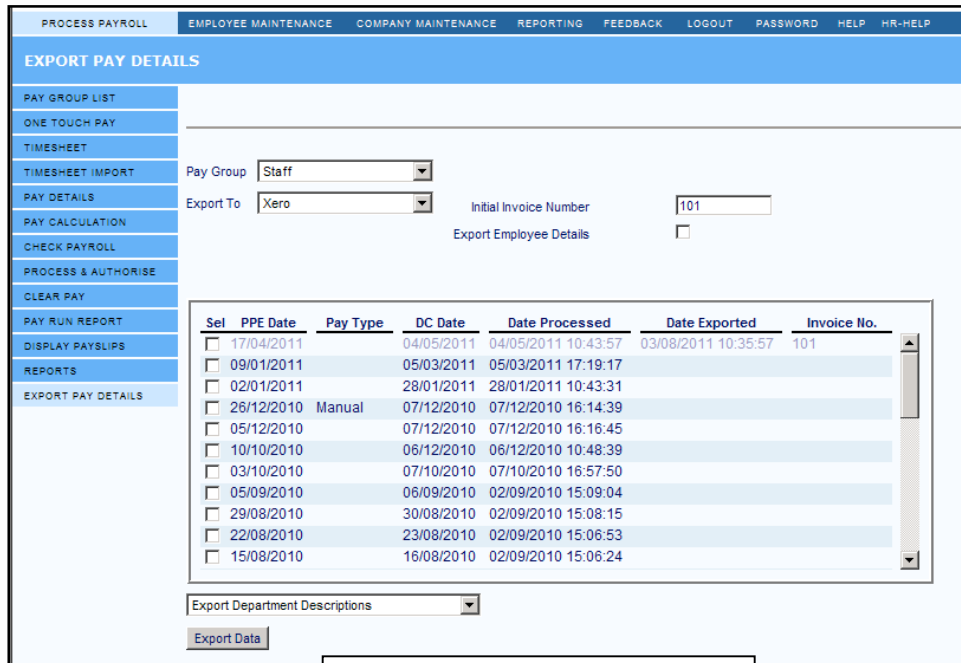
5. A Xero login screen will appear –Enter your **login and password** for Xero.

6. Another screen appears. If the **Authorise** button is clicked the process is complete.



Note: The steps from 4 to 6 will not need to be completed again – from now on you will be able to export from the Payroll screen without entering your Xero userID and password again.

7. You will be returned to SmartPayroll and you'll notice that the pay data is greyed out, and the export date is visible.



Note: Your Payroll data will be sent to Xero in the form of an **Accounts Payable Draft Invoice**.

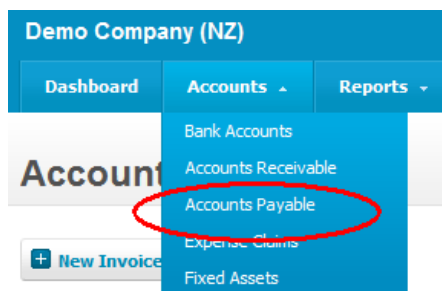
Department information

If Department information is exported then an employee may be split across several invoice lines, or if not exporting department information then each employee will occupy just one invoice line.

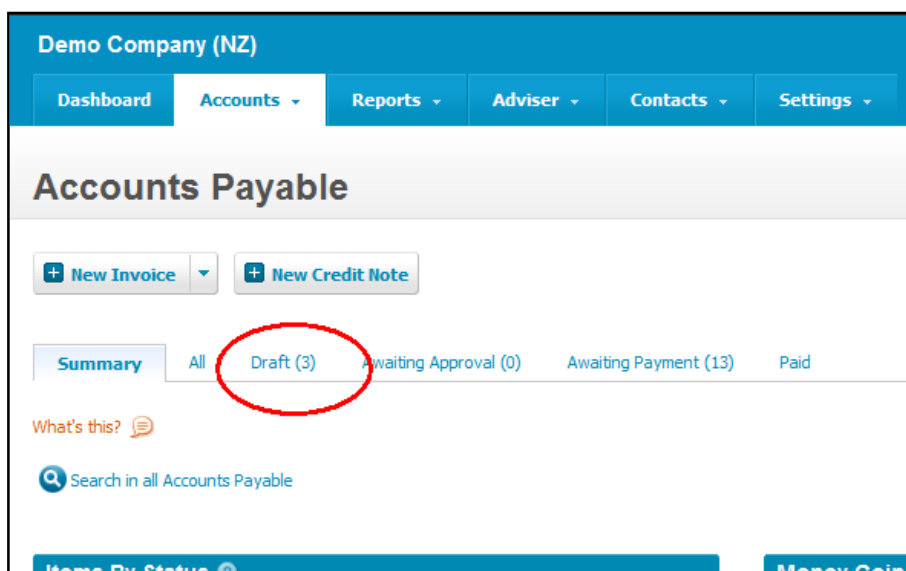
Receiving the Payroll data into Xero

The payroll data will be sent to your Xero account as an **Accounts Payable draft invoice**.

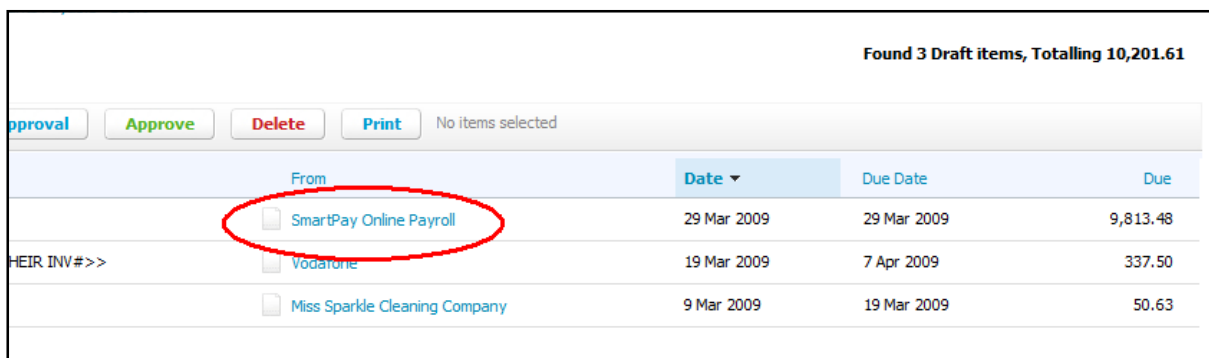
To access the **Accounts Payable** screen in Xero, select **Accounts Payable** from the Accounts menu:



Then click on the **Draft tab**:



The Draft Accounts Payable screen should look something like this:



Found 3 Draft items, Totalling 10,201.61

From	Date	Due Date	Due
<input type="checkbox"/> SmartPay Online Payroll	29 Mar 2009	29 Mar 2009	9,813.48
HEIR INV#>> <input type="checkbox"/> Vodafone	19 Mar 2009	7 Apr 2009	337.50
<input type="checkbox"/> Miss Sparkle Cleaning Company	9 Mar 2009	19 Mar 2009	50.63

Click on the **SmartPay Online Payroll** link to view/edit the invoice.

INVOICE OPTIONS

There are several different invoice options.
To make adjustments to the way the draft invoice looks in Xero:

1. Open **SmartPayroll**.

2. To see all payments combined into one line for each payment type:

In the **Company Maintenance** screen select **GL Accounts** button in the left-hand blue frame.

⇒ select the **Combine all Payments** option.

3. If you wish to combine all the **Employee** Payments and see no employee details:

⇒ Click on **Process Payroll** screen, choose **Export Pay Details**, ensure the **Export Employee Details checkbox** is unticked.

The sample below shows the 2 payments for this company and Wages and Salaries as one total.



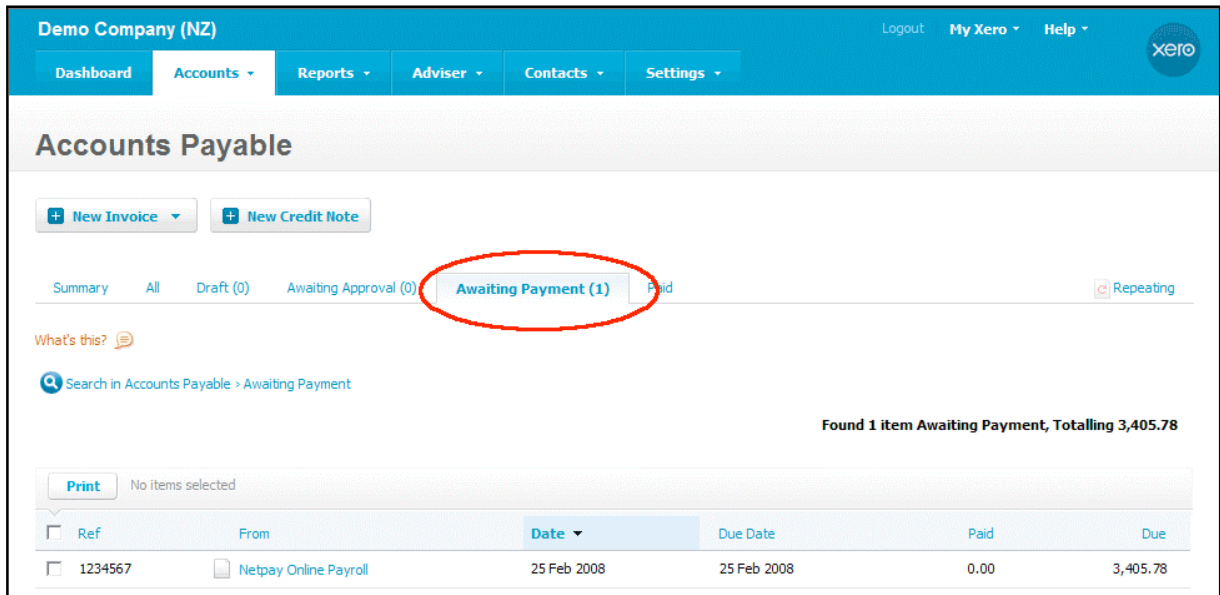
The screenshot shows the Xero invoice interface. At the top, there are fields for Date (7 Aug 2011), Due Date (8 Aug 2011), Reference (07/08/11), Attachment (Attach a file), and Total (7352.74). Below these fields, there is a section for 'Amounts are' with a dropdown menu set to 'Tax Exclusive'. The main table has the following columns: Description, Qty, Unit Price, Account, Tax Rate, and Amount NZD. The table contains two rows of items: 'Kiwisaver CEC (Gross)' and 'Wages and Salaries'. A summary row at the bottom shows 'GST' as 0.00 and 'TOTAL' as 7,352.74.

Description	Qty	Unit Price	Account	Tax Rate	Amount NZD
Kiwisaver CEC (Gross)	1.00	36.57	626-45 – Wages – Kiwisaver Contribution	No GST	136.57
Wages and Salaries	1.00	7,216.17	62360 – Permanent Staff & PAYE	No GST	7,216.17
				GST	0.00
				TOTAL	7,352.74

The invoice needs to be approved before Xero will attempt to match it up with imported bank statements.

Notice that the invoice has **no tax amounts**. The Xero Invoice Tax options are basically GST: Yes/No. As GST does not apply to payroll, and the invoice Tax column cannot be used for anything else, the invoices need to be set to No GST.

Once the invoice has been approved, it moves to the **Awaiting Payment** tab:



IMPORTING COSTING DATA INTO XERO

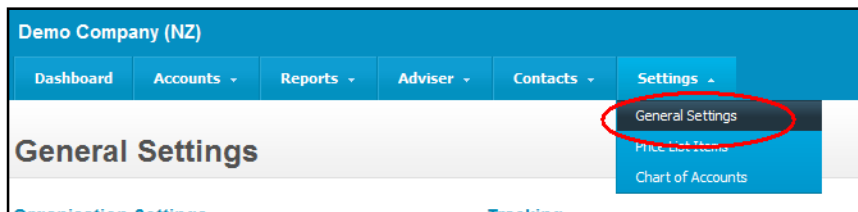
Xero allows for multiple costing structures, and these can be used in any way you wish.

For example, one cost structure may be the employee's department (sales, marketing, administration), while the second cost structure may be the employee's region (Auckland, Hamilton, Wellington). By using two cost structures in this way, Xero can report on employees by region regardless of which department they are costed to.

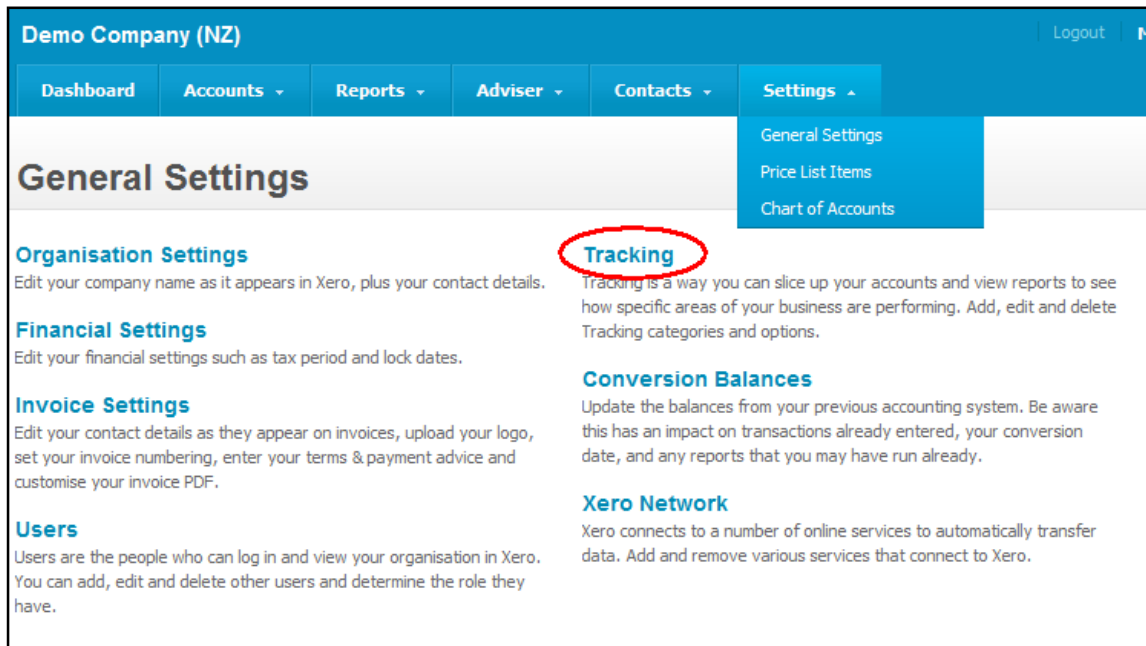
SmartPayroll does not support this dual costing structure arrangement, so we shall concentrate on department costing.

There is some setting-up required at the Xero end to allow department information to be imported.

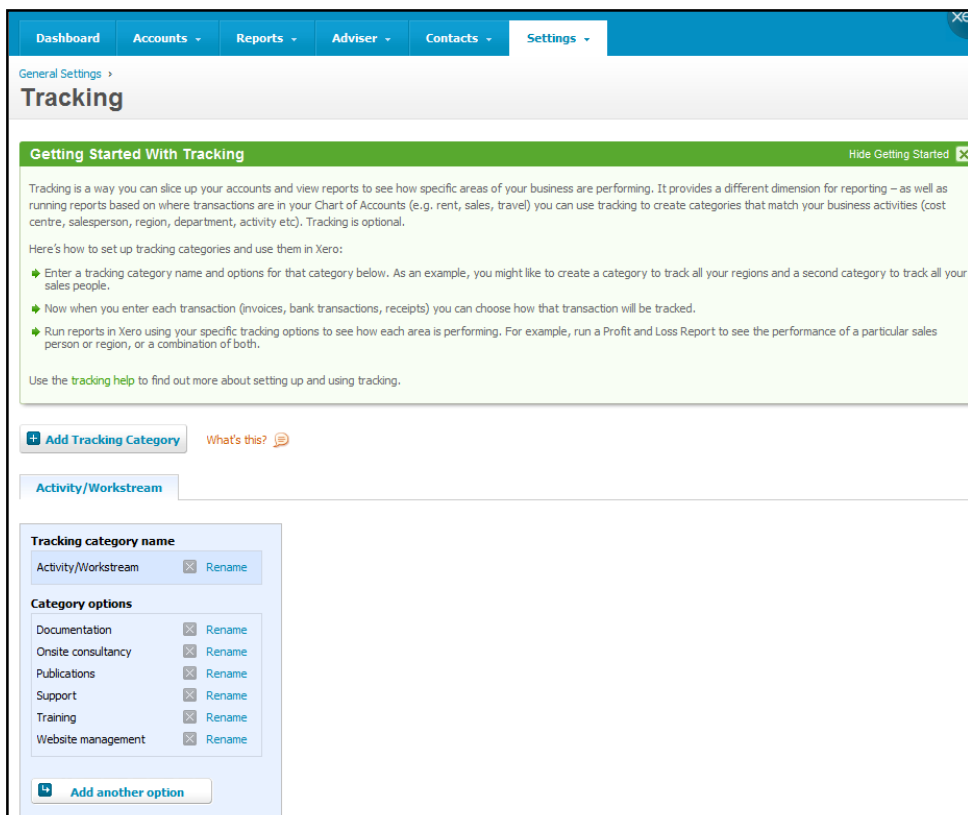
The first step is to select "General Settings" from the Settings menu:



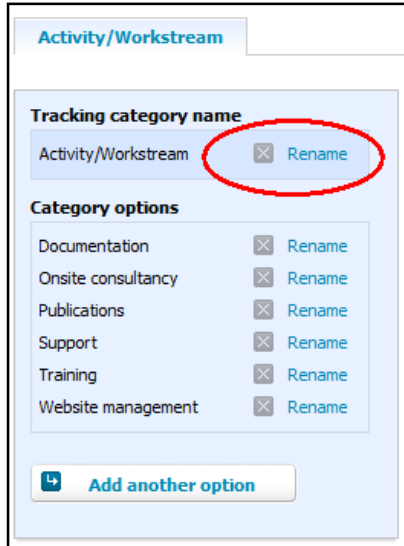
Then click on **Tracking**:



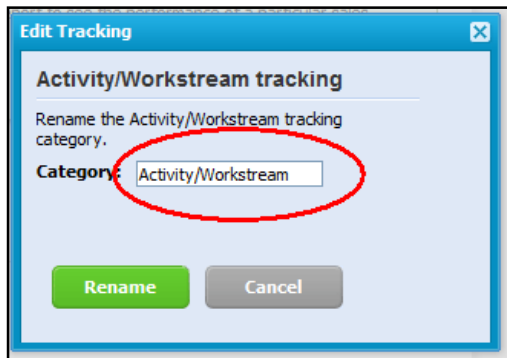
This takes you to the Tracking screen which looks like this:



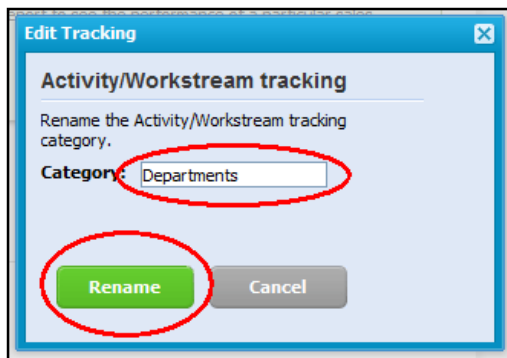
Click on **Rename**, and change the tracking category name to Departments:



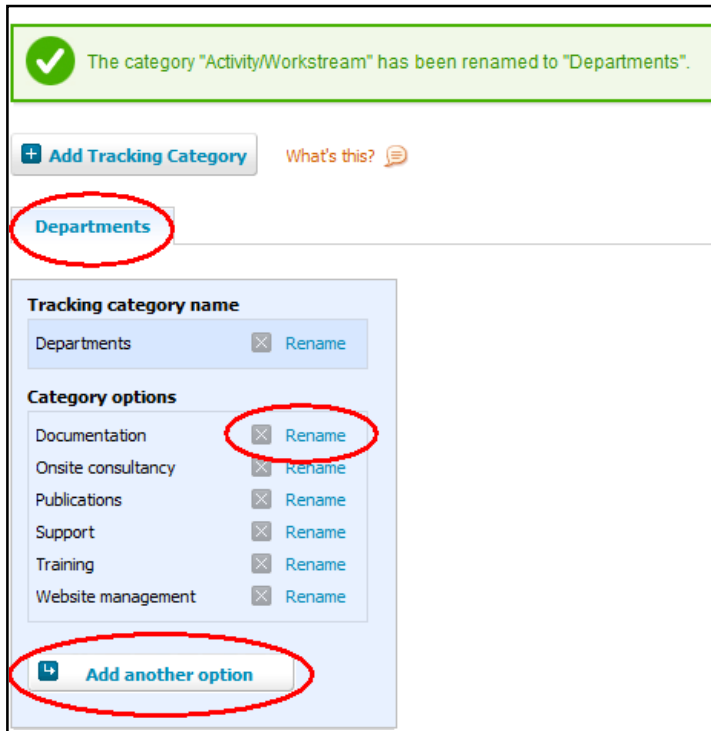
This opens the rename screen:



Enter "**Departments**" and click on **Rename**:

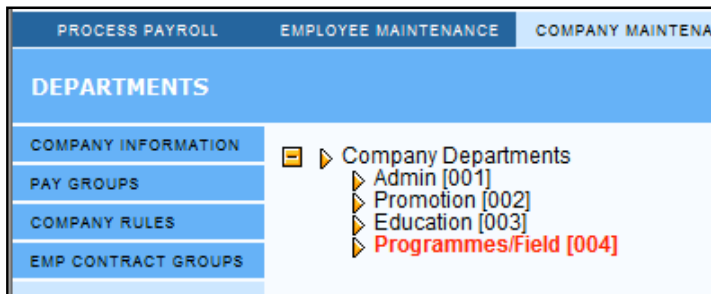


Notice that the tab name changes to "**Departments**".



Now you need to Rename the Category options to be the **Department Descriptions** or **Quick Reference codes** that you have already set up in SmartPayroll. Note that the Department Descriptions or Quick Reference codes must match those on SmartPayroll – these names are case-sensitive and they should match exactly the same Department names in SmartPayroll.

The SmartPayroll “Export Pay Details” screen has a drop down list option (in the Export Options section) from which the user can select “Export Department Descriptions” or “Export Department Quick References”. For the company in the example above, this determines whether to export “Admin” or “001” to Xero.



Department or Quick Reference codes which have not been correctly set in Xero cannot be imported into Xero.

The sample screen shot below shows a payroll invoice with the correct Department codes set up.

Draft What's this?

From: SmartPay Online Payroll Date: 30 Mar 2009 Due Date: 30 Mar 2009 Reference: Graeme002 Total: 9813.48

Amounts are: No Tax

Description	Qty	Unit Price	Account	Tax Rate	Departments	Amount NZD
Employee 1	1.00	566.16	Payroll - Payroll Expenses	No GST	Admin	566.16
Employee 2	1.00	566.15	Payroll - Payroll Expenses	No GST	Promotion	566.15
Employee 3	1.00	1,370.77	Payroll - Payroll Expenses	No GST	Promotion	1,370.77
Employee 4	1.00	344.62	Payroll - Payroll Expenses	No GST	Admin	344.62
Employee 5	1.00	344.62	Payroll - Payroll Expenses	No GST	Education	344.62
Employee 6	1.00	344.60	Payroll - Payroll Expenses	No GST	Programmes/Field	344.60
Employee 7	1.00	344.62	Payroll - Payroll Expenses	No GST	Promotion	344.62
Employee 8	1.00	1,294.61	Payroll - Payroll Expenses	No GST	Promotion	1,294.61
Employee 9	1.00	1,230.77	Payroll - Payroll Expenses	No GST	Promotion	1,230.77
Employee 10	1.00	1,730.77	Payroll - Payroll Expenses	No GST	Promotion	1,730.77
	1.00	1,423.07	Payroll - Payroll Expenses	No GST	Promotion	1,423.07
	1.00	252.72	Payroll - Payroll Expenses	No GST	Promotion	252.72
Subtotal						9,813.48
TOTAL						9,813.48

[Add a new line](#)

[Save](#) [Approve](#) [Cancel](#)

Note that as many of the above employees have their costing split among different departments, they are shown on more than one row in order to record the departments correctly.

Export Options: Department Description or Code

The final drop-down list box on this screen contains the three options for exporting the department names.

The options are:

- ⇒ Export Department Descriptions
- ⇒ Export Department Quick References
- ⇒ Do Not export Departments

This refers to the SmartPayroll Departments screen (Under the Company Maintenance) menu:

- Select the Department to change details on that department.
 - Select the Department then click **Add** to add a sub department.
 - Select the Department then click **Delete** to delete a department.

Description:

Parent:

Accounting Code:

Quick Reference:

Status: Active Not Active

[SAVE](#) [CANCEL](#)

In the example above, we can export "Administration" (Description) or "002" (Quick Reference) as the reference for the Administration department.

We've selected "Administration" and this will appear on the Xero Invoice as follows:

The screenshot shows the 'Edit Invoice 1234567' interface in Xero. At the top, it indicates 'Draft' status and provides options for 'What's this?', 'Print PDF', and 'Invoice Options'. Below this, there are fields for 'From' (Netpay Online Payroll), 'Date' (25 Feb 2008), 'Due Date' (25 Feb 2008), 'Reference' (1234567), and 'Total' (3405.78). A table lists two line items: 'Employee Newbee' and 'Chris Emsley'. The 'Employee Newbee' line item has a quantity of 1.00 and a unit price of 642.73. The 'Chris Emsley' line item has a quantity of 1.00 and a unit price of 2,763.05. Both items have a tax rate of 'No GST'. The 'Departments' column for 'Employee Newbee' is set to 'Administration', which is circled in red. The 'Subtotal' is 3,405.78 and the 'TOTAL' is 3,405.78. At the bottom, there are buttons for 'Save', 'Approve', and 'Cancel'.

Description	Qty	Unit Price	Account	Tax Rate	Activity/Works	Departments	Amount NZD
Employee Newbee	1.00	642.73		No GST		Administration	642.73
Chris Emsley	1.00	2,763.05		No GST		Sales	2,763.05
Subtotal							3,405.78
TOTAL							3,405.78

The User's choice will depend on whether their accounting system prefers to cost by codes or descriptive names.

It's vital that when you decide to use a reference from SmartPayroll, that the reference is set up at Xero end and must match the reference name exactly (the reference is case sensitive).