

This option is currently available only to sites in Papua New Guinea, but can easily be extended to other countries if the need arises.

PNG in particular often employ ex-pats and want either:

- local currency earnings converted to the equivalent in their home currency (a gross earnings currency adjustment), or
- payment of a local or currency-adjusted fixed-net pay based on taxable earnings minus tax and super, if any (a net pay adjustment)

NOTE: goPayroll does not automatically maintain currency rates, as there are often different "interpretations", BSP in PNG doesn't provide an API, and other exchange rate services are not necessarily the same or as accurate or distinguish between TT and Note rates.

You are responsible for setting the exchange rates when preparing pay.

Setup

• Settings..Misc: tick the multi-currency option to make this feature available

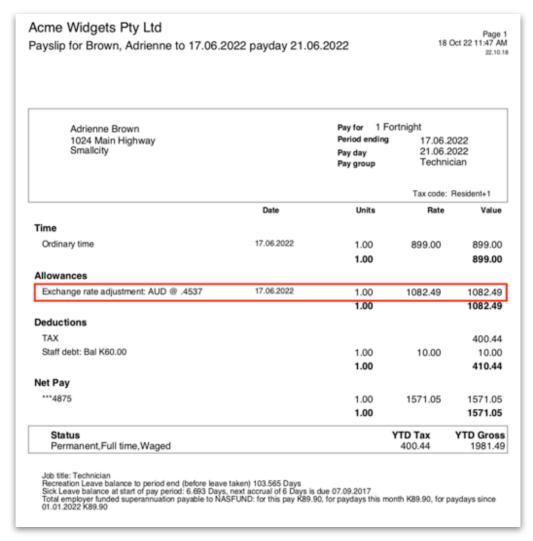
BSP Exchange rates are available here: https://www.bsp.com.pg/International/Exchange-Rates/ and you can open that page from goPayroll using the *Tools* menu option (*countries other than PNG link instead to* xe.com via the *Tools menu*)

- Codes..Currency: establish currency codes and exchange rates
 - if you're buying TT value from BSP (and you'll TT funds to an overseas bank) then use the *TT Sell* rates
 - if you're paying the PGK equivalent to a local bank account then you should probably use the *Notes Sell* rates
 - if you use both methods then you'll need two currency codes set up (e.g. AUD or AUDTT for the TT rate, and AUD/PGK for the cash rate) and assign as needed to your employee's Contract settings
- Staff..Contract..Employment: set up salary and/or payrate <u>as if you were working in the</u> target currency and Save, then
 - Click the "currency" button and select the required options (*currency selection, option to process a fixed net pay based on taxable earnings and the fixed net pay amount*)
 - The "currency" button will be labelled according to the currency selected (*default is "Local currency"*)

Gross taxable currency conversion

When you process a pay for an employee with Gross taxable currency conversion, you'll enter the pay entries as usual and the software will calculate a gross adjustment:

- gross taxable earnings / exchange rate gross taxable earnings, that is: a total conversion, less the amount already calculated in the detail transactions
- the result will be automatically added as a Currency conversion adjustment transaction with the currency code and exchange rate shown as a comment (a system paycode is automatically maintained to cater for this)



Example with gross currency conversion

In this example the exchange rate is 0.4537 and the gross earnings, pre-adjustment, are 899.

- 899 / 0.4537 = 1981.49 (PGK to equivalent AUD value)
- 899 + 1082.49 adjustment = 1981.49

Fixed net pay conversion

If you ticked the fixed net pay option and set a net value target then:

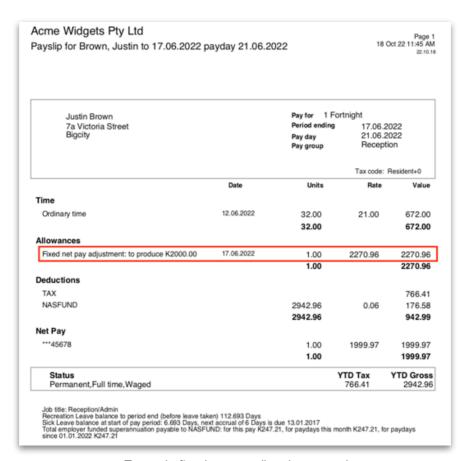
- the PGK target value is calculated as: net pay target / exchange rate
- a net to gross calculation is performed (excluding non-taxable allowances and any recurring or sundry deductions as these will be local currency and will affect the final net pay value separately)
- the result will be a Net pay adjustment transaction made up of calculated gross minus any other taxable earnings transactions (a system paycode is automatically maintained to cater for this).

WARNING: This method incurs a heavy processing time penalty as it generally takes numerous calculation iterations to produce the required result with any accuracy.

Each employee requiring fixed net calculations is equivalent to 15-20 normal employee pay calculations.

Results are generally accurate to +/- 0.05 which is the industry norm for net to gross calculations.

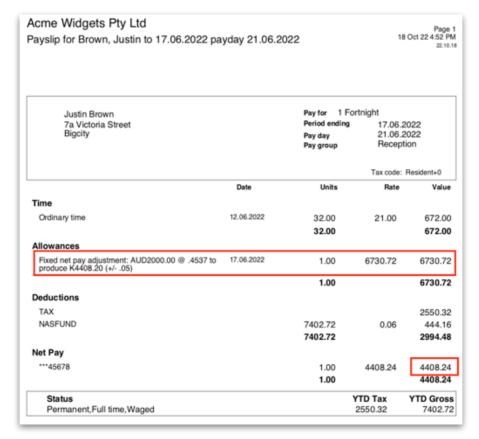
This method cannot be used in a termination pay - you must change the employee's currency settings to gross taxable currency conversion.



Example fixed-net pay (local currency)

In this example the goal is to produce a local currency equivalent net pay of K2000 (+/-0.05).

(And, yes, this works for local currency net adjustment if a currency code isn't specified.)



Example fixed-net (PGK to equivalent based on AUD)

In this example, the employee's agreement is for PGK equivalent of AUD\$2000 net

- 2000 / 0.4537 = K4408.20 (our target net value)
- a fixed net pay adjustment of K6730.72 plus other taxable earnings is required to produce a net value (after tax and super) of K4408.20 (+/- 0.05)

Feedback

We're always keen to do better!

Any and all feedback is appreciated and if you feel we could include better examples, provide more explanation, provide references to additional information, make a process easier to use, or you spot something that isn't working the way it's supposed to - please let us know.