

AWARD IN PAYROLL FUNDAMENTALS

Lecture 09: Hands-On: Payroll Practicals

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Today's Agenda

- Shift Work
- Collective Agreements
- Unfair Dismissals
- Ex-Gratia Payments
- COLA
- Time & Attendance

- Practicals



Shift Work

“**shift work**” means any method of organising work in shifts whereby workers:

- succeed each other at the same work stations,
- according to a certain pattern, including a rotating pattern,
- may be continuous or discontinuous,
- need for workers to work at different times over a given period of days or weeks
- Daily & weekly rest provisions shall not apply where shifts are close to each other
- Daily rest provisions shall not apply where work is split up over an entire day, such as cleaning staff



Collective Agreements

- Collective agreements – employees who are members of a union would be parties to collective agreements.
- The provisions of collective agreements are typically more favourable than the law.
- It is important for any payroll processor to be aware that the client is a unionised client.
- It is important to apply the provisions of the collective agreement prior to initiating payroll as these may impact salary calculations.
- Examples: more hours of leave, salary increments , rest, sick leave



Unfair Dismissal

An employee will be considered to have been unfairly dismissed if the reason (or main reason) for dismissal was:

- Refusal to comply with a provision of the employer which violates the content of the regulations
- Refusal to forgo a right provided to employees by virtue of the regulations

Employees may seek recourse before the Industrial Tribunal.
Failure to comply with the Regulations is a criminal offence



Ex- Gratia payments

Any lump sum payments not agreed upon in the employment contract should **not** be taxable as a rule. This treatment should always be verified with the Revenue (CfR)

Never assume – seek rulings when in doubt.

Examples of an ex – gratia payment would be:

- Golden handshake (encouraging early retirement)
- Long service award (for example: to celebrate 10 years of service)



COLA

Cost of Living Adjustment

- Compensation of the rate of inflation of the cost of living.
- Announced in the budget measures and would be applicable from the 1st of January of the following year.
- Also applicable to part timers.
- The published COLA rate is an increase per week.
- The one announced last October was an increase of €12.81 per week.
- $€12.81 \times 52 = €666.12$ (added to the basic annual gross salary with effect 1st January of the following year)
- Some cases where the salary increment is done mid-year, the employer would state in the contract of employment that the increment is inclusive of the COLA.



Resource Pack

- <https://dier.gov.mt/en/About-DIER/Publications-and-Archives/Other%20Publications/Documents/Resource%20Pack%202023.pdf>



Section 1: Minimum Weekly Wages 2023

MINIMUM WEEKLY WAGES FOR 2023

	16 years (weekly)	Hourly rate	17 years (weekly)	Hourly rate	18 years and over (weekly)	Hourly rate	Watchmen outdoors (weekly)	Watchmen indoors (weekly)	Part-Time Rates
National Minimum (in absence of an applicable WRO)	€183.11	€4.58	€185.95	€4.65	€192.73	€4.82	€192.73	€192.73	Pro rata
Agriculture & Allied Industries	€183.11	€4.58	€185.95	€4.65	€192.73	€4.82	€195.06	€192.73	Pro rata
Beverage Industries	See next pages for detailed wages								
Canning Industry	€183.11	€4.58	€185.95	€4.65	€192.73	€4.82	€192.73	€192.73	Pro rata
Cargo Clearance & Forwarding Agents' (Burdnara) Employees	<i>Employment of not less than 4 hrs on any one day -- equivalent of a day's work.</i>				€201.70	€5.04			Pro rata
Cinemas & Theatres	See next pages for detailed wages								
Clay & Glass Products	€183.11	€4.58	€185.95	€4.65	€192.73	€4.82	€192.73	€192.73	Pro rata
Construction	€184.00	€4.60	€186.58	€4.66	€197.39	€4.93	€199.72	€197.39	Pro rata
Domestic Service	See next pages for detailed wages								
Electronics Industry	€183.11	€4.58	€185.95	€4.65	€192.73	€4.82	€192.73	€192.73	Pro rata
Food Manufacture Industries	€185.44	€4.64	€187.61	€4.69	€192.73	€4.82	€195.06	€192.73	Pro rata
Hire (Cars or Private Buses)	See next pages for detailed wages								
Hospitals & Clinics	See next pages for detailed wages								
Hotels & Clubs	See next pages for detailed wages								
Jewellery & Watches	See next pages for detailed wages								
Laundries	€184.00	€4.60	€186.58	€4.66	€192.73	€4.82	€196.81	€192.73	Pro rata
Leather Goods & Shoes Industries	€183.11	€4.58	€185.95	€4.65	€192.73	€4.82	€195.06	€192.73	Pro rata

Award in Payroll Fundamentals

Industries	Full-Time Hours	Sick Leave (to be availed of in hours) See Note 1	Birth Leave (See Note 14)	Marriage Leave	Bereavement Leave	Injury Leave	Jury Leave
Agriculture & Allied Industries	Watchmen	48 See Note 13	After 1 year -- 12 days full pay	3 days	2 days	1 year	all days full pay
	Other employees	40					
Beverage Industries	Watchmen	48 See Note 13	-- Less than 1 yr proportionately thereafter -- 12 days full pay	3 days	2 days	1 year	all days full pay
	Other employees	40					
Canning Industry	Watchmen	48 See Note 13	-- Less than 1 yr proportionately thereafter -- 12 days full pay -- 24 days half pay	3 days	2 days	1 year	all days full pay
	Other employees	40					
Cargo Clearance & Forwarding Agents' (Burdnara) Employees	All Employees	40	After 1 year -- 15 days full pay -- 15 days half pay	3 days	2 days	1 year	all days full pay
Cinemas & Theatres	All Employees	46 See Note 2	After first year -- 12 days full pay	3 days	2 days	1 year	all days full pay
Clay & Glass Products	Watchmen	48 See Note 13	10 days full pay	3 days	2 days See Note 3	1 year	all days full pay
	Other employees	40					
Construction	Watchmen	48 See Note 13	After 1 yr -- 15 days full pay -- 15 days half pay	3 days	2 days	1 year	all days full pay
	Other employees	40					

Time and Attendance



Time and Attendance

It is IMPERATIVE to remember that a part time employee has no less rights than a full time employee.

The only thing that changes is that everything is calculated pro rata



Time and Attendance

To understand how to calculate payroll through T&A for a given entity, one has to first and foremost know the Wage Regulation Order, if any, of that entity.



Time and Attendance

- Punch clock
- Timesheet (hours worked vs jobs done)
- Palm readers

Reflecting reality of hours worked. HR would review, verify and process the reports.

Signed before they are sent to the payroll processor (whether internal or external)



Time and Attendance

- What is T&A?
- What is it used for?
- Identify those who use it
- What systems are used to record T&A?
- How is T&A used to calculate overtime?
- How do we calculate overtime in the following scenarios?
- On a daily basis vs on a weekly basis



Time and Attendance

Part time

What is the extra hours rate for a part timer and when does overtime start?

What is the rate for overtime?



Time and Attendance

Full Time

When does overtime start for a full time employee?

What is the rate used?



Time and Attendance

Full Time

- Is the overtime of an office employee calculated in the same way as that of a hospitality employee?



Time and Attendance

Do the number of hours worked affect the following:

1. COLA
2. Government bonus
3. Leave/sick leave



Award in Payroll Fundamentals



How to Calculate Payroll

Myth - A payroll software can solve all our problems, at the touch of a button!!

We have to know how to calculate a payroll manually, using a pen, paper and a calculator.

We would not be able to identify any issues that arise or solve any problems or exceptions to the standard run.

One minor change or adjustment will create a different payslip.



Working out the answers.....

Different slides will present varying scenarios.

Please answer or calculate.

Write your answer in the chat privately.

The answer will then be given.

Whoever has a different answer is requested to point it out.

We can work it together.



What resources can I use ?

All resources available.

This is not a maths test, nor a memory test.

And, no extra points or rewards will be given.



Welcome to our Employees



Question 1



Clarissa has a wage of €37,500 per year.

What is her Gross monthly wage?

€3,125.00

Question 2



Clarissa has a salary of €37,500 per year.

What is her Gross weekly wage?

€721.15



Question 3



Clarissa was born in 1992.

How much is her weekly national insurance payment?

€51.60 – Category D2



Question 4



- Clarissa was born in 1992. Her salary is €37,500 per year.
- How much will be the annual Maternity fund payable?

€80.60

€1.55 x 52 weeks



Question 5



- Clarissa was born in 1992. Her annual salary is €37,500. She started working in Malta on the 1st of January.
- What is her tax payment for the first 6 months if we use the non-resident tax rate.

€6,143

$$€37,500 * 0.35 = €13,125 \text{ less } €840 = €12,285$$

$$€12,285 / 12 = €1,023.75 * 6 = €6,143$$



Question 6



Paul started working with his employer in March. He has his FS3 from his previous employment.

It shows gross earnings of €3,000 for January and February (bonuses included) and paid €250 in FSS.

He pays Married Tax Rates. Did he pay the right amount?

He overpaid by €117 (€250 - €133)



Question 6 - Workings



€3,000 Earnings in Jan & Feb, including
Bonus = €2,914.59

[Bonus = €512.46 / 6 = €85.41]

Annualise Earnings = €2,914.59 x 12 =
€17,487.54

Add annual bonus €512.46 = €18,000

FSS (Married Rates): €18,000 x 15% =
€2,700 - €1,905 = €795

€795 / 12 x 2 = €133

Question 7



Paul will be earning €2,000 per month Gross (inclusive of Government Bonuses).

How much would he pay in FSS had he earned that for a full year? (Married rate)

€1,975

€24,000 x 25% - €4,025

Question 8



If Paul has to pay FSS €1,975 during 2023, how much would be his monthly tax deduction?

€164.58 meaning €165

Question 9



Since he is going to earn €23,000 this year how much is his total tax payment?

€1,725

€23,000 x 25% - €4,025

[€3,000 + €20,000]



Question 10



Considering his overpayment of €117 and that he needs to pay €1,725 of taxes in year, how much tax will he be paying in March?

€181.00

$(€1725/12=€143.75 \times 3 \text{ months} =$

€431.25

less €250 already paid



Question 11



Paul would like to take a week off from work in May from his vacation leave.

The employer only allows paid leave that is accumulated up to the current month.
How much paid leave can Paul take?

52 hours

$[208 \text{ hours} / 12 = 17.33 \text{ hours/month}]$

$17.33 \times 3 \text{ months} = 52 \text{ hours}$

