



Wiztec

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Guide to Handling Disability Pay

WizPay



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Overview

This guide will take you through the steps necessary to set up and correctly process Disability Pay for you and ensure that end of year reports are accurately compiled and returned.

Setting up the Pay Elements

Setting up the pay elements correctly is the key to ensuring that the system is administered correctly. With regard to WizPay and how it acts with Disability Pay there is a specific pay element “type” – Disability – that is to be used that can be assigned to the pay elements used and this can then be handled in the correct manner and reported on separately at end of year.

Disability Pay where the Employee keeps the cheque

The first case that we will deal with here relates to the situation whereby the employee keeps the disability cheque and the employer pays sick pay. In this case, because for the first 6 weeks the disability pay is not liable to tax and from then on it is it needs to be handled by 2 separate pay elements.

Pay Elements

Our suggestion here is to name the pay elements in such a way as to make them easily identifiable to the user as to their setup.

- 1: Disability Non Taxable
- 2: Disability Taxable

The above 2 pay elements would be what we would consider sensible examples of what should be set up to handle this system. The following screenshots show how these should be set up as pay elements.



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Disability Non Taxable Pay Element

WizPay - [Pay Elements Setup]
File Settings View Reports Processing Useful Links Help

Pay Elements Setup

Add Edit Delete Find Find Again Filter Print Help Exit

Details List

Description	Disability Non Taxable	Print Description	Disability Non Taxable
Type	Disability	Rate	
Taxable	<input type="checkbox"/>	Factor	1
Pensionable	<input type="checkbox"/>	Link to Hours	<input type="checkbox"/>
PRSI Applicable	<input type="checkbox"/>	Link to Holiday Hrs	<input type="checkbox"/>
Holiday Applicable	<input type="checkbox"/>	Link to Rate	<input type="checkbox"/>
Protect Item	<input checked="" type="checkbox"/>	Link to Scale	<input type="checkbox"/>
Default Pay Item	<input type="checkbox"/>	Link to Pay Basis	
Leviable Pay Item	<input type="checkbox"/>		

Note that both "Taxable" and "PRSIable" are ticked off

Social Welfare payments are not liable to the "Levy"

Disability Taxable Pay Element

WizPay - [Pay Elements Setup]
File Settings View Reports Processing Useful Links Help

Pay Elements Setup

Add Edit Delete Find Find Again Filter Print Help Exit

Details List

Description	Disability Taxable	Print Description	Disability Taxable
Type	Disability	Rate	
Taxable	<input checked="" type="checkbox"/>	Factor	1
Pensionable	<input type="checkbox"/>	Link to Hours	<input type="checkbox"/>
PRSI Applicable	<input type="checkbox"/>	Link to Holiday Hrs	<input type="checkbox"/>
Holiday Applicable	<input type="checkbox"/>	Link to Rate	<input type="checkbox"/>
Protect Item	<input type="checkbox"/>	Link to Scale	<input type="checkbox"/>
Default Pay Item	<input type="checkbox"/>	Link to Pay Basis	
Leviable Pay Item	<input type="checkbox"/>		

"Taxable" is ticked on but "PRSIable" is still ticked off

Social Welfare payment so not "Leviable"



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Applying the payment is done as for normal payments. Take the following example of an employee who has been paid €700 per week and has a cut off of €653 and weekly tax credits of €68. If he goes on disability pay in week 13 of the year then his YTD figures are Gross Pay of 8400 and tax paid of 982.44.

Here is the Pay calculation for week 13...

Emp.	Forename	Surname	Gross Pay	Levy	Tax	PRSI Ee	Pension	Vol. Ded.	Nett Pay
6100	Andrew	O'Flynn	550.00	11.00	20.37	38.92	0.00	0.00	479.71

And how it looks in the Current Pay Analysis screen

Current Pay Analysis

Employee No : 6100 Period : 13
Name : Andrew O'Flynn PPS No : 3928923C
Cost Centre : Vitus Limerick Ballin: Frequency : Weekly

Pay Element	Rate	Units	Total	Deduction Element	Amount	Gross to Nett <input type="button" value="Gross Pay"/> 550 <input type="button" value="Deductions"/> 59.29 <input type="button" value="Nett Pay"/> 479.71 <input type="button" value="Payment Method"/> Paypath
Disability Non Taxable		150	150	Levy	11	
Payment Taxable		550	550	PAYE	20.37	
				PRSI	38.92	

YTD Analysis

Earnings YTD	8950.00 *	Period Cut Off	653.00
Taxable YTD	8950.00	Tax Basis	Normal
Tax Cut Off YTD	8489.00	Tax Start Period	1
Tax Liability YTD	1886.81	Period Tax Credit	68.00
Tax Credit YTD	884.00	PRSI Class	A0
Tax YTD	1023.18	Insurable Wks	13
		Employer PRSI	134.38

* : Will only be correct if relevant Payroll has been committed

As you can see from the above example the €150 payment is recorded but not taken into account in either the gross pay on the right of the screen or in the year to date taxable figure. It is only the Payment made by the company that is taken into account. This is because the €150 is essentially, as far as the payroll is concerned, a notional payment. The employee has already received it so all we are doing here is taking note of it for future reference.

The period by period gross to nett from period 12 to period 22 looks like this...

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Wk No	Gross YTD	SRCOP	Tax at 20%	Tax @ 41%	Total Tax	Tax Credit	Nett Tax Due	Tax this Period
12	8400.00	7836.00	1567.20	231.24	1798.44	816.00	982.44	81.87
13	8950.00	8489.00	1697.80	189.01	1886.81	884.00	1002.81	20.37
14	9500.00	9142.00	1828.40	146.78	1975.18	952.00	1023.18	20.37
15	10050.00	9795.00	1959.00	104.55	2063.55	1020.00	1043.55	20.37
16	10600.00	10448.00	2089.60	62.32	2151.92	1088.00	1063.92	20.37
17	11150.00	11101.00	2220.20	20.09	2240.29	1156.00	1084.29	20.37
18	11700.00	11754.00	2340.00	0.00	2340.00	1224.00	1116.00	31.71
19	12400.00	12407.00	2480.00	0.00	2480.00	1292.00	1188.00	72.00
20	13100.00	13060.00	2612.00	16.40	2628.40	1360.00	1268.40	80.40
21	13800.00	13713.00	2742.60	35.67	2778.27	1428.00	1350.27	81.87
22	14500.00	14366.00	2873.20	54.94	2928.14	1496.00	1432.14	81.87

As you can see from the above table that once the 6 weeks are over (week 19) then the taxable figure increases by 700 per period as opposed to the previous 550 per period. The disability payment is not deemed to be part of taxable pay so even though it is still a notional payment in so far as the employee does not receive the payment from the company it is still recorded and used in the calculation of tax. It is still not PRSifiable at this stage. The current pay analysis now looks like this...

Current Pay Analysis

Employee No : 6100 Period : 19
Name : Andrew O'Flynn PPS No : 3928923C
Cost Centre : Weekly Frequency : Weekly

Find < Prev > Next

Pay Element	Rate	Units	Total	Deduction Element	Amount	Gross to Nett
Disability Taxable	150	1	150	Levy	11	Gross Pay
Payment Taxable	550	1	550	PAYE	72	550
				PRSI	38.92	Deductions
						110.92
						Nett Pay
						428.08
YTD Analysis						
Earnings YTD	11700.00 *	Period Cut Off	653.00			Payment Method
Taxable YTD	12400.00	Tax Basis	Normal			Paypath
Tax Cut Off YTD	12407.00	Tax Start Period	1			
Tax Liability YTD	2480.00	Period Tax Credit	68.00			
Tax Credit YTD	1292.00	PRSI Class	A0			
Tax YTD	1188.00	Insurable Wks	7			
		Employer PRSI	430.03			
* : Will only be correct if relevant Payroll has been committed						

Exit

Again you will notice that the Gross Pay on the right hand side is still only €550 even though the employee is now being taxed on the full €700.



Disability Pay where the Employee gives the cheque to the Employer

The second case that we will deal with here relates to the situation whereby the employee gives the disability cheque to the employer who also pays sick pay. In this case, because for the first 6 weeks the disability pay is not liable to tax and from then on it is it needs again to be handled by 2 separate pay elements.

Pay Elements

Our suggestion here is to name the pay elements in such a way as to make them easily identifiable to the user as to their setup.

- 1: Disability Recovered NT
- 2: Disability Recovered T

The above 2 pay elements would be what we would consider sensible examples of what should be set up to handle this system. The following screenshots show how these should be set up as pay elements.

Disability Non Taxable Pay Element

The screenshot shows the 'WizPay - [Pay Elements Setup]' window. The title bar includes 'File', 'Settings', 'View', 'Reports', 'Processing', 'Useful Links', and 'Help'. The main window title is 'Pay Elements Setup'. Below the title bar are buttons for 'Add', 'Edit', 'Delete', 'Find', 'Find Again', 'Filter', 'Print', 'Help', and 'Exit'. The 'Details' tab is selected, showing the following configuration:

Description	Disability Recovered NT	Print Description	Disability Recovered NT
Type	Paid Disabil	Rate	
Taxable	<input type="checkbox"/> Not Taxable and not PRSIable	Factor	1
Pensionable	<input type="checkbox"/>	Link to Hours	<input type="checkbox"/>
PRSI Applicable	<input type="checkbox"/>	Link to Holiday Hrs	<input type="checkbox"/>
Holiday Applicable	<input type="checkbox"/>	Link to Rate	<input type="checkbox"/>
Protect Item	<input type="checkbox"/> Not Leviable	Link to Scale	<input type="checkbox"/>
Default Pay Item	<input type="checkbox"/>	Link to Pay Basis	
Leviable Pay Item	<input type="checkbox"/>		



Disability Taxable Pay Element

WizPay - [Pay Elements Setup]

File Settings View Reports Processing Useful Links Help

Pay Elements Setup

Add Edit Delete Find Find Again Filter Print Help Exit

Details List

Description: Disability Recovered T

Print Description: Disability Recovered T

Type: Paid Disabil

Taxable: Taxable but not PRSIable

Pensionable:

PRSI Applicable:

Holiday Applicable:

Protect Item:

Default Pay Item:

Leivable Pay Item: Not Leivable

Rate:

Factor: 1

Link to Hours:

Link to Holiday Hrs:

Link to Rate:

Link to Scale:

Link to Pay Basis:

There is very little difference between the definitions of the “Case 1” pay elements. These ones are defined with a type of “Paid Disability” – this signifies to WizPay how the pay element should be treated as regards tax calculation. In this case the full pay should be entered (i.e. €700) along with the disability pay of €150. The tax situation will be automatically handled by WizPay.



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Pay / Deductions Entry

Employee: 6102 - Tony McGuire Exit

Disability Pay Included - Gross Pay will be adjusted

Payments

Add Payment Delete Payment

Pay Element	Rate	Units	Total
Disability Recovered NT	150	1	150
Payment Taxable	700	1	700

Deductions

Add Deduction Delete Deduction

Deduction Element	%	Amount	Comment

And the Gross to Nett calculation looks like this...

Emp.	Forename	Surname	Gross Pay	Levy	Tax	PRSI Ee	Pension	Vol. Ded.	Nett Pay
6102	Tony	McGuire	700.00	14.00	20.37	38.92	0.00	0.00	626.71

As you can see this has the same nett effect that the case where the employee kept the €150 cheque and had the Gross dropped by the same amount.

Current Pay Analysis

Employee No : 6102 Period : 12
 Name : Tony McGuire PPS No : 5294404N
 Cost Centre : Vitus Limerick Castle Frequency : Weekly

Find Prev Next

Pay Element	Rate	Units	Total	Deduction Element	Amount
Disability Recovered NT	150	1	150	Levy	14
Payment Taxable	700	1	700	PAYE	20.37
				PRSI	38.92

YTD Analysis

Earnings YTD	7700.00 *	Period Cut Off	653.00
Taxable YTD	8250.00	Tax Basis	Normal
Tax Cut Off YTD	7836.00	Tax Start Period	1
Tax Liability YTD	1736.94	Period Tax Credit	68.00
Tax Credit YTD	816.00	PRSI Class	A0
Tax YTD	920.94	Insurable Wks	1
		Employer PRSI	0.00

* : Will only be correct if relevant Payroll has been committed

Gross to Nett

Gross Pay

700

Deductions

59.29

Nett Pay

626.71

Payment Method

Paypath

Exit

In this case even though the Gross Pay is the full €700 the nett amount of Gross pay is still only €550 because the disability cheque has been surrendered.