



How automatic calculation of end-of-year bonus works and how to adjust it to include only necessary bonuses

FAQEN118

Prerequisites: Know how to set up payroll sections / Excel knowledge

V1.10

Objective

According the Workers' Right Act for basic wages under Rs 100,000 or the End of Year Gratuity Act 2001 for basic wages above Rs 100,000, the calculation of the end-of-year bonus (13th month) is calculated in December or during the year for an Employee leaving the company as soon as he has completed at least 8 months' service in the calendar year. It includes basic salaries, overtime over the calendar year, but also any sum of money by whatever name called, including commission and any productivity payment, paid to a worker, in respect of any work performed by him, in addition to the basic wages agreed upon between him and the employer and any allowance paid under any Remuneration Regulations or Wages Regulations.

Payroll Mauritius already has an automatic calculation for this EOYB (End Of Year Bonus) calculation, which includes all premiums paid. However, it is up to you to possibly adjust this calculation to add/exclude any bonuses that may not be related to necessary in your Company and that only you can arbitrate.

How to do this ?

Reminder of the Year-End Bonus Calculation in Payroll Mauritius:

In order for this functionality to be operational, you must have 12 months of payroll in the system as from January 1st of the calendar year.

You have normally made your choice as to manage the end-of-year bonus separately or included in the month of December by going to the 'Employer' section, [Company] button, Payroll tab, EOY Bonus: Separated Payslip :

The screenshot shows the 'Employer' section of the Payroll Mauritius software. The 'Company' button is highlighted with a red arrow labeled '1'. The 'Payroll' tab is selected, and the 'EOY Bonus' dropdown is set to 'Separated Payslip', also highlighted with a red arrow labeled '2'. The 'Period' is set to 'Oct, 2019' and 'Monthly Salary'. The 'Salary calculation' section shows 'Timesheets' and 'Calculate' buttons. The 'Declarations' section shows 'NPF&NSF', 'Emoluments', 'PAYE', and 'Accounting' buttons. The 'Reports' section shows 'Payments' and 'Reports' buttons. The 'Company Details' section shows 'Period Closing Day Of Month' set to '23' and 'Pay Day' set to '30'. The 'Declarations' section shows 'Type' set to 'MNS'. The 'Payslip printing' section shows 'Payslip template' set to 'Basic' and 'Printing Language' set to 'English'. The 'Salary calculations' section shows 'Monthly' checked, 'Fortnightly' and 'Weekly' unchecked. The 'EOY Bonus' section shows 'Separated Payslip' selected, with 'Included in monthly (December)' and 'Separated Payslip' options below it.



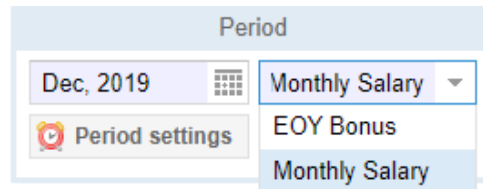
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If you have chosen « Separated Payslip » option, you may have noticed that the month has 2 pay periods : the « Monthly Salary » and the "EOY Bonus" (End Of Year Bonus):



The calculations and reports are then independent over these 2 periods, constituting a 13th month in its own right: only the MRA declaration ('Declaration' section ('PAYE')) generates a single file for the 2 periods which are then grouped together (you can then launch it indifferently on the Monthly Salary or EOY Bonus period : the result will be identical in terms of declaration).

Note: if you have selected "included in monthly (December)" all EOYB calculations will be performed on the Monthly Salary (there will be no specific EOY Bonus Period) and an additional line will be automatically included on the pay slips.

Important remark : The Year-End Bonus (EOYB) is normally calculated on the average of the sums involved in the legal forks for the 12 months from January to December. However, it is possible that at the time you wish to perform this Bonus calculation, you do not have yet all the elements to calculate the December Salary (leave or overtime not stopped, bonuses not seized...).

We invite you to enter these in the "Monthly Salary" Period of December, then launch and validate the calculation of the December payslips, and THEN only launch the calculation of the EOYB period; these basics and premiums will then be taken into account.

Finally, it will be necessary to return to December at the end of the month to enter any leave taken that may lead to a possible deduction, and absences and overtime, then restart the calculation of December, validate it and, if necessary, regularize the EOYB.

Let's see now how to adjust this calculation of EOYB if necessary...



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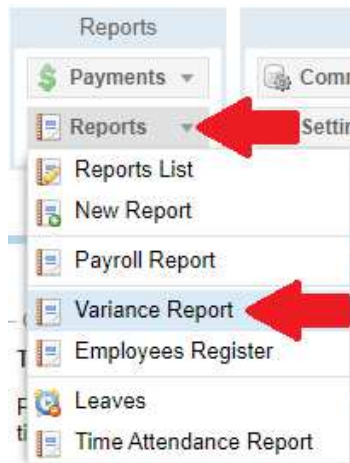
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To adjust the End Of Year Bonus calculation

You should ask yourself the question: in addition to the Basic Salary, which Allowances, if any (payroll code beginning with 3xxx), are included in the annual bonus.

How to check the 3xxx payroll sections you have used throughout the year?

To do this we will use the variance report in the 'Reports' section click on the [Reports][v] button and choose the "Variance Report" option



The following screen is then displayed: select **12 months**:

	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019
12 Months										
2 Months										
3 Months										
4 Months										
6 Months										
12 Months										
3000	11189.64	11631.27	11371.45	10520.72	11676.72	13319.82	13319.82	12469.09	15017.09	
3140	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00
3280										150.00
3300	7500.00		114000.00							
3400	6000.00									
3500				240.00	270.00	315.00	315.00			390.00
3602	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00
3802	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00
3900	5454.55	7272.73								1000.00

You then have all the sections that have been used at least once in the year, it will be then easier to identify those involved!



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How to adjust the EOYB calculation:

To do this, you must go to the list of **Common sections** by going to the 'Employer' section and clicking on the button [Comon Sect.] then in the list presented to you, click on the modification icon located at the bigning of the **1800 End Of Year Bonus** item :

		Period		Salary calculation		Declarations		Reports		Employer	
Employees		Oct. 2019	Monthly Salary	Timesheets		NPF&NSF	Emoluments	Payments		Common sect	Company
Action		Period settings	Close period	Calculate		PAYE	Accounting	Reports		Set	Admin

Permanent Sections For Salary Calculations:						Add Section			
	From	To	Code	Section Title	Groups	Employer		Employee	
						Multiplier	Value	Multiplier	Value
			4000	NPS		iff(e.is_npf_pai...	IF(p.wages>=g...	iff(e.is_npf_pai...	IF(p.wages>=g...
			4100	NSF		iff(and(e.is_npf...	IF(p.wages>=g...	iff(and(e.is_npf...	IF(p.wages>=g...
		31/07/2018	5000	PAYE				IF((p.taxable>...	iff(e.is_paye_p...
			1800	End Of Year Bonus				max((p.cumul....	iff(g.period_typ...

Expand the window showing you the payroll section to make the relatively long formula more accessible, and look at the **Formulas** Tab and the two lines named 'cumul' and 'current':

Formulas calculated for section				Add Formula
Identifier	Title	Formula	Order	
cumul	Cumul	p.cumul.s1000+p.cumul.s1010+p.cumul.s1020+p.cumul.s1100+p.cumul.s1110+p.cumul.s1150+p.cumul.s1160+p.cumul.s1170+p.cumul.s30	1	
current	Current	s.s1000+s.s1010+s.s1020+s.s1100+s.s1110+s.s1150+s.s1160+s.s1170+s.s3000+s.s3100+s.s3200+s.s3300+s.s3400+s.s3500+s.s3900	2	

As seen, Allowances are payroll sections that begin with **3xxx** (e. g. 3000 Allowances).

If one (or more) premium(s) should not be included in the calculation, then 2x clic on the line and **remove** : **+p.cumul.s3xxx** corresponding in the 2 formulas 'cumul' and 'current' (or add it if missing for a bonus section), also check that you are counting absences by putting : **-p.cumul.s3900** and click **[Validate Section]**.

It's done ! You can then start the calculation of the Pay slips for the period: EOYB

ATTENTION - If you have updated the formulas for this calculation of the 1800 - End Of Year Bonus, it is your responsibility to report the same changes in section 1830 - End Of year Bonus (Prorata) for Employees leaving the company during the year and having at least 8 months' service in the calendar year.