



Checklist: your guide to end-of-year payroll

Finalise your EOFY Payroll

Whether you need to finalise Single Touch Payroll data or produce payment summaries, this checklist will help you navigate the end of year payroll process from start to finish.

Once you've completed the steps below, your year end for payroll is complete and you can jump straight into the new financial year; no need to close off or roll over your payroll, just continue as normal.

For any additional help, check out [Xero Central](#), or contact the ATO or your professional association.

Step One: Review

Reduce filing errors by reviewing key information before you report any information to the ATO.

ACTIVITY	COMPLETE	N/A
Review Organisation details		
Check the Legal/Trading name, ABN and postal address inc. postcode are correct.		
Review Payroll settings		
Check earnings and deduction pay items have been set up with the correct category, e.g. an allowance is set up with an earnings category of Allowance. For detailed information on pay items, click here .		
Under the Earnings tab, ensure all allowances have an ATO type assigned for correct reporting with STP. To read more about allowance types, click here . Also review the Reportable as W1 column to ensure earnings rates are reported correctly on activity statements.		
Under the Deductions tab, review the Excluded from W1 column for each pay item to ensure deduction pay items are reported correctly on activity statements.		
Review Employees		
Run the Employee Contact Details report to check each employee entry for accuracy, focusing on date of birth and postcode.		

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Step Two: Reconcile

Now you've reviewed all the key details in your organisation, reconcile payroll transactions to your accounts.

Payroll reports are based on the payment date of pay runs and not the pay period end date. You can adjust the date range of reports to see the information you need.

ACTIVITY	COMPLETE	N/A
Reconcile		
Check all pay runs for the financial year have been posted and have a payment date within the financial year. For example, pay runs with a payment date of 30 June 2022 or earlier will be reported in the 2021/22 financial year.		
Check all wages have been paid through the business bank account.		
Check all payroll related transactions such as wages, PAYG and superannuation have been reconciled against the bank statement. For detailed instructions on reconciling your payroll data with the general ledger, click here .		
If you moved to Xero during the tax year, you may need to add opening balances for your employees. You can read more about adding opening balances here .		
Run the Payroll Activity Summary report . Review the pay item totals and the Activity Statement column.		
Run the General Ledger report and check that all wage transactions such as superannuation have been reconciled correctly.		
Compare the totals on the Payroll Activity Summary report with the General Ledger report to ensure amounts match.		

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Step Three: Process

Finalise Single Touch Payroll data

Businesses using Single Touch Payroll (STP) will need to finalise employee wages, PAYG, and superannuation for the financial year by completing a STP finalisation.

To begin, navigate to the Finalisation screen from the Single Touch Payroll menu. You can also follow the steps in Xero Central [here](#).

ACTIVITY	COMPLETE	N/A
Finalise		
1. Click the Finalisation tab.		
2. Check the Tax Year is set to the correct financial year, i.e. 2021/22		
3. Toggle the Show terminated employees for RFBA switch if they are to be included in this finalisation.		
4. Ensure all employees that require STP finalisation are appearing in the list. Tip: If an employee doesn't appear in the STP finalisation, please review their Employment Start Date and Employment Basis.		
5. Review each employee's year to date summary for accuracy, and enter any required Reportable Fringe Benefits Amounts (RFBA).		
6. Select the employees to finalise and if required, export the data to CSV by clicking Export to CSV .		
7. Click Finalise and submit to ATO .		
8. Read the Authorisation to file declaration. Select the checkbox to accept and authorise the file, then click Submit to ATO .		
9. Check the Status column in the Finalisation screen to confirm finalised employees.		

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Prepare and finalise payment summaries

If you aren't filing pay runs with Single Touch Payroll, you'll need to prepare payment summaries for employees for this financial year. You'll also need to submit the Payment Summary Annual report (PSAR) to the ATO or, if you have more than 99 employees, download the EMPDUPE file for manual lodgement.

For detailed instructions on preparing payment summaries, [click here](#).

ACTIVITY	COMPLETE	N/A
Prepare		
1. Confirm organisation details like Legal/Trading Name, ABN and Postal address in the Payment Summaries screen are correct.		
2. Select the FBT Exemption checkbox if you have an FBT exemption.		
3. Enter a signatory and phone number that will be included in the filing.		
4. Check the Financial Year Ending drop down is set to the correct financial year, i.e. June 2022.		
5. Ensure all employees that require a payment summary are appearing in the list.		
6. Review the payment summary amounts for each employee including terminated employees with an Employment Termination Payment (ETP) summary.		
7. Enter Reportable Fringe Benefit Amounts (RFBA) and Lump Sum payments if required.		
8. Select all employees and click Publish . Employees with access to My Payroll can now view their payment summary.		
Optional: Send payment summaries to employees either by email or a PDF. Click Send to Employee to choose an option.		
Finalise		
1. Select all employees and Click File Now .		
2. Under Agent, select Yes if you need to include agent details in the filing. Select No if agent details aren't required.		
3. Select the checkbox to accept and authorise the file, then click File Now to send the Payment Summary Annual Report (PSAR) to the ATO.		
4. Review the ATO submission history to confirm successful lodgement of the PSAR report.		
5. Alternatively, if you have more than 99 employees, download an EMPDUPE file and lodge manually. To do this, click the drop down arrow next to File Now and select Create EMPDUPE .		





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Step Four: Adjustments

If adjustments are required, here are two recommended options;

- [Process an unscheduled pay run](#) to adjust the employee's pay.
- Revert the last posted pay run per pay calendar to draft, make the amendments, and post again.

If you are finalising your payroll for the financial year via STP, simply make the adjustment and file that pay run to the ATO. Then repeat the finalisation process again for the affected employees only.

For detailed instructions on fixing a STP filing error, [click here](#).

If you are filing payment summaries, first unpublish the employee's payment summary to include them in the adjustment pay run. If needed, mark the payment summary as amended and submit the PSAR report to the ATO.

For detailed instructions on correcting payment summary errors, [click here](#).

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Step Five: Superannuation

To claim a deduction on superannuation accruals submitted via Auto Super in Xero for the 2021/2022 financial year, super batches must be approved by the authoriser no later than **2.00pm AEST, 14th June 2022**. This allows enough time for the payments to be debited and forwarded to the super funds by the 30 June 2022 deadline.

Process superannuation payments

For detailed instructions on processing superannuation, [click here](#).

To process your employees year end super contributions using Xero's Auto Super feature, you'll need to ensure an active regulated or complying self-managed super fund (SMSF) is added for each employee in Xero Payroll.

ACTIVITY	COMPLETE	N/A
Employees with a regulated super fund		
Confirm your employee's Tax File Number (TFN) is entered in the Taxes tab.		
Confirm your employee's date of birth and email address is entered into the Details tab of their employment record.		
Confirm the Unique Superannuation Identifier (USI) of your employee's super fund is still current. You can check these details through the Super Fund Lookup website.		
Employees with a self-managed super fund (SMSF)		
Confirm your employee's Tax File Number (TFN) is entered in the Taxes tab.		
Check that the ABN of your employee's SMSF is still active and complying. You can check the status of your employee's SMSF through the Super Fund Lookup website.		
Confirm the bank account details of your employee's SMSF is correct.		
Confirm the Electronic Service Address (ESA) of your employee's SMSF is active. For more information on what an ESA is, click here .		

Ensure your employees' super membership details are SuperStream compliant otherwise your Auto Super batch may fail to process. If you need to fix a problem with superannuation processing, please [click here](#).

