

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

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

V1.5

Objective

The calculation of the end-of-year bonus (13th month) is calculated in December. It includes basic salaries, overtime over the calendar year, but also productivity bonuses. **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 **Productivity** in your Company and that only you can arbitrate.

How to do this ?

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

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 :

Employees	Period		Salary calculat	ion	Der	larations	Reports	Emplo	oyer		
🔒 New 👻	Oct, 2019 III Month	ly Salary 👻	🔯 Timesheets		NPF&NSF	Emoluments	💲 Payments 👻	🕞 Common sect	🛓 Company		
Action 👻	🔯 Period settings 🛛 🔒 Clo	se period	Calculate	*	PAYE	Accounting +	📑 Reports 🔹	🌼 Settings 👻	@ A		
🖥 📓 Emplo	oyees 🌛 Company ×								1		
mpany									E s		
Company Detail	ls Contact Payroll B	ank Timeshe	ets Custom S	Settings	Documents	1					
Periods					Salary c	alculations					
Period Closing [Day Of Month:				Mont	hly					
23					- Fortn	Fortnightly					
Pay Day:											
30					- Weel	850 - 50					
					EOY Bo						
Declarations —						ted Payslip					
Туре:					Include	d in monthly (Decembe	er) <u>3</u>				
MNS					 Sepera 	ted Payslip					
Payslip printing -											
Payslip template	91										
Basic											
Printing Langua	ge:										
English					*						

If you have choosen « 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):

Period									
Dec, 2019		Monthly Salary							
🕑 Period setting	Period settings								
		Monthly Salary							



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).

<u>Note</u>: 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.

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...).

Rest assured, the system is so designed that it then takes the average of the remunerations over the calculated/validated months; thus if December is not yet calculated, it will take the average over 11 months, or if it is lower than the Employee's Basic Salary, it automatically takes the last Basic Salary.

<u>Note</u>: it is also by this means that if an Employee has only been present for 9 months for example, he only takes the average of his 9 months of presence.

<u>Warning</u>: this may be correct if December does not have any particular salary characteristics, but if in December additional bonuses (sometimes significant) are included in the Bonus payment base, they should have an influence on the calculation of the Employee's EOYB.

We invite you to enter these in the "Monthly Salary" Period of December, then launch and validate the calculation of the December bulletins, and THEN only launch the calculation of the EOYB period; these 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 adjut this calculation of EOYB if necessary...

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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 productivity and therefore 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**:

12 Mon	ths <	tive	-								🕿 Export 🛛 🗎	Print
2 Month			Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug
3 Month		rtime @2x	2500.00		3261.36	426.14	10161.93	3838.07	358		3545.45	
4 Month		Of Year Bon		335331.68								
6 Month 12 Mon		Of Year Bon										
2000		nsport	11189.64	11631.27	11371.45	10520.72	11676.72	13319.82	13319.82	12469.09	15017.09	
3000 💧	- 🗈 Co	mmission	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00	
3140	- 🖍 Sp	ecial Bonus										
3280	- 🖺 Lo	ng Service All									150.00	
3300	- 🗈 All	owance	7500.00		114000.00							
3400	- 🌇 Sp	ecial Allowanc	6000.00									
3500	- 🖍 Sp	ecial Allowanc				240.00	270.00	315.00	315.00		<mark>39</mark> 0.00	
3602	- 🗈 Fri	inge Benefits	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	9000.00	
3802	- 🗈 Fri	inge Deductio	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	
3900	- 🎦 Ab	sence Deduct	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 in Productivity!

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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 bigining of the **1800 End Of Year Bonus** item :

E	Employees		Period		Salary calculat	ion	Dec	clarations Reports		Employer		
8	& New	W 👻	Oct, 2019	Mont	thly Salary 💌	🔯 Timesheets	*	NPF&NSF	Emoluments	💲 Payments 👻	Common	sect 🛛 🛓 Company
	Acti	ion +	👩 Period setting	s 🔒 C	lose period	Calculate	*	PAYE	Accounting 👻	Reports 👻	💮 Sett	🔻 🌍 Admin 🧃
		📕 Employ	rees 🛛 🐻 Comm	on Sectio	ons							
ern	manen	nt Sections	For Salary Calculat	ions:								Add Section
ern			1		0 d TH				Emp	loyer	Emp	Add Section
ern		nt Sections From	For Salary Calculat	ions: Code	Section Title		Grou	ups	Emp	loyer Value	Emp	Constant of the second s
			1		Section Title		Grou	ups				loyee
			1	Code			Grou	ups	Multiplier	Value	Multiplier	loyee Value
1	0		1	Code 4000	NPS		Grou	ups	Multiplier if(e.is_npf_pai	Value IF(p.wages>=g	Multiplier if(e.is_npf_pai	loyee Value IF(p.wages>=g

Expand the window showing you the payroll section to make the relatively long formula more accessible, and look at the **Multiplier Fixed/Formula** field:

Payroll Section				8			
1800 : End Of Ye	ar Bonus			✓ Validate Section			
Calculation De	etails Payr	roll groups					
	🗌 Use A Cu	stom Different Display Title					
Section Title:	End Of Yea	r Bonus					
Start Date:			End Date:				
Basic:	Adjust Wa	age	Calculation:	Calculate prorata			
PAYE:	🗹 Taxable		Round:	Nearest Rupee			
Prepaid:	Prepaid b	enefits					
Employee Amo	unts						
Multiplier Fixed	l/Formula:	max((p.cumul.s1000+p.cumul.s1100+	p.cumul.s1150+p.cumul.s1160+p.cum	ul.s3000+p.cumul.s3100+p.cumul.s3200+p.cumul.s3300+p.cumul.s340			
Value Fixed/Fo	rmula:	if(g.period_type=c.bonus_type,if(e.mo	nths_worked>0,e.months_worked/12,	1),0)			
Applies On Selected Months Only							
January		April	July	October			
Eebruary		May	August	November			
March		June	September	✓ December 🗸			

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 <u>remove :</u> +p.cumul.s3xxx corresponding in the formula (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