AWARD IN PAYROLL FUNDAMENTALS

Lecture 01: Introduction to Payroll

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WHAT IS PAYROLL ?

Payroll is the

art

of determining

what

and

how much

is due to

whom !

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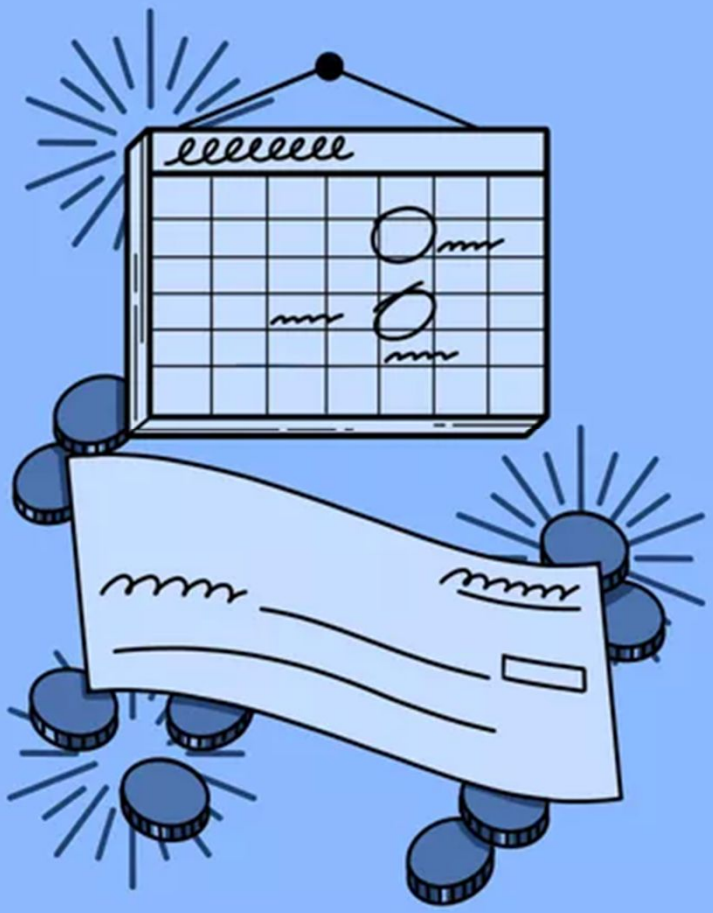

Payroll

['pā-,rōl]

The compensation a business must pay to its employees for a set period or on a given date.

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THE PROCESS… AND ITS DILEMMAS

- When does payroll start ?
- Who is responsible ?
  HR vs. Finance
- Is it worked in a vacuum ?
- What are the actions needed ?
- Who determines the amounts ?
- What are the obligations ?
- And to whom ?
- Can it be outsourced ?
- How is it to be paid ?

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THE IMPACT OF PAYROLL

- **44%** consider Resignation over incorrect pay
- **79%** of Employees with incorrect pay find the error and issues themselves

- Impact of erroneous calculations and settlement:
  - Food on the table issues
  - Missed Loan payment deadlines
  - Unfulfilled commitments
  - Stress and Anxiety
  - Employee strife
- **TRUST**

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TODAY'S AGENDA

- Introduction
- Historical context
- Processing overview
- Payroll systems
- Outsourcing
- Maltese Legislation re: Payroll
- Sources of Information
- Walk through of basic parameters

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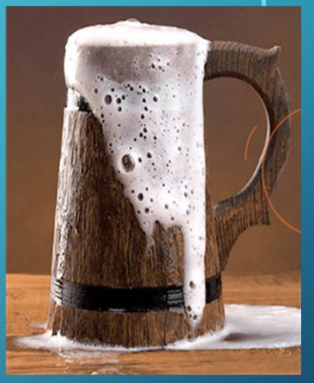
HISTORICAL CONTEXT

- Payroll dates back to the 14th Century
- Early 20th Century – formalised system and business practice
- Late 20th Century - Automation



Eternal Tug-of-War: Where does Payroll sit in an organisation ?

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ACCURATE PAYROLL PROCESSING

- Mandatory records
- Documentation of employee's records
- Recording and inputting data - time-sheets / attendance systems
- Weekly and statutory (government) bonuses
- Statutory deductions - Income tax, social security & maternity fund

ACCURATE PAYROLL PROCESSING

- Processing of terminations
- Processing of changes
- Preparation of payslip
- Gross and Net salaries
- Preparation and submission of FSS statutory forms
- Post Payroll processing
- Access of past data records
- GDPR

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MANTRA

- Never accept anything as is - question everything
- Seek advice when in doubt – double-check
- Never assume anything – seek clarification and authorisation
- Never stop learning

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PAYROLL SYSTEMS

Manual Calculations	Excel; Tabular; Filing Cabinets
Payroll Software	Automated systems installed in-house or shared platforms
Outsourcing Systems	Onsite or offsite

Whichever the system that suits your organisation; **ALWAYS** review the outcome **BEFORE** you pay.

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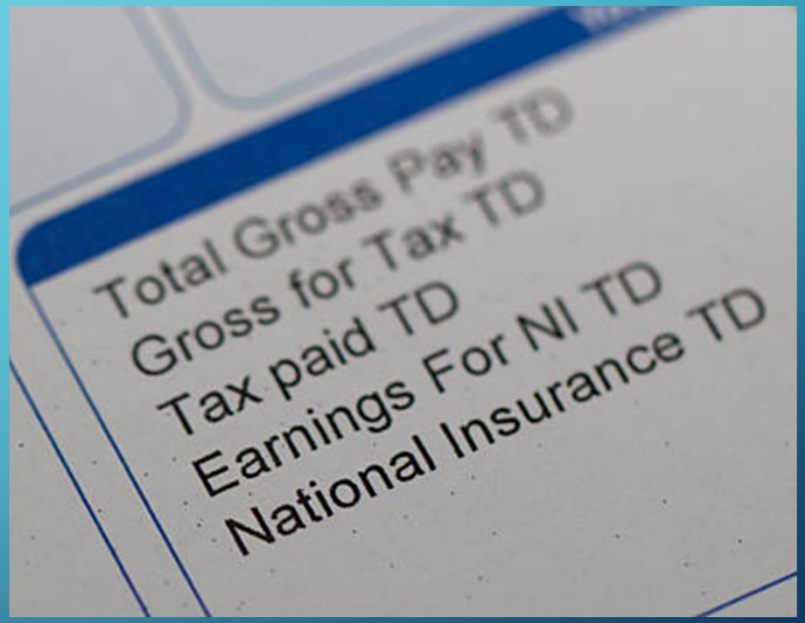
MANUAL CALCULATIONS

EMPLOYEE	NAME AND SURNAME				EMPLOYEE ID		01234567M													
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
MONTH NO.	MONTH	GROSS	OVERTIME 1.5		OVERTIME 2.0		FRNG BEN	BONUS	OTHERS	TOTAL	NAT INS	FSS	FRNG BEN	NET PAY	NAT INS	NO. OF	WEEKLY	HOURLY	NI CAT	TAX
		€	HOURS	€	HOURS	€	TAXABLE			GROSS	(EE)		NON-TAX		(ER)	MONDAYS	RATE	RATE		CLASS
1	Jan-23	1,459.57	3.00	37.89	-	-	-	-	-	1,497.46	168.41	140.00	-	1,189.05	168.41	5	336.82	8.42	C	S
2	Feb-23	1,459.57	2.00	25.26	-	-	-	-	-	1,484.83	134.73	136.00	-	1,214.10	134.73	4	336.82	8.42	C	S
3	Mar-23	1,459.57	-	-	-	-	-	121.13	-	1,580.70	134.73	161.00	-	1,284.97	134.73	4	336.82	8.42	C	S
4	Apr-23	1,459.57	5.00	63.15	-	-	-	-	-	1,522.72	134.73	146.00	-	1,241.99	134.73	4	336.82	8.42	C	S
5	May-23	1,916.67	6.50	107.81	-	-	-	-	457.10	2,481.58	221.15	423.00	-	1,837.43	221.15	5	442.31	11.06	C	S
6	Jun-23	1,916.67	8.50	140.99	-	-	-	135.10	-	2,192.76	176.92	322.00	-	1,693.83	176.92	4	442.31	11.06	C	S
7	Jul-23	1,916.67	1.00	16.59	-	-	-	-	-	1,933.25	221.15	256.00	-	1,456.10	221.15	5	442.31	11.06	C	S
8	Aug-23	1,916.67	-	-	-	-	-	-	-	1,916.67	176.92	252.00	-	1,487.74	176.92	4	442.31	11.06	C	S
9	Sep-23	1,916.67	5.50	91.23	-	-	-	121.13	-	2,129.02	176.92	305.00	-	1,647.10	176.92	4	442.31	11.06	C	S
10	Oct-23	1,916.67		-	-	-	-	-	-	1,916.67	221.15	252.00	-	1,443.51	221.15	5	442.31	11.06	C	S
11	Nov-23	1,916.67		-	-	-	-	-	-	1,916.67	176.92	253.00	-	1,486.74	176.92	4	442.31	11.06	C	S
12	Dec-23	1,916.67		-	-	-	-	135.10	-	2,051.77	176.92	285.00	-	1,589.84	176.92	4	442.31	11.06	C	S
	JAN - DEC	21,171.61	31.50	482.92	-	-	-	512.46	457.10	22,624.09	2,120.68	2,931.00	-	17,572.42	2,120.68	52				

PAYROLL SOFTWARE

- Usually linked to a wider HR system
- Specialised people handling the data integrity
- Formalised process with set timelines
- Accurate data management
- Automatic calculations based on inbuilt rules
- Generation of payslips – emails
- Submission of Direct Credit settlements
- Generation of FSS documentation



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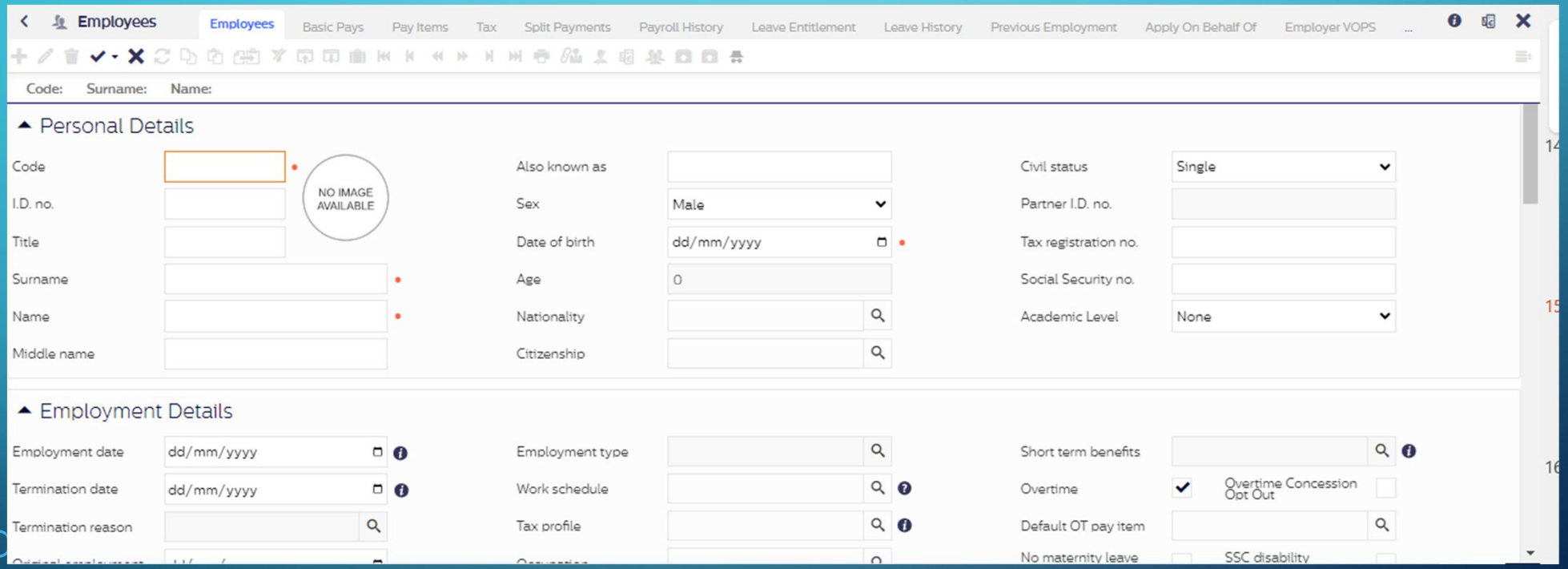
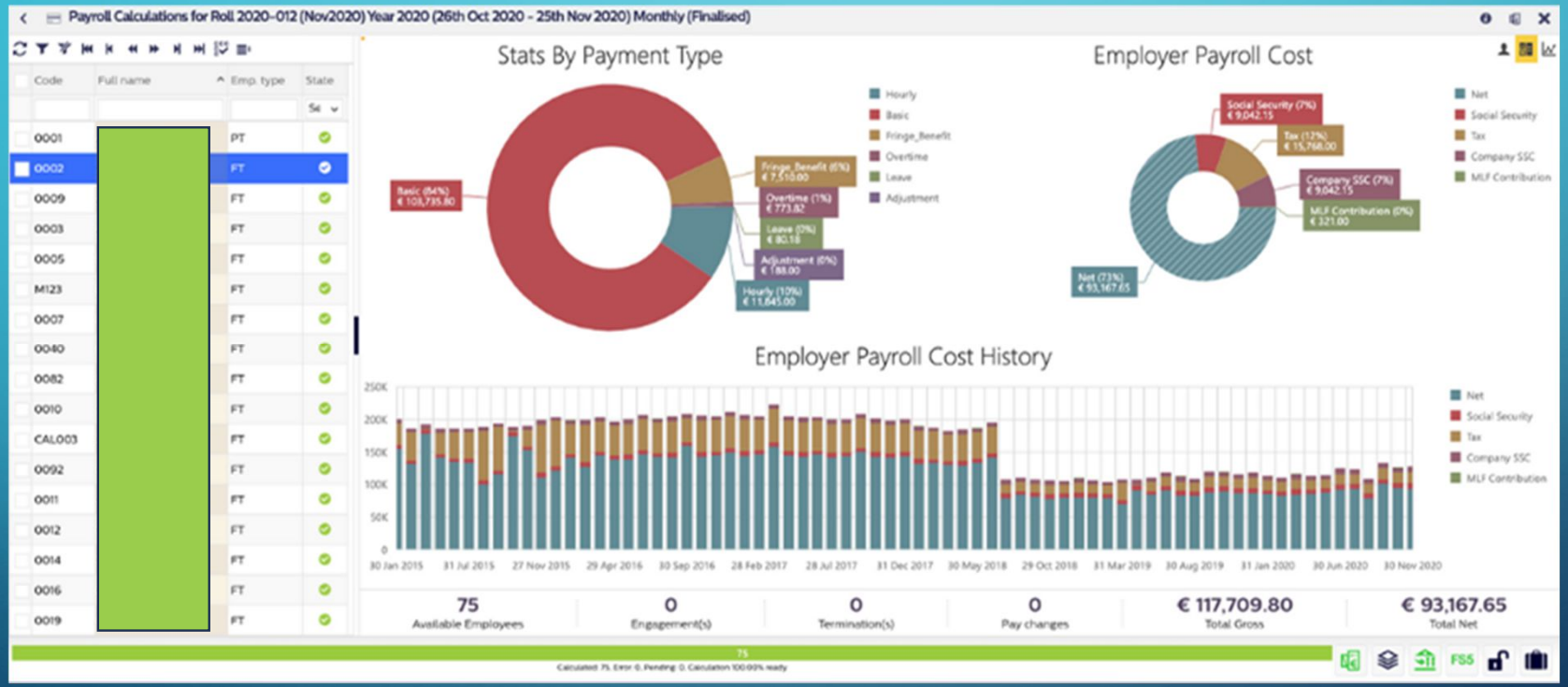
SAMPLE EMPLOYEE RECORD



SAMPLE PAYROLL CALCULATION REPORT



PAYROLL OUTSOURCING

- What is outsourcing of payroll ?
- How does it work ?
- What options are available?
- It’s not just the payslip !
- The Controller and the Processor (GDPR)

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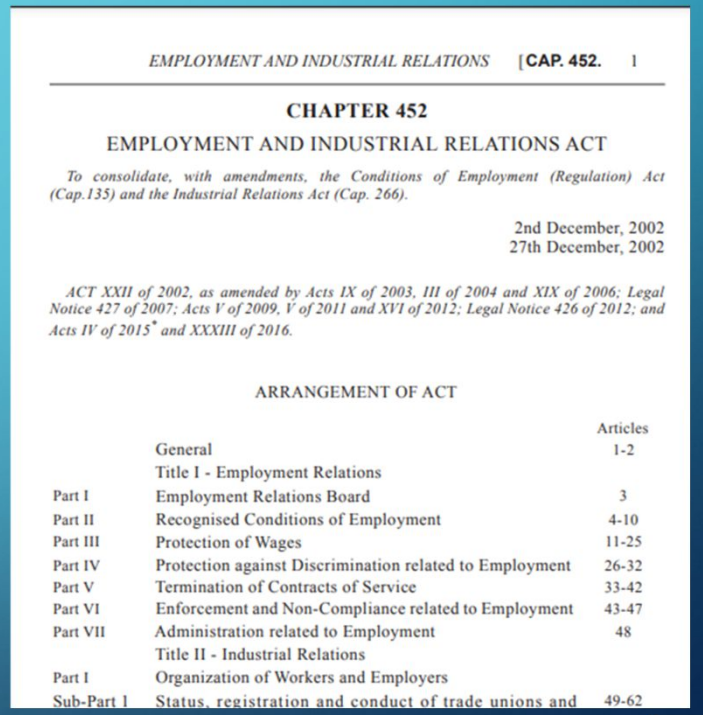
MALTESE LEGISLATION REGULATING PAYROLL

Main Legislation

- Chapter 452 – Employment and Industrial Relation Act (EIRA)
- Chapter 343 – Employment and Training Services Act
- Chapter 267 – Employment Commission Act
- Chapter 318 – Social Security Act



EMPLOYMENT AND INDUSTRIAL RELATIONS [**CAP. 452.** 1

CHAPTER 452

EMPLOYMENT AND INDUSTRIAL RELATIONS ACT

To consolidate, with amendments, the Conditions of Employment (Regulation) Act (Cap.135) and the Industrial Relations Act (Cap. 266).

2nd December, 2002
27th December, 2002

ACT XXII of 2002, as amended by Acts IX of 2003, III of 2004 and XIX of 2006; Legal Notice 427 of 2007; Acts V of 2009, V of 2011 and XVI of 2012; Legal Notice 426 of 2012; and Acts IV of 2015 and XXXIII of 2016.*

ARRANGEMENT OF ACT

		Articles
	General	1-2
	Title I - Employment Relations	
Part I	Employment Relations Board	3
Part II	Recognised Conditions of Employment	4-10
Part III	Protection of Wages	11-25
Part IV	Protection against Discrimination related to Employment	26-32
Part V	Termination of Contracts of Service	33-42
Part VI	Enforcement and Non-Compliance related to Employment	43-47
Part VII	Administration related to Employment	48
	Title II - Industrial Relations	
Part I	Organization of Workers and Employers	
Sub-Part 1	Status, registration and conduct of trade unions and	49-62

MALTESE LEGISLATION REGULATING PAYROLL

Subsidiary Legislation

- SL372.14 - FSS Rules
- SL452.78 - Parental Leave Entitlement Regulations
- SL452.87 - Organisation of Working Time Regulations
- SL452.88 - Urgent Family Leave Regulations
- SL452.101 - Minimum Special Leave Entitlement Regulations
- SL452.110 - Overtime Regulations
- SL452.114 - Leave for Medically Assisted Procreation National Standard Order
- SL452.115 - Annual Leave National Standard Order
- LN201/2022 - Work-Life Balance
- LN267/2022 – Transparent & Predictable Working Conditions
- SL217.17 – Temporary permit for TCNs to reside and work for over 6 months

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INFORMATION GOLDMINES FOR PAYROLL PROCESSING

- Office of the Commissioner for Taxation & Customs
- Department of Industrial and Employment Relations
- Department of Social Security
- Legislation Malta
- Wage Regulation Orders
- Jobsplus
- Identita'
- Malta Employers Association

Constantly Updated !

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COMMISSIONER FOR TAXATION & CUSTOMS

https://mtca.gov.mt

- Tax and Social Security Registrations
- Tax and NI Rates
- Statutory Employer submissions
- Validation of tax numbers and social security numbers

TAX & CUSTOMS ADMINISTRATION
MALTA

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DEPARTMENT FOR INDUSTRIAL AND EMPLOYMENT RELATIONS

https://dier.gov.mt

dier.gov.mt

- Work Conditions
- Work Regulation Orders
- Employee Entitlements
- Dispute resolution
- Change of Conditions
- Transfer of Business Regulations

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DEPARTMENT OF SOCIAL SECURITY

https://socialsecurity.gov.mt

- Benefit Rates
- Pensions
- Calculation of Social Security Contributions

SOCIAL SECURITY

Department of Social Security – MALTA

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LEGISLATION MALTA – ONLINE PORTAL

https://legislation.mt

- Tax Updates and Legal Notices
- Efficient search engine

WAGE REGULATION ORDERS (WRO)

https://dier.gov.mt/en/Legislation

- How many WROs are there currently? – 32 + 6 (LN)
- Who falls under a WRO?

WAGE REGULATION ORDERS (WRO)

» S.L. 452.50 - Agriculture and Allied Industries
» S.L. 452.60 - Beverage Industries
» S.L. 452.45 - Canning Industry
» S.L. 452.41 - Cargo Clearance and Forwarding Agents' (Burdnara) Employees
» S.L. 452.43 - Cinemas and Theatres
» S.L. 452.49 - Clay and Glass Products
» S.L. 452.59 - Construction
» S.L. 452.40 - Domestic Service
» S.L. 452.46 - Electronics Industry
» S.L 452.67 - Food Manufacture Industries
» S.L. 452.57 - Hire (Cars or Private Buses)
» S.L. 452.54 - Hospitals and Clinics
» S.L. 452.66 - Hotels and Clubs
» S.L. 452.56 - Jewellery and Watches
» S.L. 452.53 - Laundries
» S.L. 452.69 - Leather Goods and Shoes Industries
» S.L. 452.37 - Paper, Plastics , Chemicals and Petroleum
» S.L. 452.48 - Printing and Publishing
» S.L. 452.76 - Private Cleaning Services
» S.L. 452.47 - Private Schools
» S.L. 452.75 - Private Security Services
» S.L. 452.39 - Professional Offices
» S.L. 452.35 - Public Transport
» S.L. 452.51 - Seamen
» S.L. 452.72 - Sextons and Custodians
» S.L. 452.55 - Textiles and Allied Industries
» S.L. 452.68 - Tobacco Manufacture Industry
» S.L. 452.52 - Transport Equipment, Metal and Allied Industries
» S.L. 452.58 - Travel and Insurance Agencies
» S.L. 452.63 - Wholesale and Retail Trades
» S.L. 452.44 - Woodworks
» S.L. 452.127 – Digital Platform Delivery

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WAGE REGULATION ORDERS (WRO)

» L.N. 351 of 2019 – Adaptation of Laws (Wages Council Wage Regulation Orders) Order (Amendment No.2),2019

» L.N. 469 of 2020 – Adaptation of Laws (Wages Council Wage Regulation Orders) Order,2020

» L.N. 464 of 2021 – Adaptation of Laws (Wages Council Wage Regulation Orders) Order,2021

» L.N. 335 of 2022 – Adaptation of Laws (Wages Council Wage Regulation Orders) Order,2022

» L.N. 286 of 2023 – Adaptation of Laws (Wages Council Wage Regulation Orders) Order,2023

» L.N. 341 of 2024 – Adaptation of Laws (Wages Council Wage Regulation Orders) Order,2024

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JOBSPLUS

https://jobsplus.gov.mt/

- Employment Registration Agency
- Depository of all employee movements
- Search for Vacancies
- Employer Portal
- Employee Portal
- Forms

IDENTITA'

https://identita.gov.mt/

- Identity Cards management
- E-ID Cards
- Passports
- E-Passports
- Visas
- Residency Documents
- TCNs
- Single Permits

identità

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MALTA EMPLOYERS ASSOCIATION

https://www.maltaemployers.com/

- Portal of the Malta Employers' Association
- Provides updated legislation , media events and position papers
- HR Handbook
- OHS Regulations
- Whistleblower Act
- Equality