
Employment Act – Salary Deduction Cap

Using Sage EasyPay Enterprise

Document Version: 10.6.9

For Sage EasyPay Enterprise 10.6.9



Sage Software Asia Pte Ltd

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How To Setup The Employment Act Salary Deduction Cap

This feature is an enhancement available from v10.6.9 onwards and is only applicable in the Singapore database. This is to provide better protection for more employees and to improve employment standards and benefits.

A 25% sub-cap will be imposed for deductions to employees' salaries for **accommodation, amenities and services**, to prevent excessive deductions to their salaries. This is within the existing 50% total cap for authorised deductions. Let's take for example, an employee earns a monthly salary of \$2,000 and receives accommodation, amenities and services provided by his employer, the employer's deduction for these should not be more than \$500 (25% of \$2,000). For more information, please refer to <http://www.mom.gov.sg>

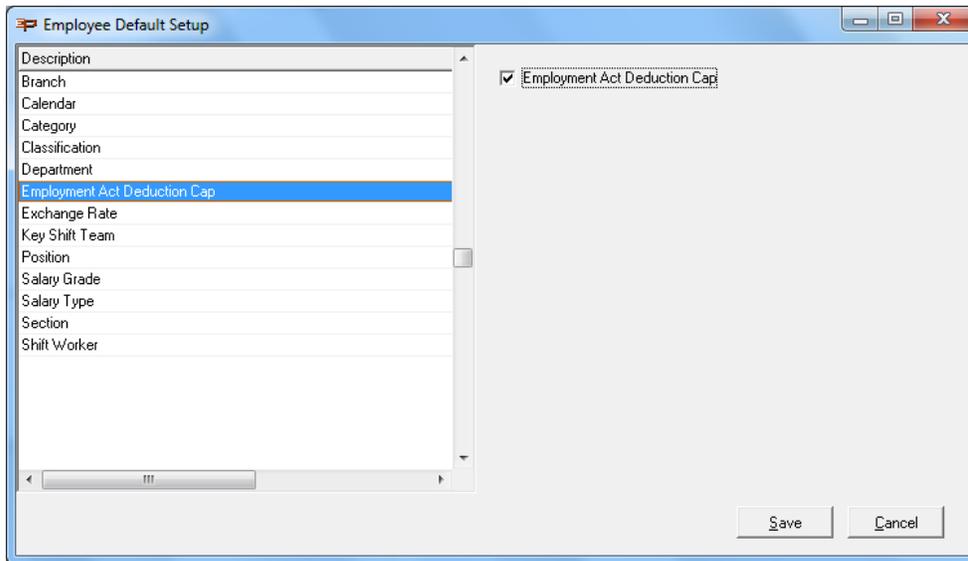
There are many ways to apply this for an employee.

1. Go to **Core: Modules > Employment Details**

The screenshot shows the Sage EasyPay Enterprise - Core - [Employment Details] window. The 'Employment Act Deduction Cap' checkbox is checked. A tooltip is displayed over the checkbox, stating: "A 25% sub-cap will be imposed for deductions to employees' salaries for accommodation, amenities and services, to prevent excessive deductions to their salaries. This is within the existing 50% total cap for authorised deductions. Please tick to apply." The employee details for Serene Lim (Employee ID: E006) are visible, including her date of birth (06-06-1961), age (53), and salary type (Monthly Fixed) with a basic wage of 3,000.00.

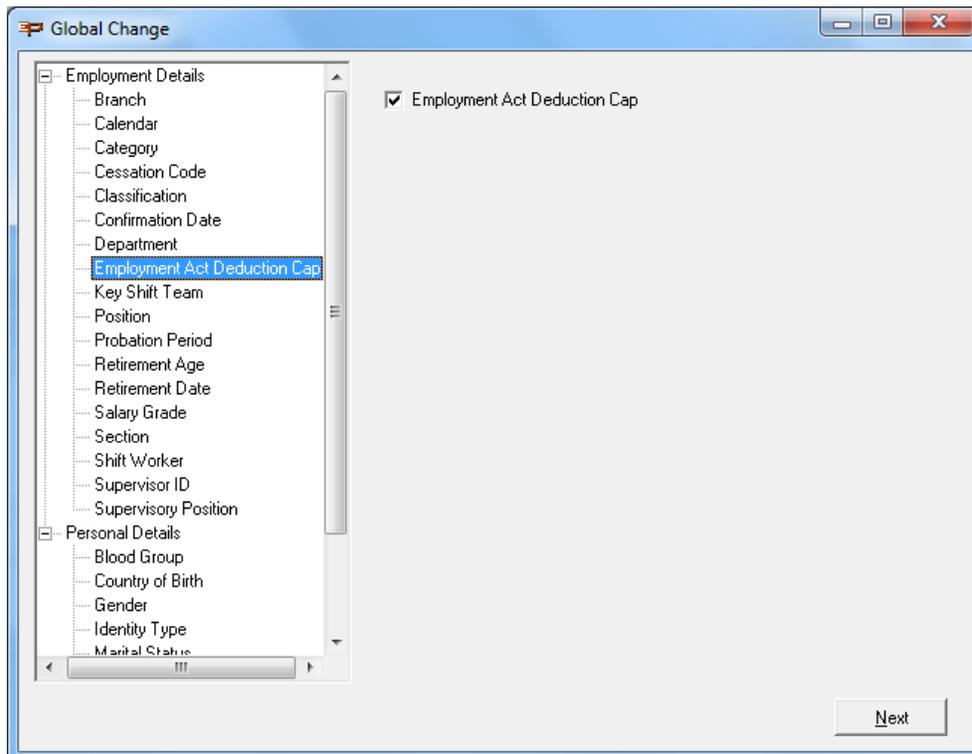
- Locate your mouse over the 'Employment Act Deduction Cap' selection and a message will appear explaining what that field does.
- Tick the checkbox to apply the capping for this employee then click on the **Save** button.

2. Go to **Core: Setup > Employment Details Default**



- Tick the 'Employment Act Deduction Cap' checkbox and click on the **Save** button.
- Once you tick this checkbox, any new hire in the company will automatically be assigned to the Employment Act Deduction Cap.

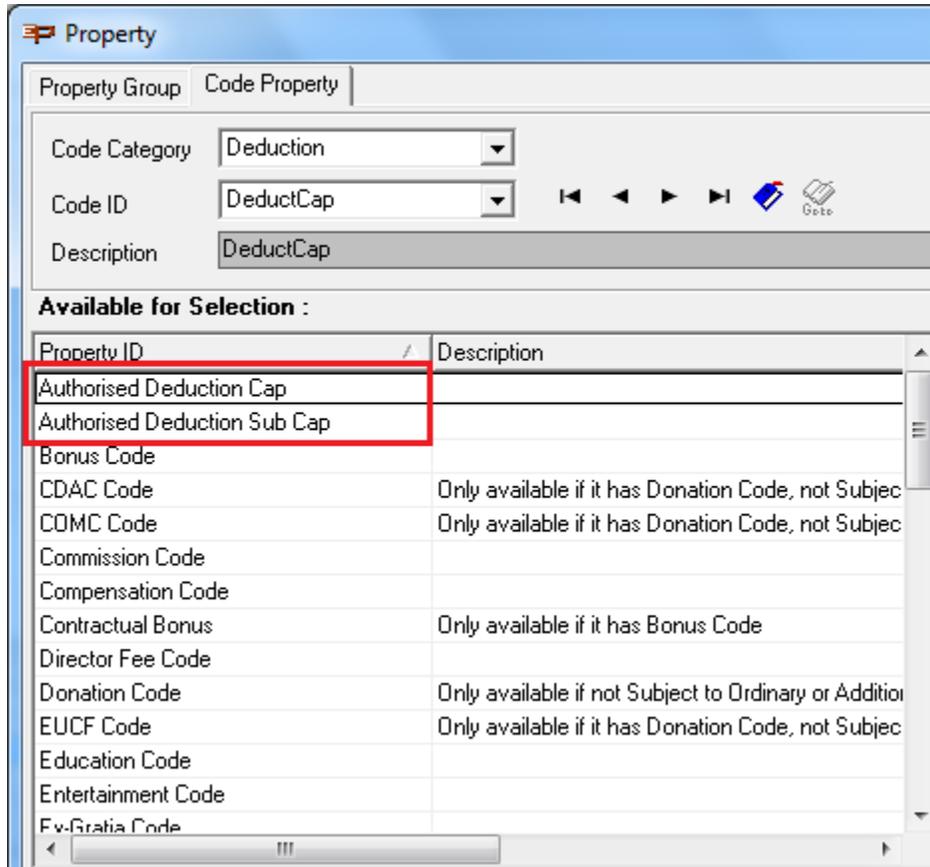
3. Go to **Core: Setup > Global Change**



- Tick the checkbox then click on the **Next** button.

Addition To The Pay Element Property Setup

Two new code properties have been added to the Pay Element Property Setup for the Employment Act Salary Deduction Cap.



The screenshot shows the 'Property' window with the 'Code Property' tab selected. The 'Code Category' is set to 'Deduction' and the 'Code ID' is 'DeductCap'. The 'Description' field also contains 'DeductCap'. Below this, the 'Available for Selection' section contains a table with the following data:

Property ID	Description
Authorised Deduction Cap	
Authorised Deduction Sub Cap	
Bonus Code	
CDAC Code	Only available if it has Donation Code, not Subjec
COMC Code	Only available if it has Donation Code, not Subjec
Commission Code	
Compensation Code	
Contractual Bonus	Only available if it has Bonus Code
Director Fee Code	
Donation Code	Only available if not Subject to Ordinary or Addition
EUCF Code	Only available if it has Donation Code, not Subjec
Education Code	
Entertainment Code	
Ex-Gratia Code	

- ❖ Authorised Deduction Cap - Main Capping of 50%
- ❖ Authorised Deduction Sub Cap - Sub Capping of 25%

You will need to manually assign the code properties that are subject to the capping to the Pay Element accordingly.

- If the "Authorised Deduction Sub Cap" is selected to the right panel, "Authorised Deduction Cap" will automatically be selected to the right.
- If the "Authorised Deduction Cap" is unselected from the right panel, "Authorised Deduction Sub Cap" will automatically be unselected to the right.

This is because the 25% sub-cap is within the 50% total cap for authorised deductions, so whenever the sub-cap is selected, the total capping will apply.

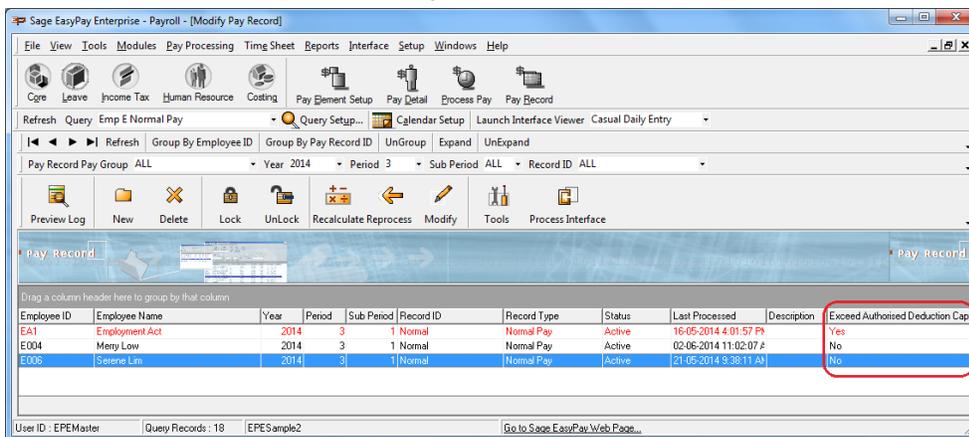
Donation Code Pay Element Property Setup

Donations are considered to be under the Authorised Deduction Cap of 50%. Sage EasyPay automatically assigns the "Authorised Deduction Cap" for the following donations:

- CDAC
- COMC
- EUCF
- MOSQ
- MOSQ2005
- MOSQ2009
- SIND
- YMF
- YMF2005
- YMF2009

Modification to the Pay Record Grid

A new column has been added to the window in **Payroll: Pay Processing > Pay Record**, *Exceed Authorised Deduction Cap*.



Employee ID	Employee Name	Year	Period	Sub Period	Record ID	Record Type	Status	Last Processed	Description	Exceed Authorized Deduction Cap
E01	Employment Act	2014	3	1	Normal	Normal Pay	Active	16-05-2014 4:01:57 PM		Yes
E004	Mery Low	2014	3	1	Normal	Normal Pay	Active	02-06-2014 11:02:07 A		No
E005	Serene Lim	2014	3	1	Normal	Normal Pay	Active	21-05-2014 3:38:11 AM		No

1. If a Pay Record's Authorised Deduction(s) has exceeded the capping, it will be the first on the Pay Record list, the row will be highlighted in red and the *Exceed Authorised Deduction Cap* column will display "Yes". Otherwise, "No".
2. If there happens to be more than 1 Pay Record which exceeds the cap, once the data in that record has been modified to not exceed the capping, the *Exceed Authorised Deduction Cap* column will be updated to "No" after reprocessing the pay record.
3. Locking of the Pay Record is not allowed if it has exceeded the capping. You will encounter the following error message.



Click on the **OK** button and adjust the Pay Record.

Processing Pay With Deduction Cap

There are a number of ways to insert a pay element for an employee:

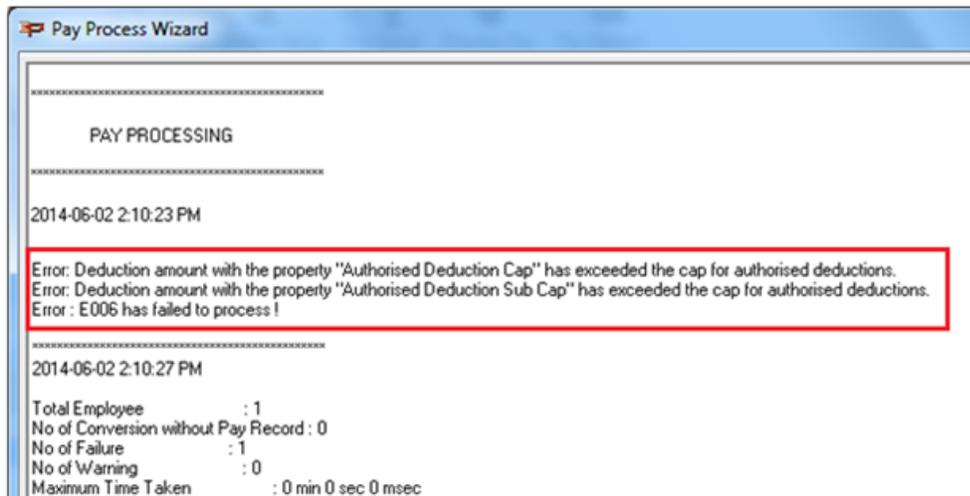
1. Recurring Setup
2. Interface Viewer during payroll processing
3. Other Modules, such as HR

Conditions to take note for the deduction to take place:

- "Employment Act Deduction Cap" needs to be ticked
- Employee's Last Pay Date cannot fall within the processing period

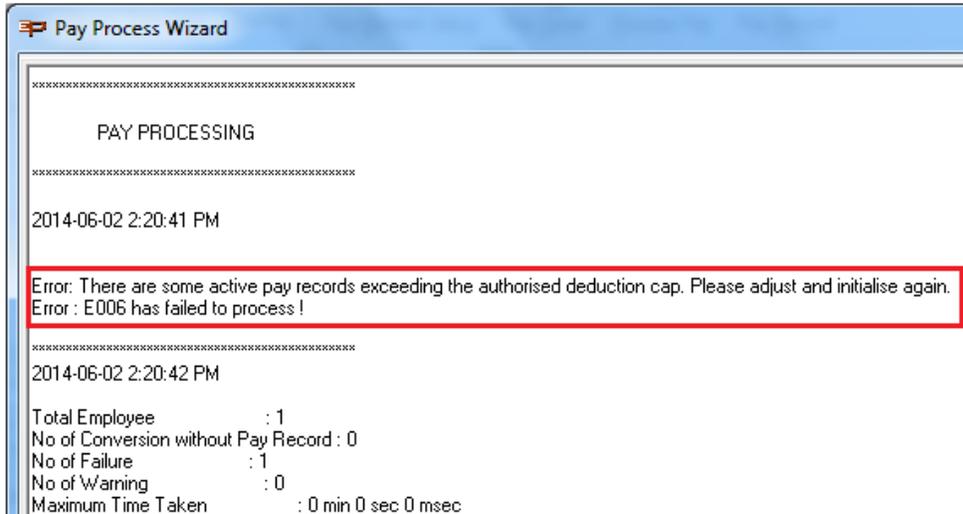
Initialize / New A Pay Record

Once the pay element has been set up with capping and if the authorised deduction amount exceeds the cap, after initializing/new the record, the log file will display an error.



The pay record will not be created.

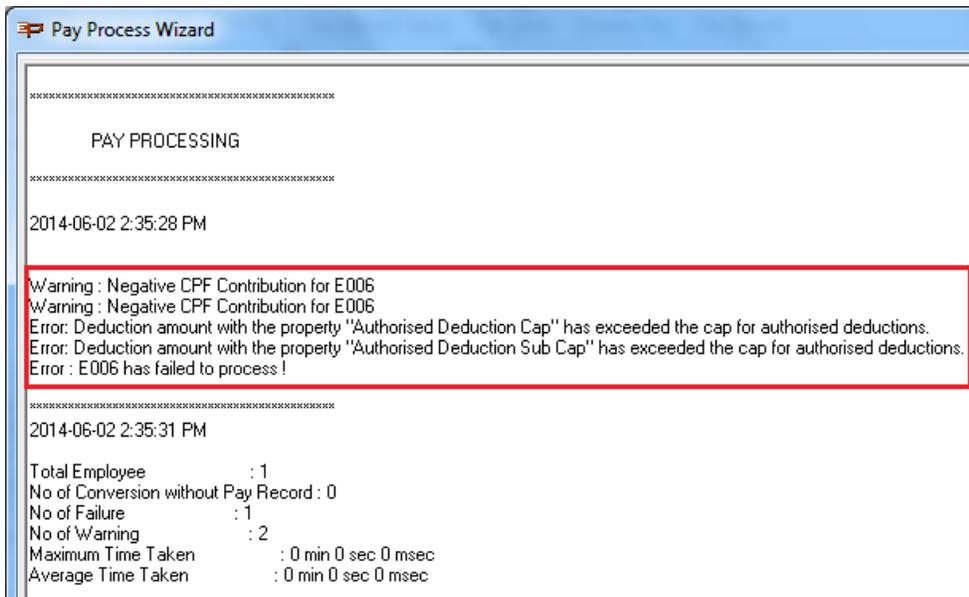
If an existing Pay Record's *Exceed Authorised Deduction Cap* column is "Yes" and with an "Active" status, when initializing/new a pay record, the log file will display an error message, a different message from the one seen above.



The pay record will not be created for this employee, other employees without exceeding the cap can still be processed.

Recalculate / Reprocess A Pay Record

If the amount in the pay record's pay element has been modified, where the amount has exceeded the cap, an error message will be displayed in the log file once you recalculate/reprocess the pay record.



The pay record still exists but the *Exceed Authorised Deduction Cap* column will be updated to "Yes" and the row will be highlighted in red, placed at the top.

Deleting A Pay Record

When deleting an existing pay record, even if the authorised deduction has exceeded, the record can still be deleted.

Insert / Modify The Pay Element

Double click on the pay record to insert/modify a pay element.

The screenshot displays the Sage EasyPay Enterprise - Payroll - [Modify Pay Record] interface. The main window shows a list of pay records for employee Serene Lim. A blue arrow points to the 'Double Click' action on the record. Below the list, the 'Pay Element' table is visible, with a red circle around the 'Insert', 'Modify', and 'Delete' buttons. A blue arrow points to the 'Right Click' action on the 'DeductCap' row in the table.

Pay Element ID	Exchange Rate ID	Foreign Currency	Foreign Amount	Exchange Rate	Amount	Type	Method
DeductCap			0.00	1.00	0.00	Deduction	Formula
CD&C			-1.00	1.00	-1.00	Deduction	Tabulated

After inserting/modifying the pay element, if the authorised deduction amount exceeds the cap, an error message will appear.

The screenshot shows an Error dialog box with the following text: "Pay element amount has exceeded the authorised deduction cap. View the log file by clicking on the OK button. Change the pay element accordingly." There is an OK button at the bottom.

Click on the **OK** button to view the log file and verify the data.

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AuthorisedDeductionCapLogFile - Notepad
File Edit Format View Help
Error: Deduction amount with the property "Authorised Deduction Cap" has exceeded the cap for authorised deductions.
Error: Deduction amount with the property "Authorised Deduction Sub Cap" has exceeded the cap for authorised deductions.

The following information is for the whole period
-----
Allocated Basic Rate(a) : 3000
Allocated MVC(b) : 0
Allocated NWC(c) : 0
Shift Amount(d) : 0
Leave Deduction Amount(e) : 0
Allowances Subject to GRP(f) : 0
Gross Rate of Pay Per Month(g = a + b + c + d + e + f) : 3000 + 0 + 0 + 0 + (0) + 0 = 3000

Percentage of Authorised Deduction Cap(h) : 50
Authorised Deduction Cap(i = g * h / 100) : 3000 * 50 / 100 = 1500
Total Employee CPF(j) : 555
Deduction Amount with Property of "Authorised Deduction Cap(k) : 1174.08
Total Deduction Amount for the Cap(l = j + k) : 555 + 1174.08 = 1729.08

Percentage of Authorised Deduction Sub Cap(m) : 25
Authorised Deduction Sub Cap(n = g * m / 100) : 3000 * 25 / 100 = 750
Deduction Amount with Property of "Authorised Deduction Sub Cap(o) : 1173.08
Total Deduction Amount for the Sub Cap(p = o) : 1173.08 = 1173.08

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Deductions with Property of "Authorised Deduction Cap"
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Sub Period : 1
CDAC(Record ID: Normal) : 1
DeductCap(Record ID: Normal) : 1173.08

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Deductions with Property of "Authorised Deduction Sub Cap"
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Sub Period : 1
DeductCap(Record ID: Normal) : 1173.08

The entered pay element(DeductCap) amount has exceeded the cap for authorised deductions.
System will not update the entered amount 1173.08. It will remain as the previous amount 515.11.

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The top of the log file will state the error. Further down, the log file will state the property and its amount that has caused the cap to exceed. Sage EasyPay will not update the pay element and will remain as it was before the modification.