

Xero - Set up or update JobKeeper pay items

Use the new JobKeeper pay item to record JobKeeper payments, or edit an existing pay item that you created for these.

What you need to know

Use the new JobKeeper pay item

A JobKeeper allowance pay item has been automatically created for you. By default, the allowance type for the Xero generated pay item is 'JobKeeper - JobKeeper Payment top ups', and it's exempt from Superannuation Guarantee.

You can either use the pay item in your employees' [pay templates](#) or [payslips](#) so they are reported to the ATO in the required format.

View the pay item or make certain changes to it, if needed.

1. Click on the organisation name, select **Settings**, then click **Payroll settings**.
2. Select the **Pay Items** tab, then select **Earnings**.
3. From the list of **Earnings** pay items, click on the Xero generated pay item called **JobKeeper payment top up**.
4. Update details, if needed. The following pay item settings are automatically set and can't be changed:
 - o **Rate type** is set to **Fixed Amount**
 - o The **Exempt from PAYG Withholding** checkbox is set as unchecked
 - o The **Reportable as W1 on Activity Statement** checkbox is set to checked
5. (Optional) Clear the **Exempt from Superannuation Guarantee Contribution** checkbox, if you want to contribute super payments.
6. Click **Save**.

Organisation	Calendars	Holidays	Pay Items	Superannuation	
Earnings			Earnings		Add ▼
Deductions					
Reimbursements					
Leave					
Earnings Name	Earnings Category	Rate	Account	Reportable as W1	
<i>Allowances exempt from tax withholding and super</i>	Allowance	Rate per Unit	477: Wages and Salaries	No	⋮
<i>Allowances subject to tax withholding and super</i>	Allowance	Rate per Unit	477: Wages and Salaries	No	⋮
Bonus	Ordinary Time Earnings	Fixed Amount	477: Wages and Salaries	Yes	⋮
ETP Leave Earning	Employment Termination Payment	Rate per Unit	477: Wages and Salaries	Yes	⋮
JobKeeper Payment top up	Allowance	\$0.00 Fixed Amount	477: Wages and Salaries	Yes	⋮

Allowance

Allowances are reported to the ATO separately from gross payments

Type

JobKeeper — JobKeeper Payment top ups ▼

Car — Cents per kilometre using the approved rate

Transport — Award transport payment

Travel — Overnight travel allowances

Laundry — Allowance for deductible clothing

Meals — Award overtime meal allowances

JobKeeper — JobKeeper Payment top ups

JobKeeper — JobKeeper Payment top ups

Other

Displayed on employees' payslips

Rate Type

Fixed Amount ▼

You can also create an additional pay item, for instance, if you want one for calculating the Superannuation Guarantee and one that doesn't.

1. Click on the organisation name, select **Settings**, then click **Payroll settings**.
2. Select the **Pay Items** tab, then select **Earnings**.
3. Click **Add**, then select **Allowance**.
4. Under **Type**, select **JobKeeper - JobKeeper Payment top ups**. This ensures that it's reported correctly with the ATO.
5. Enter an earnings name such as 'JobKeeper top up (with super)', and select the relevant **Expense Account**.
6. (Optional) Update the amount.
7. (Optional) Select the **Exempt from Superannuation Guarantee Contribution** checkbox.
8. Click **Add**.

[Update an existing JobKeeper pay item and file payments](#)

What you need to know

If you had already set up a JobKeeper allowance pay item by following our previous instructions, you need to update the pay item so it's correctly reported with the ATO, going forward.

If you've already processed and filed your pay runs for April using this pay item, you'll also need to submit an updated JobKeeper file to qualify for the funding. This JobKeeper information flows through to the ATO when you file a pay run via STP. To meet the deadline, update your pay item, process an unscheduled pay run and file it via STP with the ATO by the end of April.

Update the pay item and file an unscheduled pay run

You first need to ensure that your employees are [enrolled for JobKeeper payments](#). Then you can update the pay item and file an unscheduled pay run.

1. Click on the organisation name, select **Settings**, then click **Payroll settings**.
2. Select the **Pay Items** tab, then select **Earnings**.
3. Open the pay item you set up for JobKeeper payments using an allowance type of **Other**.
4. Under **Type**, select **JobKeeper - JobKeeper Payment top ups**.
5. The following pay item settings are automatically set and can't be changed:
 - **Rate type** is set to **Fixed Amount**
 - The **Exempt from PAYG Withholding** checkbox is set as unchecked
 - The **Reportable as W1 on Activity Statement** checkbox is set to checked
6. (Optional) Select the relevant **Expense Account** and the **Exempt from Superannuation Guarantee Contribution** checkbox.
7. Click **Save**.

Once this is done, [process and file an unscheduled pay run](#), before the end of April. The pay run should:

- Include all eligible JobKeeper staff you've paid until now
- Have all earnings lines zeroed out

[Adjust previous JobKeeper payments](#)

If you've set up a custom pay item which isn't an allowance, or that has a rate type other than the fixed amount, you'll need to adjust any JobKeeper payments made using this pay item. This will ensure that the allowance is correctly reported to the ATO with STP.

1. Run a [Transaction Listing Summary](#) report for the relevant employees to help identify amounts paid using the custom pay item.
2. [Process an unscheduled pay run](#) – For each relevant employee, enter the amount as a negative against the incorrect earnings pay item and re-enter the amount as a positive using a JobKeeper pay item. We suggest processing unscheduled pay runs against each pay with a payment date on or after 30 March so the amounts are correctly reported per payment date.
3. [Inactivate](#) your custom JobKeeper pay item.

[Assign the JobKeeper pay item to an employee](#)

Once you've [set up or edited a JobKeeper pay item](#), you can assign it to multiple employees. If you'll pay employees the JobKeeper payment on an ongoing basis, [add this pay item to their pay templates](#), and enter a rate of zero. You can then calculate the exact amount on each employee's payslip.

If the JobKeeper payment is only being made to employees once or twice, add the pay item directly to the employee's payslip.

Record a JobKeeper payment for an employee

In the **Payroll** menu, select **Pay Employees**.

1. Click **Add Pay Run**, select a pay period, then click **Next**.
2. Click the employee's name to open their payslip.
3. Check your employee's usual earnings lines are correct. If applicable, you can [add employee stand down hours](#).
4. Click **Add Earnings Line** to add the JobKeeper pay item. If you already added this to the employee's pay template, skip to step 7.
5. Under **Earnings Rate**, select the new earnings pay item created above, then click **OK**.
6. In the earnings line for the JobKeeper payment top up, enter the fixed amount. See the ATO's website for more information on [paying your eligible employees](#).
7. Click **Save**.

Repeat the steps above for each employee as required, then post the pay run and file it with STP by the payment date.

Process pay runs for payments missed in April

About payments missed in April

You can use unscheduled pay runs to pay employees the JobKeeper top ups you missed in April. You need to review pay runs with payment dates from 30 March to identify the employees who need a top-up. You can then [calculate the top-up amounts to pay eligible employees](#) (ATO website).

Payment dates for these unscheduled pay runs must be on or before 26 April (weekly or fortnightly pay periods) or 30 April (monthly pay periods). This ensures the correct earnings are reported to the ATO for the first two fortnights (30 March – 12 April, 13 April – 26 April).

When creating the unscheduled pay run, the payroll calendar, financial year and unscheduled pay period should match those used in the pay run with the missed payment.

Process an unscheduled pay run

1. In the **Payroll** menu, select **Pay Employees**.
2. Click **Add a Pay Run**, then select **Unscheduled pay run**.
3. Select a payroll calendar, financial year and unscheduled pay period, then click **Next**. Make sure the details are the same as the pay run with the missed payment.
4. Click **Payment Date**, select the actual date you'll pay the JobKeeper top ups, then click **Save**.
5. In the **Included** column, select the employees to include in the pay run.
6. Click an employee's name to open their payslip.
7. Under each **Earnings Rate**, remove or zero out the default earnings line.
8. Click **Add Earnings Line** to add the JobKeeper pay item. If you already added this to the employee's pay template, skip to step 10.
9. Under **Earnings Rate**, select the new JobKeeper earnings pay item, then click **OK**.
10. In the earnings line for the JobKeeper top up, enter the fixed amount. See the ATO's website for more information on [paying your eligible employees](#).
11. Review the lines under **Tax Type**, **Superannuation Fund** and **Leave Type** to make sure they're accurate, then click **Save**.

Repeat the steps above for each employee as required, then post the pay run and file it with STP. You'll also need to repeat this process for each applicable pay period