Family allowances are tailored to the employee via compensation fund

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1 Family allowances are tailored to the employee via compensaton fund

1.1 Initial condition

The employer usually tailors family allowances under FamZG to employees entitled to them. Then, with the year-end statement the employer renders account using family allowances compensation fund.

It may happen that the allowances are paid directly to the employees through the fund, which is common in the canton of Geneva.

1.2 Paycheck / Salary certificate

1.2.1 Paycheck

Using the settings as described below, family allowances appear monthly on the payslip. Family allowances under FamZG are taxable and must therefore be processed accordingly, especially for employees with the IT, so that the value determining the rate for IT deduction can be correctly determined.

1.2.2 Salary certificate

In paragraph 15 (Comment Text) of the wage statement, the relevant text appears: "Child allowances not included in wage statement, paid out by compensation office". This text is mandatory because the sum of the paid family allowances is missing from the taxable gross wage sum.

1.3 Settings Salary Types

Copy the family allowance wage type ('Allowance' type, 'positive' calculation type) and assign a new wage type number. For example, the wage type name is "Family allowance paid by FAK". The «H» code must be selected for the wage type when coding the withholding tax. The amount is neither included in the taxable base nor in the withholding tax base, but it must be taken into account for the rate-determining income.

Since a check mark is set for gross wage and tax liability in the "Child allowance" output wage type, a check mark must be set for the new wage type for:
· Gross Salary
· Tax liable
· Income Tax liable

Only the check mark for "IT rate determination" may not be set.

Check the entry in the translation and adjust it with the desired texts. It will be printed on the payslip.

Go to the "Child allowance" wage type and record the newly set-up wage type "Family allowance by FAK" paid as the subsequent wage type with the amount factor of -1. Unhide the "Child allowances settlement for direct payments" column and activate it by setting the check mark.

1.4 Settings Payroll Setup

In the payroll master data, the relevant wage type is entered in the "Family allowances paid by compensation fund, compensation IT" field in the Family Benefits tab.

1.5 Settings Employee

Record employees' children without special arrangements. They remain active for allowance adjustment.

Set a check mark for the affected employees in the "Child allowances directly paid by compensation office" field in the Employee Card, Wage Statement tab.

This is to ensure that the Family Allowance wage type does appear on the payslip, and it is automatically offset with the same amount. Of course, this takes place only for employees for which this function has been activated.