MYOB Exo Payroll

Holiday Pay Processing in Weeks

June 2020

Contents

Introduction

The latest release of MYOB Exo Payroll includes new features to help employers manage employees' Annual Holiday entitlements. This document provides an overview of the changes to the system brought on by these new features, and what employers need to do before implementing the new features.

Disclaimer

This document provides guidance on how to manage leave entitlements within our product. We recommend that you read the MBIE document "Holidays Act 2003: Guidance on annual holidays, domestic violence, leave, bereavement leave, alternative holidays, public holidays and sick leave" to better understand how to meet your obligations as an employer. If you have further questions, it is best to seek legal advice to ensure you are meeting your obligations.

Background to the Changes

The Holidays Act 2003 provides all employees 4 weeks Annual Holidays after 12 months' continuous employment.Ensuring that all employees receive their full entitlement each year is an important part of an employer's obligations under the Act.

When managing Annual Holiday's in MYOB Exo Payroll, these new features will enable easier management of portions of a week entitled and taken, and payment calculations for Average Weekly Earning (AWE) and Ordinary Weekly Pay (OWP).

Before you start

Before you review this document:

1. Ensure that you read and understand the documents on the MYOB Holidays Act Hub / Exo Payroll website to understand the requirements and how to check your leave setup and properly prepare your system for the new functionality.

2. Ensure that you read and understand the preceding documents **Activating Weeks Management** and **Provisioning Holiday Pay in Weeks and Managing Work Pattern Changes** to check your leave setup and properly prepare your system for the new functionality.

3. Read and understand your obligations under the Holidays Act 2003. It's recommended that you review the MBIE Guidance Document. MBIE Holidays Act 2003 guidance on holidays and leave

4. Where you are unsure of your obligations under the Holidays Act 2003, we recommend seeking independent advice from an employment relations specialist, or discussing your options with MBIE.

5. Where you are unsure of your current payroll setup and require assistance to review this, we recommend getting advice from the Exo Employer Services Professional Services Team – email enterprise.services@myob.com to arrange a booking.

Processing Annual Holiday pay - Portions and Payment

Portions of Weeks

Whilst Holiday Pay must always be managed in Weeks to comply with the Holidays Act, Defining a week in either days or hours is necessary to manage part weeks taken as holidays.

I.e. Employees will always ask for hours off or days off, so Exo Payroll will continue to process Holiday pay in Days or Hours, depending on your company database configuration. From version 2020.06 the **Current Pay** > **Holiday Pay** payment screen will convert this value to show the portion of a week being paid, based on the **Agreed Definition of a Week** in the employees Standard Pay.

$$\text{Portion of entitlement taken} = \frac{\text{number of days/hours taken (the 'numerator')}}{\text{number of days/hours that genuinely constitutes a week (the 'denominator')}}$$

calculation is from 'Holidays Act 2003: Guidance on holidays and leave' document

E.g. a full time employee working 5 days per week taking 3 days of holiday pay equals 0.6 or 3/5 of a week.

Current Pay - Holiday Pay Payment Screen

1. Enter Days/Hours taken in the **Leave – Days/Hours** field.

2. MYOB Exo Payroll will show the Portion of Weeks taken.

Entitlement balances are now displayed in weeks as well as days/hours.

Note: There is no process variation when using MyStaffInfo or Time and Attendance, Days/Hours entered will process as usual and the weeks portions will simply be calculated on import into the Current Pay.

Weekly Rates

Prior to version 2020.06 Exo Payroll derived Holiday Pay rates using Gross Earnings divided by the number of days/hours recorded for the period. This meant a manual management of the divisor to ensure that the daily rates equivalent to the correct weekly rate was met – please refer to the Annual Holiday Rate Calculations document on the holidays hub for more information.

From Version 2020.06 onwards Exo Payroll will calculate weekly rates for any employees who have been moved to a Weeks Holiday Pay method.

The weekly rate calculation breakdown can be seen in the current pay, click on **[History]** to review the Pay history and rate formulas.

Pay History shows a breakdown of the Weekly Rate, Daily Rate and how many pays are included in the 4 Week and 12 Month totals.

- Weekly Rate is calculated by Gross divided by Weeks.

- Daily/Hourly Rate is calculated by Weekly Rate divided by the Agreed Defininition of a Week figure.

Average Weekly Earnings (AWE)		Ordinary Weekly Pay (OWP)	
$\dfrac{\text{Last 12 months Gross}}{\text{52 weeks}}$	= Weekly Rate	$\dfrac{\text{What the employee would have earned OR}}{\text{Last 4 weeks Gross}}{\Big/}{\text{4 weeks}}$	= Weekly Rate
$\dfrac{\text{Weekly Rate}}{\text{Definition of a Week}}$	= Daily/Hourly Rate	$\dfrac{\text{Weekly Rate}}{\text{Definition of a Week}}$	= Daily/Hourly Rate

Note: Average Weekly Earnings (12 Months Totals) is impacted by the number of weeks of Leave Without Pay (LWOP) – refer white paper **Managing Leave Without Pay** on our Education Centre.

The **[Pay History]** information is also available on the **Employee Maintenance** > **Holiday Pay** tab.

Pay History

Pay Number	Type	Pay Date	Physical Pay Date	Gross Pay	Ordinary Earnings	Days Paid	Agreed Definition of a Week	4 Week	12 Month
126	Current	16/02/2020	17/02/2020	824.00	824.00	5.00	5.00		Yes
127	Current	23/02/2020	24/02/2020	824.00	824.00	5.00	5.00		Yes
128	Current	01/03/2020	02/03/2020	824.00	824.00	5.00	5.00		Yes
129	Current	08/03/2020	09/03/2020	824.00	824.00	5.00	5.00		Yes
130	Current	15/03/2020	16/03/2020	824.00	824.00	5.00	5.00	Yes	Yes
131	Current	22/03/2020	23/03/2020	824.00	824.00	5.00	5.00	Yes	Yes
132	Current	29/03/2020	30/03/2020	824.00	824.00	5.00	5.00	Yes	Yes
134	Current	05/04/2020	06/04/2020	5820.00	820.00	5.00	5.00	Yes	Yes

Ordinary Daily Rate Method: Standard
Agreed Definition of a Week (Days): 4.00

	Gross	Weeks	LWOP	Weekly Rate	Daily Rate	
Standard Pay:	820.00	1		820.00	205.00	
4 Week Totals:	3292.00	4		823.00	205.75	4 pays included
12 Month Totals:	48500.11	52	0	932.69	233.17	52 pays included

View Payslip   Export   Exit : Esc

Taking Holiday Pay over Multiple Pay Periods

If an employee takes Holiday Pay for a period that spans a number of weeks or pay periods, all of the leave should be valued as at the beginning of the Holiday i.e. the date of the first pay period it was processed in.

A new **Holiday Start Date** field is available for use when employees take Annual Holidays for a period that spans multiple pay periods.

Employers can pay all of the Holiday Pay in a lump sum in one pay or spread it over each pay period that the Holiday covers.

To prevent the possibility of the rate changing from one pay to the next, a new **Holiday Start Date** is available on the **Holiday Pay** tab of the **Leave Management** window in your Current or One-Off Pay.

Holiday start date may be set to before the current pay period start date;

- If Holiday Pay relates to current pay, no need to enter Holiday start date as the rate is correct at this point in time (higher of Average Weekly Earnings vs Ordinary Weekly Pay)
  - *If a holiday pay start date is entered that falls within the current pay there is no impact to the rate.*

- If the holiday started in the previous pay period, enter the date of the first day of the holidays in the Holiday start date field and the software will use the same rate as used in the first pay

- Make sure to re-enter the Holiday start date each pay period that you are paying Holiday Pay for until the employee returns to work

A new **Holiday Pay Rate as on:** date the right of the Current Pay window shows the date that will be used to calculate the Holiday Pay rate.

Notes:

- The Holiday Start Date may also be used for adjustment payments, or when payment for leave was missed in a prior period and the leave payment is being "caught up" in the current period.

- The Holiday Start Date only relates to Holiday Pay Payments.

When Holiday start date is entered, a warning will appear and the rate will be recalculated if different from current pay rate.
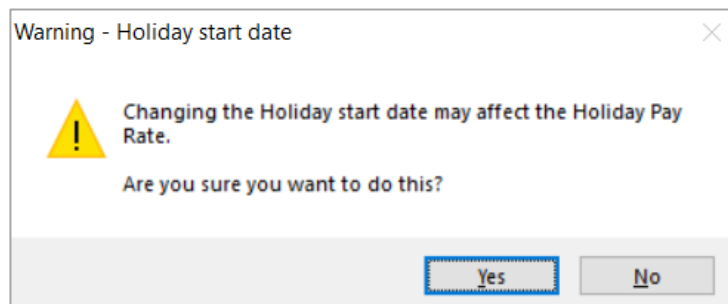
Report Updates

Custom Payslip

The report **Payslip Custom** has been updated to include the Portion of a week taken, and the employees current balances in Weeks as well as Days/Hours

(1) James Wallace
23 Fleet Street
Rosedale
Auckland 1021

ABC Company Limited
Company IRD Number: 011-112-226

(1) James Wallace				Printed On:	11/06/2020 10:35:55 PM
Department: 2 Akld,Sales				Pay Frequency:	Weekly
Occupation: Salesman				Pay Period:	06/04/2020 - 12/04/2020
IRD Number: 097-798-796				Physical Pay Date:	13/04/2020

Taxable Income	Units		Rate	Amount
Wages - Ordinary	40.00	Hours	20.5000	820.00
Holiday Pay (0.20 weeks)	1.00	Days	186.5400	186.54
Sick Pay	9.00	Hours	23.3178	209.86

Non Taxable Income	Units	Rate	Amount

Deductions	Units	Rate	Before Tax	After Tax
PAYE				247.59
KiwiSaver - employee		4.0000%		48.65

Employer Superannuation	Units	Rate	Amount
KiwiSaver - employer(net)		3.0000%	30.19

Disbursements	Bank Account		Reference	Amount
Paid Direct Credit	02-0212-3698752-025		WAGES	920.16

Pay Summary	This Pay	YTD	Leave Entitlement		Outstanding	Accrued	Advanced	Cashed-Up	Balance
Total Gross Pay	1,216.40	7,036.40	Holiday Pay	(Balance in Days)	9.00	1.14	0.00	0.00	10.14
				(Balance in Weeks)	1.80	0.23	0.00	0.00	2.03
P.A.Y.E	247.59	1,328.14	Long Service Leave	(Days)	0.00	0.00	0.00	0.00	0.00
			Shift Leave	(Days)	0.00	0.00	0.00		0.00
KiwiSaver - employee	48.65	281.45	Other Leave	(Days)	0.00	0.00	0.00		0.00
					Outstanding	Worked	Taken	Cashed-Up	Balance
Net Pay	920.16		Alternative Leave	(Days)	0.00	0.00	0.00	0.00	0.00
Superannuation	This Pay	YTD				Next Due	Next Entitlement		Balance
KiwiSaver - employer	30.19	174.34	Sick Pay	(Days)		17/09/2020	5.00		13.00

Notes:

- Weeks options will not be available on any other payslip reports. If you are not already using the **Payslip - Custom** report it is recommended to move to this option. Please see the Help menu for information on using the **Payslip Custom** report.

- The balances at the bottom can be shown in Days or Hours (based on your configuration), Weeks or Both.

Holiday Pay Report

The Holiday Pay Report will now identify what employees are in Days/Hours or Weeks for their rate and balance calculations.

ABC Company Limited

Holiday Pay Report
All Employees

		Calculate Holiday Pay in	Outstanding Days	Outstanding Rate	Outstanding Amount	Accrued Days	Accrued Rate	Accrued Amount	Advanced Days	Advanced Amount	Total Days	Total Amount	Termination Amount
1	Wallace, Edward James	Weeks	9.00	233.17	2098.53	1.14	233.17	265.81	0.00	0.00	10.14	2364.34	3011.52
2	Andrews, Thomas Harley	Weeks	5.00	158.00	790.00	1.42	158.00	224.36	0.00	0.00	6.42	1014.36	1055.44
3	Houghton, Jannet Faye	Weeks	14.00	391.67	5483.38	17.42	391.67	6822.89	0.00	0.00	31.42	12306.27	10295.76
4	Smith, Sandra Olive	Weeks	6.00	171.47	1028.82	10.45	171.47	1791.86	0.00	0.00	16.45	2820.68	2975.86
5	Keating, Karl Adrian	Days	0.00	90.00	0.00	18.30	90.00	1647.00	0.00	1000.00	18.30	647.00	292.80
6	George, Thomas Russell	Days	0.00	187.63	0.00	18.30	187.63	3433.63	0.00	0.00	18.30	3433.63	2379.36
8	Hillary, Matthew Martin	Days	5.00	160.00	800.00	17.21	160.00	2753.60	0.00	0.00	22.21	3553.60	3116.90
9	Jackson, William Duncan	Days	10.00	160.00	1600.00	16.82	160.00	2691.20	0.00	0.00	26.82	4291.20	3904.00
20	Tate, Bernard Cedric	Days	22.00	144.41	3177.02	1.42	144.41	205.06	0.00	0.00	23.42	3382.08	3661.58
21	Giles, Harrison Relf	Weeks	3.75	160.00	600.00	17.45	160.00	2792.00	0.00	0.00	21.20	3392.00	2696.00
22	Watson, Judy May	Days	0.00	152.00	0.00	15.29	152.00	2324.08	5.00	760.00	10.29	1564.08	1774.40
23	Smith, Jane	Days	0.00	230.77	0.00	1.10	230.77	253.85	0.00	0.00	1.10	253.85	276.92
24	TEST, Code 1	Weeks	0.00	230.77	0.00	5.15	230.77	1188.47	0.00	0.00	5.15	1188.47	400.00
			74.75		15577.75	141.47		26393.81	5.00	1760.00	211.22	40211.56	35840.54

—— End of Report ——

Holdiay Pay Report Views

The Holiday Pay Report View has 2 new custom views that will automatically separate Employees on Weeks from those on Days/Hours methods, displaying only the fields and information required for each.

Next Steps

For further information on managing entitlements and payments in weeks please see the following whitepapers on our Education Centre/Whitepapers

- Activating Holiday Pay in Weeks
- Provisioning Annual Holidays in Weeks and Managing Work Pattern Changes
- Managing Leave Without Pay