# MYOB Exo Payroll Holiday Pay Processing in Weeks

June 2020



## myob

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### 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 <u>MYOB Holidays Act Hub / Exo</u> <u>Payroll</u> 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. <u>MBIE Holidays Act 2003 guidance on holidays and leave</u>
- 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 <u>enterprise.services@myob.com</u> 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.

#### Portion of entitlement taken =

#### number of days/hours taken (the 'numerator') 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.

🚥 Leave Management						<b>•</b>
1 (WALLACE) V	Vallace, Edward James			22		
Summary	Holiday Pay				Employment Details	
	- Entitlement Balances		- Entitlement Balances in We	Standard Pay Salary	0.00	
UnEday	Deve Accrued:	2.96	Accrued:	0.59	Standard Pay Wages	1024.00 Full-Time / Permanent
Holiday	Days Accided.	12.00	Accided.	0.55	Default Cost Centre	14 Akld/Sales
	Days Outstanding.	17.00	Adversed	3.40	Hours Per Pay Period	0.00
Sick	Days Advanced:	0.00	Advanced	0.00	Hours Per Standard Day	8.00
	Total Days:	19.96	Total:	3.99	Agreed Definition of a Week	5.00
Public Holidau	Days Cashed-up This Year:	0.00	Cashed-up This Year:	0.00	Taxation Details	
	- Losvo Paid				ESCT Rate	Calculated Rate: 17.5%
L	Deur	Weeks	Haliday Dev	Americant		
Alternative	Days	VVEEKS	Holiday Pay	Amount		
	Leave: 3.00	0.60 Da	ites Taken   614.4	Uverride		
Bereavement	Future-dated leave: () 0.00	0.00 Da	ites Taken 0.01	0 Cverride	Leave Calculation Details	
	Cash-Up: 0.00	0.00	0.0		Holiday Pay Rate as on: 10	History
Eamily Violence		0.00	0	-	Pate Type Gross Liable	Weekby Pate Daily Pate
	Holiday start date: () /	/	Cost Centre:   14	4	Standard Pay 1024.00	1024.00 204.80
1	Exclude from pays until:	/			4 Week Average 4096.00	1024.00 204.80
Long Service					52 Week Average 44126.43	848.59 169.72
	1		1		Relevant Rate	History
Unpaid	Extra Allowances/Deductions	Ioliday Pay Note			Relevant Daily Pay Rate Methor	d: Standard Pay
					Rate Type Gross Liable	Hours Paid Rate
тон	- Termination		Holiday Closedown		Standard Pay 1024.00	40.00 25.6000
1010	Termination Holiday Pay Amount:	4318.34	Holiday Pay Amount:	4318.34	Average Daily Pay 44126.43	2080.00 21.2146
1				1.0	Hourly Rate	25.6000
Other Leave	Termination Wizard		<u>C</u> losedown % only Holiday Pay	Wizard ()	special Rate	0.0000
						*I ype used in calculation
	6	Save : F10	Exit: Esc			
	4					

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 <u>Annual Holiday Rate Calculations</u> 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.

En Leave Management								×
1 (WALLACE) W	Vallace, Edward James			70				
Summary	Holiday Pay				Employment I Standard Pay Sa	Details Ilary		0.00
<u>H</u> oliday	Entitlement Balances	2.96	Entitlement Balances in Weel Accrued:	0.59	Standard Pay W Employment Bas Default Cost Cer	ages is ntre	Full-Tim	1024.00 ie / Permanent 14 Akld/Sales
Sick	Days Outstanding: Days Advanced:	17.00 0.00	Outstanding: Advanced	3.40 0.00	Hours Per Pay P Hours Per Stand Agreed Definitio	eriod ard Day n of a Week		0.00 8.00 5.00
Public Holiday	Days Cashed-up This Year:	0.00	0.00	Taxation Deta Tax Code	iils	Colordator	M	
Alternative	Leave Paid Days	Weeks	Holiday Pay An	nount	ESCIRAte		Calculated	1 Rate: 17.5%
Bereavement	Future-dated leave: 0 0.0	0.60 Da	ates Taken 0.00 1	Override	Holiday Pay R	tion Details ate as on: 10/u	3/444	History
Eamily Violence	Cash-Up: 0.0 Date due back from holiday:	0.00	0.00 Cost Centre: 14	0verride	Ordinary Daily R Rate Type	ate Method: H Gross Liable	igher Rate Weekly Rate	Daily Rate
Long Service	Holiday start date: ()	11			4 Week Average 52 Week Average	4096.00 e 44126.43	1024.00 1024.00 848.59	204.80 204.80 169.72
<u>U</u> npaid	Extra Allowances/Deductions	Holiday Pay Note	Holidau Clasodaura		Relevant Rate Relevant Hourly	e Rate Method: Sta	andard Pay	History
TOIL	Termination Holiday Pay Amou	nt: 4318.34	Holiday Pay Amount:	4318.34	Rate Type Standard Pay Average Daily Pa	Gross Liable 1024.00 ay 44126.43	Hours Paid 40.00 2080.00	Rate 25.6000 21.2146
Other Leave	Iermination Wizard		<u>Closedown % only Holiday Pay Wiz</u>	ard ()	Hourly Rate Special Rate		*Tupe user	25.6000 0.0000
	[	🔒 Save:F10	Exit : Esc				Type used	

**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 Week	y Earnings (AWE)	Ordinary Weekly Pay (OWP)						
Last 12 months Gross 52 weeks	= Weekly Rate	What the employee would have earned OR Last 4 weeks Gross 4 weeks	= Weekly Rate					
Weekly Rate	= Daily/Hourly Rate	Weekly Rate	= Daily/Hourly Rate					
Definition of a Week		Definition of a Week	= Dally/Houny 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.

ay Number	Туре	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
rdinary Dail greed Defin	ly Rate Met iition of a V	hod: Standar Veek (Days):	d 4.00						
			Gross	Weeks LWO	DP Weekly Rat	e Daily Rate	_		
		Standard Pay	820.00	1	820.00	205.0	0		
		Week Totals	3292.00	4	823.00	205.7	5 4 pays included		



## 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.

🚥 Leave Management	t	
1 (WALLACE)	Nallace, Edward James	
Summary	Holiday Pay	Employment Details
	Entitlement Balances in Weeks	Standard Pay Salary 0.00
Holidan	Dave Accrued: 2.96 Accrued: 0.59	Standard Pay Wages 1024.00
noliuay	Days Accided. 2.50 Accided. 0.55	Default Cost Centre 14 Akid/Sales
	Days Odistanding. 17.00 Odistanding. 5.40	Hours Per Pay Period 0.00
<u>S</u> ick	Tatal Davis 10.00 Advanced 0.00	Hours Per Standard Day 8.00
	Devis Cashad up This Year 0.00 Cashad up This Year 0.00	Taxation Details
Public Holiday	Days cashed-up this tear. 0.00 Cashed-up this tear. 0.00	Tax Code M
	Leave Paid	ESCT Rate Calculated Rate: 17.5%
Alternative	Days Weeks Holiday Pay Amount	
	Leave: 300 0.60 Dates Taken 614.40 Override	
Bergerungen		Leave Calculation Details
Deleavement		Holiday Pay Rate as on: 10/05/2020
	Cash-Up: 0.00 0.00 0.00 0.00 0.00	Ordinary Daily Rate Method: Higher Rate
Eamily Violence	Holiday start date: () // Cost Centre: 14	Rate Type Gross Liable Weekly Rate Daily Rate
	Exclude from pays until:	Standard Pay 1024.00 1024.00 204.80
Long Service		52 Week Average 44126.43 848.59 169.72
		Pelevent Pete
Unpaid	Extra Allowances/Deductions Holiday Pay Note	Relevant Daily Pay Rate Method: Standard Pay
		Rate Type Gross Liable Hours Paid Rate
7.011	Termination — Holiday Closedown —	Standard Pay 1024.00 40.00 25.6000
TOĪL	Termination Holiday Pay Amount 4318.34 Holiday Pay Amount: 4318.3	4 Average Daily Pay 44126.43 2080.00 21.2146
		Hourly Rate 25.6000
Other Leave	I ermination Wizard Closedown % only Holiday Pay Wizard	Special Rate 0.0000
		*Type used in calculation
	😭 Save: F10 🛛 🗮 Exit: Esc	



#### 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

) James Wallace 3 Fleet Street osedale									
uckland 1021									
		•		limit	o d				
		6	ompany IRD Number:	011-112-2	226				
(1) James Wallace					Printed	d On:	11/06/20	20 10:35:55 P	м
Department: 2 Akid,Sales					Pay Fr	equency:	Weekly		
Occupation: Salesman					Pay Pe	eriod:	06/04/20	20 - 12/04/202	20
IRD Number: 097-798-796					Physic	al Pay Dat	e: 13/04/20	20	
Taxable Income			Units			Rate			Amount
Wages - Ordinary			40.00	Hours		20.5000			820.00
Holiday Pay (0.20 weeks)			1.00	Days	1	86.5400			186.54
Sick Pay			9.00	Hours		23.3178			209.86
Non Taxable Income			Units			Rate			Amount
Deductions			Units			Rate	Befo	ore Tax	After Tax
PAYE									247.59
KiwiSaver - employee						4.0000%			48.65
Employer Superannuation			Units			2 0000%			Amount 20.10
KiwiSaver - employer(net)						3.0000 %			30.16
Disbursements	Bank Accou	nt				Referen	ce		Amount
Paid Direct Credit	02-0212-369	8752-025				WAGES	•		920.16
Pay Summary	This Pay	YTD	Leave Entitlement	Outsta	anding	Accrued	Advanced	Cashed-Up	Balance
Total Gross Pay	1,216.40	7,036.40	Holiday Pay (Balan	ce in Days)	9.00	1.14	0.00	0.00	10.14
PAVE	247.50	1 220 14	(Balance	in Weeks)	1.80	0.23	0.00	0.00	2.03
F.B. 1.2	247.08	1,520.14	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
	920.16		Alternative Leave	Outsta (Days)	anding 0.00	Worked 0.00	Taken 0.00	Cashed-Up 0.00	Balance 0.00
Net Pay									
Net Pay Superannuation	This Pay	YTD				Next Due	Next Ent	itlement	Balance

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.

A	Employees													
				Outstanding			Accrued			Advanced		tal	Termination	
Calculate Holiday Pay in			Days	Rate	Amount	Days	Rate	Amount	Days	Amount	Days	Amount	Amount	
	Wallace, Edward Jaines	Weeks	9.00	233.17	2098.53	1.14	233.17	265.81	0.00	0.00	10.14	2364.34	3011.52	
	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	
	Houghton, Jannet Frye	Weeks	14.00	391.67	5483.38	17.42	391.67	6822.89	0.00	0.00	31.42	12306.27	10295.76	
	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	
	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	
	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	
	Hillary, Matthew Mar <mark>i</mark> n	Days	5.00	160.00	800.00	17.21	160.00	2753.60	0.00	0.00	22.21	3553.60	3116.90	
	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	
)	Tate, Bemard Cedric	Days	22.00	144.41	3177.02	1.42	144.41	205.06	0.00	0.00	23.42	3382.08	3661.58	
	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	
	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	
	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	
	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	

#### 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.

Exo	Holiday	Pay																23
Filters     So       Department:     All     Image: Calculation Method:     All     Image: So       Cost Centre:     All     Image: Calculation Method:     All     Image: So						Sort Order	le escending	Standar Calculate	View d View	stom Views v:			Export Export Optic	on: Visible C	olumns 💌			
	Code≜	Alpha Code	Surname	First Name	Department	Employee Status	Cost Centre	Permanent Part-time	Holiday Pay Rate Method	Du Calculate	e in weeks e Current An	nual Leave ra	ites	₽d	Accrued Amount	Advanced Days	Advanced Amount	<u> </u>
Þ	1	WALLACE	Wallace	Edward James	2 - Akid,Sales	Permanent	14 - Akid/Sales	No	Weekly	Entitlem	ents Annual I	Leave		3.17	265.81	0.00	0.00	
П	2	ANDREWS	Andrews	Thomas Harley	3 - Akld, Dispatch	Permanent	15 - Akld/Packaging	No	Weekly	5.00	158.00	790.00	1.42	158.00	224.36	0.00	0.00	- 1
	3	HOUGHTON	Houghton	Jannet Faye	1 - Akld, Administration	Permanent	12 - Akld/Reception	No	Weekly	14.00	391.67	5483.38	17.42	391.67	6822.89	0.00	0.00	
	4	SMITH	Smith	Sandra Olive	4 - Ham, Administrat	Permanent	22 - Ham/Reception	No	Weekly	6.00	171.47	1028.82	10.45	171.47	1791.86	0.00	0.00	
	5	KEATING	Keating	Karl Adrian	3 - Akld, Dispatch	Permanent	16 - Akld/Delivery	No	Daily	0.00	90.00	0.00	18.30	90.00	1647.00	0.00	1000.00	
	6	GEORGE	George	Thomas Russell	4 - Ham, Administrat	Permanent	21 - Ham/Office	No	Daily	0.00	187.63	0.00	18.30	187.63	3433.63	0.00	0.00	_
																		_
4																		
								View Emplo	yee X Exp	oort 💽	Exit : Esc							



## Next Steps

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

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