

MYOB Advanced Payroll

Processing Terminations (NZ)

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Payroll Terminations

This document describes the termination process in MYOB Advanced for companies in New Zealand—a separate white paper is available for Australian companies.

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 understand how to meet your obligations as an employer under the Holidays Act 2003. If you have further questions or are in doubt, it is best to seek legal advice to ensure you are meeting your obligations.

Setup

Pay Items

Default pay items for Unused Annual Leave, Unused Alternative Day, and Public Holiday on termination payments are included in MYOB Advanced. These pay items are set up to be taxed as appropriate.

In most cases, the default pay items will be sufficient and there should be no need to create new pay items. If you do need new pay items for unused contractual leave, however, make sure to select the "Taxable: Extra Pay" taxation option—a "pay-out" of unused leave is considered a lump sum payment.

The pay item's **General Ledger Purpose** can be changed if the default is not appropriate for your accounting practice; the typical practice is to journal the leave accrual (debit the expense, credit the liability account), so when leave is paid out, it will debit the liability account instead of the expense account. Whatever GL Purpose you select will be used by the termination workflow.

Note: If you have saved changes to a system pay item, then it won't be changed by future upgrades.

Entitlements

All entitlements with the **Pay Entitlement balance upon termination** option ticked on the Entitlements screen (MPPP3300), will be included in the employee's final pay.

In New Zealand, this option must be ticked for "Annual Leave", "Public Holidays" and "Alternative Day" leave types. For other leave and non-leave entitlements, the setting of this option needs to be aligned with employment agreements.

The screenshot shows the 'Entitlements' screen in MYOB Advanced. The 'Properties' section on the left has 'Leave' checked, 'Choose leave type' set to 'Annual leave', and 'Entitlement may be paid/taken in advance' and 'Cap accrual per period' checked. The 'Payslip' section on the right has 'Include Entitlement Movements Summary' and 'Include Accruals' checked. A red box highlights the 'Termination treatment' section, where 'Pay Entitlement balance upon termination' is checked, 'Accrued entitlement % of gross' is set to 8.0000, and 'Treat As' is set to 'Annual Leave'.

When this option is ticked, the **Treat As:** field becomes available. Select “Annual Leave” for Annual Leave entitlements, and “Other” for all other leave and non-leave entitlements.

If you select “Other”, the **Pay Item** field becomes active—you must specify a pay item that you have set up as per “Pay Items” on page 3.

Note: The “Long Service Leave”, “Time Off In Lieu”, “Rostered Days Off” and “Personal/Carers Leave” options are used in Australia only and have no effect in NZ companies.

Notional Public Holidays

If an employee had unused annual leave, they may be entitled to public holiday payments on termination. These public holidays are often referred to as notional public holidays. For more details, see [section 40 of the Holidays Act 2003](#) and [Payment for leave and holidays in final pay on the Employment New Zealand website](#).

As part of processing notional public holidays for an employee’s final pay, you need to make sure that they’re all set correctly in Work Calendar screen (CS2090PL).

Work Calendar

NZCALENDAR - Logistics

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* Calendar ID: 🔍

Description:

Time Zone: ▾

CALENDAR SETTINGS EXCEPTIONS

Year: 🔍

🔄 + × |←| 🗨️

* Date	Day Of Week	Description	Work Day	* Start Time	* End Time	Goods Are Moved
> 1/01/2014	Wednesday	New Year's Day	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
2/01/2014	Thursday	Day after New Year's...	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
6/02/2014	Thursday	Waitangi Day	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
18/04/2014	Friday	Good Friday	<input checked="" type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
21/04/2014	Monday	Easter Monday	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
25/04/2014	Friday	ANZAC Day	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
2/06/2014	Monday	Queen's Birthday	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>
27/10/2014	Monday	Labour Day	<input type="checkbox"/>	9:00 AM	6:00 PM	<input type="checkbox"/>

For employees whose work pattern source is set to **Employee Schedule** on the **Employment** tab of the Pay Details screen (MPPP2310), you need to ensure the Work Schedule screen (MPPP2260) includes all the dates up until the employee’s “notional” end date, so that the system can determine if the public holidays are otherwise working days.

Employee Work Schedule

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* Employee ID: EP00000001 - Sheridan Matti 🔍

Employee Name: Sheridan Matthew, Mr.

Start Date: 2/05/2016 ▾

End Date: 30/06/2022 ▾

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* Date	Day of Week	Working Day	Scheduled Hours	Timesheet Hours	Has Leave	Leave Type
> 9/06/2021	Wednesday	<input checked="" type="checkbox"/>	9.00	0.00		
10/06/2021	Thursday	<input checked="" type="checkbox"/>	10.00	0.00		
11/06/2021	Friday	<input checked="" type="checkbox"/>	9.00	0.00		
12/06/2021	Saturday	<input type="checkbox"/>	0.00	0.00		
13/06/2021	Sunday	<input type="checkbox"/>	0.00	0.00		
14/06/2021	Monday	<input checked="" type="checkbox"/>	9.00	0.00		
15/06/2021	Tuesday	<input checked="" type="checkbox"/>	9.00	0.00		
16/06/2021	Wednesday	<input checked="" type="checkbox"/>	9.00	0.00		
17/06/2021	Thursday	<input checked="" type="checkbox"/>	9.00	0.00		
18/06/2021	Friday	<input checked="" type="checkbox"/>	9.00	0.00		
19/06/2021	Saturday	<input type="checkbox"/>	0.00	0.00		

Before Processing a Termination

Make sure there's only one open pay for that employee

If you are terminating an employee who is in more than one open pay run, make sure you either complete or cancel the others pays before the termination pay run is done.

Make sure there's only one entitlement for each leave type for that employee

When terminating an employee, the system processes only one entitlement for each leave type—if an employee has more than one entitlement for a leave type, you will need to use the Entitlement Adjustment screen (MPPP3000) to consolidate the balances of all of them into one before the termination can be processed.

Make sure the employee's pay group and rates are configured

If the employee belongs to multiple pay groups, check that the pay group being used for the termination has the correct rates configured on the **Pay Groups** tab of the Pay Details screen (MPPP2310).

Import required public holiday items

If terminating your employee part way through the pay period, check whether the employee is entitled to be paid for a public holiday taken/worked. If not, you can delete the public holiday item line before importing.

Set up schedules for notional public holidays

You need to set up notional public holidays and otherwise working days (OWD) on the Employee Work Schedule screen (MPPP2260) and the **Exceptions** tab of the Work Calendar screen (CS2090PL).

This helps identify any incorrect public holiday settings that resulted from importing leave, timesheets and public holidays. You must verify these before opening the termination wizard, or the employee's final pay might include incorrect public holiday payments.

On the **Employment** tab of the **Pay Details** screen (MPPP2310), if an employee's **Work Pattern Source** is set to:

- **Employee Schedule** – Manually work out what you need to enter.
- **Work Calendar** – MYOB Advanced Payroll will automatically predict the employee's otherwise working days during that notional public holiday period, so make sure to review the public holidays listed on the **Exceptions** tab on the Work Calendar screen (CS2090PL).

Final Pay Date

If the physical pay day for the employee's final pay differs to their normal pay date, you can create a one-off pay run for the employee under the regular pay group. Use the same pay period start and end dates but changing the physical pay day. By default, all pay items set in the standard pay are automatically copied into the one-off pay run.

When a one-off pay is opened, all other employees using the same pay group will also appear in the pay run. You need to remove the other employees from the pay run. To avoid paying the terminated employee twice, you need to remove them from the normal pay run in which the termination date falls.

Note: We recommend that you deal with termination pays before processing normal pays for rest of your employees. This ensures the terminated employees are correctly marked as inactive when you create subsequent pays for their pay group.

Back-dated Terminations

All types of leave

A back-dated termination is a when the termination date is earlier than the pay period start date of the current open pay.

For these terminations, MYOB Advanced Payroll doesn't automatically adjust earned and accrued units to reflect the period from the terminated employee's last anniversary day until their termination date. For example, this can happen if an employee resigns while on parental leave, or if your company's payroll team hasn't been told about a termination until after an employee has left your company.

This can affect an employee's final pay if the employee's annual leave anniversary rollover occurs after their actual termination date. So, to correct the balances, you might need a manual entitlement adjustment or reversal, as well as adjustment pays.

If there hasn't been any annual leave rollover, then the accrued units only affect the values shown on the Entitlement Movements screen (MPPP6032) and the overall liabilities remaining on the company journals and general ledgers.

As a result, before completing the termination pay, you must manually make an Entitlement Adjustment of only the accrued units to ensure that they match the period from the employee's last anniversary date to their termination date.

When making a final pay for a backdated termination, you should process it in a one-off pay in the terminated employee's regular pay group. Make sure that the pay period start and end dates for the one-off pay match with the normal pay period start and end dates. Because the lookback periods for leave rates are calculated from the pay period start and end dates, this avoids issues created by overlapping pays.

Understanding the rates for unused annual leave

When preparing a back-dated termination, a warning appears on the **Details** tab of the **Termination** window.

The screenshot shows the 'Termination' window in MYOB Advanced Payroll. The 'DETAILS' tab is selected. The form contains the following information:

Batch number:	<NEW>	Created date (UTC):	7/10/2022 6:46:00 PM
Pay run ID:	PAY-001690	Created by:	
Employee:	EP00000005	Last modified date:	7/10/2022 6:46:00 PM
Employee name:	Wang Grace, Mrs.	Last modified by:	

Below the form, there are tabs for 'DETAILS', 'UNUSED ANNUAL LEAVE', 'PUBLIC HOLIDAY', and 'UNUSED OTHER LEAVE'. The 'DETAILS' tab is active, and a warning message is displayed:

TERMINATION DETAILS

* Reason: Resigned

Last day of employment: 7/10/2022

Notional end date:

The termination date falls outside of this pay period. This could result in incorrect YTD gross calculations, entitlement balances and rates used for paying out Annual Leave. Please check details in the inspector. If necessary, manually recalculate and override the values.

The warning appears because, for back-dated terminations, most leave rates that calculate unused annual leave payments are based on the termination date selected in the **Last day of employment** field.

However, leave balances, annual leave YTD values, the OWP 8.1 standard rate and OWP special agreed rate aren't based on termination date. Instead, these include the latest rates and payments up to the current open pay that includes the termination payments.

Note: As an employer, you might have an obligation to pay lump sum or extra payments at 8%. Your company's employee agreements, legal advice and recovery guidance determine if you need to pay at 8%. Back-dated and future-dated terminations can cause rates and calculations to not be based on the termination date. If the values in the termination wizard are different to what you expected, you can override the automatically calculated rate with a manually calculated custom rate. You can do this on the **Unused Annual Leave** tab of the **Termination** window by selecting the **Custom rate** option, then entering your manually calculated rate. For example, you might need to do this if an employee resigned on parental leave while they had an OWP special rate. In that scenario, you'd need to pay their balances until the start of their parental leave using the special rate.

Future-dated Terminations

MYOB Advanced Payroll doesn't support future-dated terminations in the termination wizard.

Although you can enter a termination date that is later than the pay period end date of the current open pay, this causes incorrect pay rates and payments.

For example, if an employee's annual leave anniversary falls between the current pay end date and the termination date, the system doesn't apply the rollover process.

If you still want to proceed with future-dated terminations, then you need to calculate the values manually and override them accordingly in the termination wizard.

Processing the Termination Pay

There are two parts to processing a termination pay:

1. Creating a pay for the termination.
2. Entering details about the termination.

When processing a pay that includes an employee's final pay, you need to perform extra steps to ensure that unused leave balances are paid out and the employee is marked as terminated.

Note: If an employee is included in another open Current Pay, you can't terminate them.

Note: If you get the error "The Advanced People pay calculator does not support the Request supplied, please contact customer support" while entering a termination pay, you need to recreate the termination form. See our [troubleshooting article](#) for more information.

Create a pay for the termination

You need to follow these steps before opening the termination wizard.

If you have an open termination wizard window, close it until completing these steps. This helps ensure terminated employee's final pay is calculated correctly.

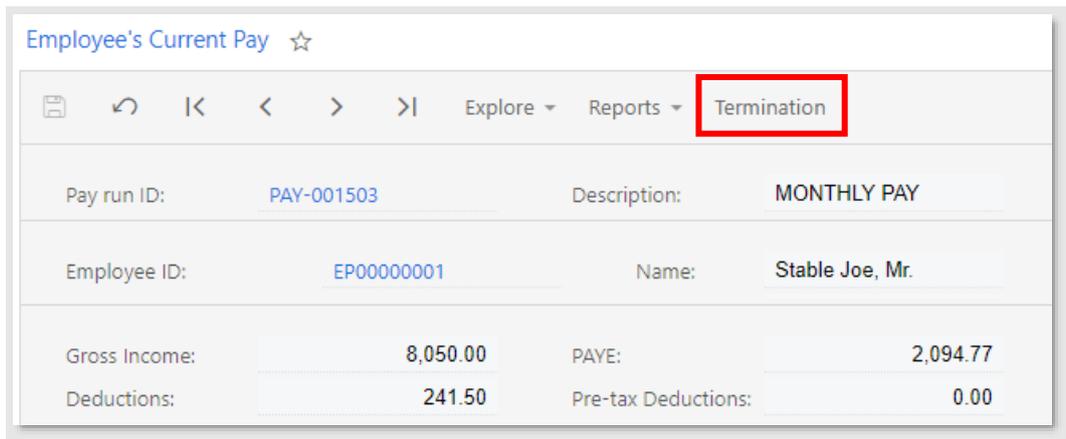
1. Create the pay as normal, ensuring that any leave the employee is taking in the final pay period has been entered.
2. If the employee is being paid in a one-off pay, rather than the regular, update the **Physical pay day** in the Pay Run Details screen to match their needs.

Note: Changing the **Pay period end** date on a one-off pay run is optional and it is good to make sure the Pay period dates for this one-off pay align with a normal pay (which would have been processed if no termination)

3. Use the following options from the **Actions** menu to import all necessary pay data for the employee:
 - a. **Import Leave** (If your employee is terminating part way through the pay period, you should ensure there are no leave requests made after the termination date. If so, you can delete the item line before importing.)
 - b. **Import Timesheet**
 - c. **Import Public Holidays**.
4. Open the Employee's Current Pay screen (MPPP3130) for the employee being terminated.
5. If the employee is not working for a full pay period, manually reduce or delete any pay items that got copied from their normal payments.
6. Manually add any additional payments, including payments that were not imported in step 3. However, exclude unused leave in respect of the employee's Employment Agreement. For example, typical payments that might need to be added to a termination pay are redundancy payments, retirement related payments, payments in lieu of notice, etc.

Entering termination details

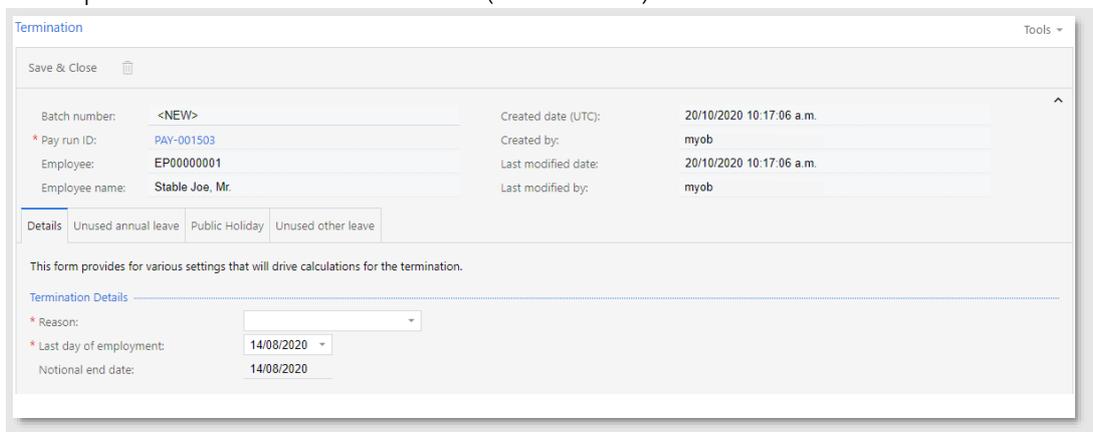
1. Click the Termination button on the main toolbar:



The screenshot shows the 'Employee's Current Pay' window. The 'Termination' button is highlighted with a red box. The window displays the following information:

Pay run ID:	PAY-001503	Description:	MONTHLY PAY
Employee ID:	EP00000001	Name:	Stable Joe, Mr.
Gross Income:	8,050.00	PAYE:	2,094.77
Deductions:	241.50	Pre-tax Deductions:	0.00

This opens the Termination window (MPPP5400):



The screenshot shows the 'Termination' window with the 'Details' tab selected. The window displays the following information:

Batch number:	<NEW>	Created date (UTC):	20/10/2020 10:17:06 a.m.
* Pay run ID:	PAY-001503	Created by:	myob
Employee:	EP00000001	Last modified date:	20/10/2020 10:17:06 a.m.
Employee name:	Stable Joe, Mr.	Last modified by:	myob

Termination Details

* Reason:

* Last day of employment: 14/08/2020

Notional end date: 14/08/2020

2. On the **Details** tab, select the **Reason**. This is used for record-keeping and reporting but does not affect how the employee is paid or taxed. See [“Ending employment” on the IRD website](#) for information on what each of the reasons means.
3. Set the **Last day of employment**. This defaults to the current business date in MYOB Advanced Payroll.
4. Review the rates, balances and values for leave the following tabs. The accrual payment should be the last value that you check.
 - a. **Unused Annual Leave** tab – Review **Earned payment** and **Accrual payment** amounts, including **Annual Leave Year-to-Date** gross earnings used for accrual payment rate calculations.
 - b. **Public Holiday** tab – Review the **Rate** used for a public holiday.
 - c. **Unused Other Leave** tab – Review the **Calculated Amount**.
 - d. If you agree with the **Earned payment** and **Accrual payment** amounts, then continue to step 11.

Note: If you had any issues while checking the rates, balances and values, see the [FAQ section](#) for answers on how to solve them.

5. If you need to override any rates or amounts mentioned in step 4:
 - **Unused Annual Leave** tab:
 - i. To override the **Earned payment** amount, either select the rate that shows the correct amount, or click the **Custom rate** button and enter the correct weekly rate.

- ii. If the **Remaining “earned” units** is incorrect, then cancel the termination process and correct the entitlement units using the Entitlement Adjustments screen (MPPP3000).
- iii. To override the **Accrual payment** amount, select the **Custom amount** checkbox.

Note: You will need to manually calculate the entire calculation for the 8% of gross earnings since the last anniversary, minus leave taken in advance.

- **Public Holiday** tab – To override the **Rate** used for a public holiday, select the **Override Rate** checkbox and enter the rate that should be applied.
- **Unused Other Leave** tab – To override the **Calculated Amount**, select the **Override Rate** checkbox and enter the correct rate.

Note: In all cases, if you override any default values, you must enter your reason for doing so in the **Comments** field.

6. Click **Save & Close**. The Employee’s Current Pay screen opens, where pay items for unused leave and any other payments are added to the Current Pay. (A **Normal Earnings** field appears in the table footer when an Unused Leave pay item is selected. This value is used when calculating the tax on the pay item.)
7. From the **Reports** dropdown, select **Pay Summary** to generate a pay summary report for the employee. Check the totals on this report.
 - If any of the values in the report are incorrect, review and edit the appropriate pay items as necessary.

Note: If you make changes to pay items, your changes might not appear in the **Termination** window. If that happens, you need to cancel the current termination and create it again in a new **Termination** window.

- If the values are correct, process and complete the pay run as normal.

Note: If the terminated employee has a reducing balance deduction and the balance won’t be cleared in this pay, a warning appears, so you can decide if you need to take action. For example, by setting up a debt collection record.

Termination window calculations

This section explains the calculation logic used for rates displayed on the **Unused Annual Leave** tab of the **Termination** window.

Earned (Entitled) Payments section	
List of weekly rates	<p>AWE Rate = The last 52 week of gross earnings liable for holiday pay / 52 weeks</p> <p>OWP Standard Rate = Pay items liable for OWP standard value / (52weeks / Pay frequency i.e., number of pays in a year)</p> <p>OWP 4 week average rate = Liable for OWP 4 weeks / 4 weeks</p> <p>OWP special agreed rate = user entered rate in Pay details screen (where you set the type of OWP rate)</p> <p>Standard rate = Annual Salary/52</p> <p>Custom rate = Type your own rate in termination window and save a comment for reason to select it.</p>
	<p>Note: Note: Default option selected is based on employee Annual Leave settings. E.g., Greater of OWP/AWE. You can still override to select a different rate.</p>
Remaining Earned Units	<p>Populated automatically from employee leave balance</p> <p>Note: There's an exception to this. If the termination date is on or after the employee's anniversary date in the pay period the final pay is processed, the termination wizard will dynamically calculate the earned and accrued values based on the anniversary date.</p>
Earned Payments	Rate selected * Remaining Earned Units

Accrual Payment section	
AL YTD gross earnings	<p>From Previous completed pays, accumulate Gross earnings liable for Holiday Pay from the last anniversary date until the termination date.</p> <p>The system will pro-rata the earnings if the last anniversary date fell part way through a pay period.</p>
AL Current pay gross earnings	<p>Gross earnings liable for Holiday pay from current open pay where termination wizard is open, and this amount includes:</p> <ul style="list-style-type: none"> All pay items liable for Holiday Pay in this pay All payments made for termination for unused Annual leave, public holidays and alternative leave and any other contractual payments
Total Gross earnings (liable for HP)	AL YTD gross earnings + AL Current pay gross earnings

"X" % of gross earnings X = "Accrued entitlement % of gross " under termination treatment section in Entitlement settings is used to display in here.
 $X\% \text{ of gross earnings} = x * \text{Total Gross earnings (liable for HP)}$

Less Total paid in advance The value of Leave taken in advance from the employee's last anniversary date to the current termination pay (i.e., within the period where YTD values are considered). Looks at entitlement movements "Normal Payment in Advance".

Custom amount To override the final amount with reason in comments. This option appears both under unused earned leave and accrued leave.

Remaining "accrual" units Values are just for information and are not used for any calculations. Used for clearing the balances post termination if it is not auto cleared.
 $= (\text{Accrual in last completed pay} + \text{Accrual in current open pay})$

Accrual payment "X" % of gross earnings - Less Total paid in advance

Termination CUSTOMISATION TOOLS

Batch number: **TERM001507** Created date (UTC): 9/06/2022 11:44:30 a.m.
 Pay run ID: [PAY-001528](#) Created by: tester
 Employee: **NZTERMINAL** Last modified date: 9/06/2022 11:44:30 a.m.
 Employee name: **Terminal NZ, Mr.** Last modified by: tester

DETAILS **UNUSED ANNUAL LEAVE** PUBLIC HOLIDAY UNUSED OTHER LEAVE

EARNED (ENTITLED) PAYMENTS		ACCRUAL PAYMENT	
<input type="radio"/> AWE rate:	2,122.4800	AL YTD gross earnings:	108,246.71
<input type="radio"/> OWP standard rate:	2,000.0162	AL Current pay gross earnings:	9,866.67
<input checked="" type="radio"/> OWP 4 week average rate:	2,491.6675	Total gross earnings (Liable for HP):	118,113.38
<input type="radio"/> OWP special agreed rate:	0.0000	8.0000 % of Gross earnings:	9,449.07
<input type="radio"/> Standard rate:	2,000.0000	Less total paid in advance:	2,246.67
<input type="radio"/> Custom rate:	0.0000	<input type="checkbox"/> Custom amount:	0.00
Comments		Comments	
Remaining "earned" units:	0.0000	Remaining "accrual" units:	2.9667
Earned payment:	0.00	Accrual payment:	7,202.40

Effects on the Employee's Pay

When the Termination window has been completed, unused leave, lump sum payments and/or deduction pay items are added to the employee's pay to reflect the totals on the **Termination** window:

- Pay items with the type "Termination – Unused Leave" are added for any unpaid leave balances.
- Various income pay items are added for lump sum payments.

Note: If an employee is in more than one pay group, the termination pay items will be in the current pay for the pay group that the termination is initiated from. Any other pay groups current pay will be a normal pay run and should be completed or cancelled before the termination pay run is done.

Effects on the Employee Record

Once the pay including the employee's termination has been completed, the employee's record is updated as follows:

- The termination date is copied to the **Employee End Date** field on the Employment tab of the Pay Details screen (MPPP2310) and the **Expiry Date** column on the Employee Pay Groups screen (MPPP2250).
- If there is an active row on the Employment History tab of the Employees screen (EP203000), it will be updated to reflect the employee's termination.
- The status of the employee record is set to "Inactive" on the Pay Details and Employees screens.

Reversing or Editing a Termination

The steps to reverse or edit an employee's termination differ depending on whether the pay containing their termination has been completed or not.

If the pay is still open, then open the employee's Current Pay, click the Termination button to open the Termination window again, then:

- To edit the termination, enter new details, then click **Save & Close** to re-generate the termination pay items.
- To reverse the termination, click the **Delete** icon on the Termination window. This will remove all termination pay items from the employees pay.

If the pay has been completed, you will need to reverse the pay. Reversing a pay with a termination in it undoes all changes to the employee record—see "Effects on the Employee Record" above. The replacement pay that is generated will contain all of the termination pay items from the pay that was reversed—you can then click the **Termination** button in the employee's pay to open the Termination window and edit or delete the termination as necessary. If you keep the termination in the replacement pay, then when it is completed, the employees record will be updated again, i.e., the record will be set back to "Inactive", etc.

Alternatively, you can adjust a completed pay for one or more employees. If that pay, or any subsequent pay for the employee, has a saved termination, then this should be recalculated, as tax rates may change—see the "Adjusting Employees' Pays" white paper for more information.

FAQs

Why does my employee have a negative annual leave accrual payment?

This can happen due to the difference in rates used for leave taken in advance and rate calculations in final Pay, i.e., 8% of gross calculations.

If leave is taken in advance, there's a possibility that what was paid could be more than the 8% of gross. In other words, the **Less total paid in advance** amount on the **Unused Annual Leave** tab is greater than the 8% of gross. This means that on termination an employee could have a zero, positive or negative remaining accrual unit balance, but with a negative liability (dollar value).

An employer can choose whether or not to recover overpayments from employees. If the employer decides to recover overpayments, they need to agree with their employee on a recovery process.

If an employer doesn't recover overpayments (negative dollar value), you can use the **Custom amount** field on the **Unused Annual Leave** tab to set the payment amount to zero with no reduction to Gross/Net pay applied (i.e., no Deduction payment item applied).

If an employer does want to recover the overpayments, you can set the negative amount to zero. Then, after saving and closing the **Termination** window, create a deduction pay item and add it to the Employee's Current Pay for the relevant amount.

Note: Normally, this deduction pay item would be a post-tax deduction, but it can change based on your needs.

Why does my employee have negative payments for non-annual leave entitlements?

This should only happen if your company allows negative leave balances, where an employee can use more than they have accrued.

The **Termination** window doesn't support this in the same way it does for annual leave.

So, if another leave entitlement is paid on termination and there is a negative payment amount, you need to add a deduction pay item to the employee's pay outside the **Termination** window. In other words, before opening the **Termination** window, you need to manually add a deduction pay item into the final pay run. If the **Termination** window is already open, you need to cancel that termination and start again after adding the deduction pay item.

How should I change data during a termination?

If you change the settings/field values on any of the following areas while a termination pay run is open and a termination batch has already been saved, you must manually check the termination batch and/or cancel it and start it again:

- Employee Pay Details
 - Pay Details
 - Standard Pay
 - Definition of a Week
- Configuration
 - Work Calendar

- Entitlement Accrual pay items
- Employee Pay Group
- System roll-ups
- Pay Item
- Current Pay
 - Manually added pay items
 - Imported ESS and Timesheet leave that get reset

What if a termination has been overpaid or underpaid?

If you notice an overpayment or underpayment after the pay is completed, you need to run a pay adjustment to correct it. See the [Adjusting Employees' Pays white paper](#) for more information.

Can I use the same termination treatment for multiple entitlement records?

No.

Before processing a final pay, make sure you have transferred earned, accrued, and taken in advance balances from an old entitlement to a new entitlement.

Why are annual leave YTD amounts incorrect on the Termination window?

There are a few reasons that can cause incorrect annual leave YTD values for unused annual leave accrual payments.

Important: Sometimes, incorrect annual leave YTD amounts were caused by issues that have since been resolved. Although the issues have been fixed and won't occur again, you might need to fix historical data, because of how the values are calculated.

In the **Termination** window, you can use the termination inspector to review the calculations behind the **AL YTD gross earnings** field.

Adjustments were made to previous pays

Annual Leave YTD calculations for terminations are calculated for each pay and added to a running total from the previous pays. This means that any calculation errors in completed pays will continue to affect AL YTD Gross Earnings until AL YTD Gross Earnings reset to zero, which happens when an employee reaches their entitlement anniversary date.

In this case, you might need to manually calculate the final pay amount for unused annual leave by using pay items in the completed pays that have errors. Then, override the final unused annual leave accrual payment value in termination wizard.

Schedules are missing while processing a final pay

When migrating customers from other payroll solutions onto MYOB Advanced Payroll, employee work schedules aren't imported – only their pay history data is imported. This means that MYOB Advanced Payroll doesn't have the employee work hours information in the employee work schedule. This information is required to pro-rata the gross earnings in the pay period that the entitlement anniversary date falls in.

This causes MYOB Advanced Payroll to assume two things:

- There are no hours worked for the employee.

- There are no earnings from that pay period attributable to the 8% gross earnings since last entitlement anniversary calculation.

You might need to manually calculate the final pay amount for unused annual leave using pay items in those completed pays, then override the value in termination window.

The termination date falls one day before the annual leave anniversary date

This issue could occur in versions of MYOB Advanced Payroll older than 2021.2.300.

Previously, the Annual Leave YTD calculations on terminations rollover one day before the anniversary date. This could result in overpayments in final pays made to employees because, as per the Holidays Act, MYOB Advanced Payroll was rolling over unused accrual leave as earned balances for the employees one day before they were entitled to them. So, payments were made accordingly.

This issue is fixed in versions 2021.2.300 onwards.

Bonus payments were made in previous pays

This issue could occur in versions of MYOB Advanced Payroll older than 2022.1.100.

Annual Leave YTD amounts weren't considering any completed bonus or one-off pay runs. As of version 2022.1.100, bonus pays are now considered as part of annual leave YTD gross calculations in the termination wizard.

However, there's still a rare situation that can cause the issue:

- In a pay run with overlapping pays and an annual leave anniversary date falling in the same pay period, annual leave YTD values are incorrect, because MYOB Advanced Payroll ignores the overlapping completed pay run. Furthermore, the overlapping pay runs have incorrect proportioning, as they're calculated without the termination date. This results in the employee being underpaid. Until this issue is addressed in a future release, you need to manually calculate the Annual Leave YTD values and override the value in termination wizard.

Note: For all other known issues for termination payments, see [MYOB Advanced Known Issues](#). For issues resolved in your version of MYOB Advanced Payroll, view the [release notes for your version](#).