

MYOB Essentials Payroll

Payment of Public Holidays at termination

June 2020



Contents

Introduction	2
Background	2
How it works	3

Introduction

The complexity of the Holidays Act 2003 is universally acknowledged, and issues of implementation are an ongoing challenge for businesses across New Zealand.

MYOB Essentials Payroll is committed to helping employers meet their obligations under the Holidays Act 2003. There are areas of the Act which require manual intervention with MYOB Essentials Payroll to ensure compliance and avoid under or over payments for certain leave types.

MYOB Essentials Payroll assists in your compliance however manual intervention is still required by you for all termination pays. Each time you process a final pay, if the employee has available leave, you will need to make a decision on public holiday payments to avoid under payments for your employees on termination.

This document provides an overview of this functionality in MYOB Essentials Payroll.

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.

MBIE Website [Payment for leave and holidays in final pay](#)

Background

Section 40 of The Holidays Act 2003 states that employees are entitled to be paid public holidays that fall after their employment ends, if;

- a) it would have otherwise been a working day for the employee; **and**
- b) occurred during the employee's annual holidays had the employee taken his or her remaining annual holidays entitlement immediately after the date on which the employee's employment came to an end.

What this means is that you need to extend the date of the final pay as though your employee had actually taken the leave. Any public holidays that fall within this period (that your employee would have normally worked had they still been employed) are paid at their relevant daily pay, or average daily pay.

For example, an employee who works Monday to Friday and whose last day of work was the Monday prior to Good Friday and who was entitled to 5 days of annual leave at termination would be paid for the public holidays as follows:

Mon	Tues	Wed	Thurs	Good Friday	Sat	Sun	Easter Mon	Tues	Wed
Last day worked	Paid as Annual Holiday	Paid as Annual Holiday	Paid as Annual Holiday	Paid Public Holiday	Not Paid – Day Off	Not Paid – Day Off	Paid Public Holiday	Paid as Annual Holiday	Paid as Annual Holiday

How it works

When paying an employee's final pay, you can enter the number of public holidays.

1	Employee's last day of work is:	<input type="text" value="26/05/2020"/>	
	Annual leave due:	6.15 hours	x 37.60 = 231.24
2	Public holidays that will occur after the employee's last day of work and within the period of their annual leave due:	<input type="text" value="0.00"/> days	x 249.25 = 0.00
			231.24
Holiday pay since anniversary			
	Earnings for current payrun:	12,000.00	
	Earnings prior to current payrun:	48,025.00	
	Total of holiday and leave:	231.24	
	Total x Holiday pay %	60,256.24	x 8% = 4,820.50
		Final pay amount	5,051.74

To work out whether an employee is entitled to paid public holidays that happen after their employment has ended, follow these steps:

1. Treat any remaining annual holidays that the employee is entitled to as if the employee had taken them immediately after the date their employment ended.
2. The employee must be paid for a public holiday if it:
 - happens within the time period created by adding on these remaining annual holidays to the end of employment, and
 - happens on a day that the employee would have worked if they were still employed, and the day wasn't a public holiday.

For instructions on preparing a final pay in MYOB Essentials Payroll, see [Processing a final pay](#).