MYOB Exo Payroll

Closedown Periods

June 2020

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Introduction

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

MYOB Exo Payroll is committed to helping employers meet their obligations under the Holidays Act 2003. With the 2017.04 release, we contacted you to advise of upcoming updates to MYOB Exo Payroll. At that time, we released an update that we hope has prompted a review of your payroll system, and/or employee set up, as well as evaluation of your compliance with the Holidays Act (2003).

This document provides an overview of the software changes to the system and highlights key actions employers need/ed to complete prior to implementation of the product updates.

Please note this information will apply to you if you have employees that have been employed for less than 12 months at the time of your annual closedown.

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 Reference: [Annual Closedowns](#)

Background

The Holidays Act 2003 contains provisions that allow businesses to have one annual closedown period, this is often over Christmas or seasonally based on industry. A brief overview is included below, however you will need to consider the full details and current MBIE guidelines by referring to the MBIE website above.

If your employee has been employed for 12 months or more, they will be entitled to annual holidays and you can require them to take those holidays during the closedown provided you give them no less than 14 days' notice. If your employee does not have enough leave to cover the whole period you can agree to give them leave in advance or leave without pay. The payment of the leave is the same as any other annual holiday.

There are special provisions for employees who have been employed for less than 12 months (they will not yet be entitled to annual holidays) or those that may have worked for you for 12 months but haven't reached entitlement due to a period of unpaid leave or a period of pay-as-you-go. In this instance the Act states that you must pay them 8% of their gross earnings (less any amount already taken as annual holidays in advance) as at the closedown date.

In addition:

- the employee's anniversary date for annual holidays entitlement purposes is moved to the date the closedown starts (or in some situations, an alternative relevant date nominated by you). You should refer to the MBIE guidance on nominating a proximate alternative date for the employee's anniversary date.

- your employee may agree with you that they take some of their annual holidays in advance.

What is required

When paying employees during an annual closedown, you will need to apply the specific rules which apply to your employees depending on whether they have been employed for more than 12 months or less than 12 months. For instructions on setting up and managing annual closedowns in MYOB Exo Payroll, refer to the section below.

What next

If you have previously paid employees during an annual closedown and haven't managed your employees with less than 12 months service, you will need to review and, if necessary, recalculate the payment. If you are unsure of your obligations, we recommend you refer to MBIE or seek legal employment advice for guidance.

Managing the Software

The 2017.04 release of Exo Payroll included a new **Enable Closedown % only Holiday Pay** box on the Leave Management Setup window:
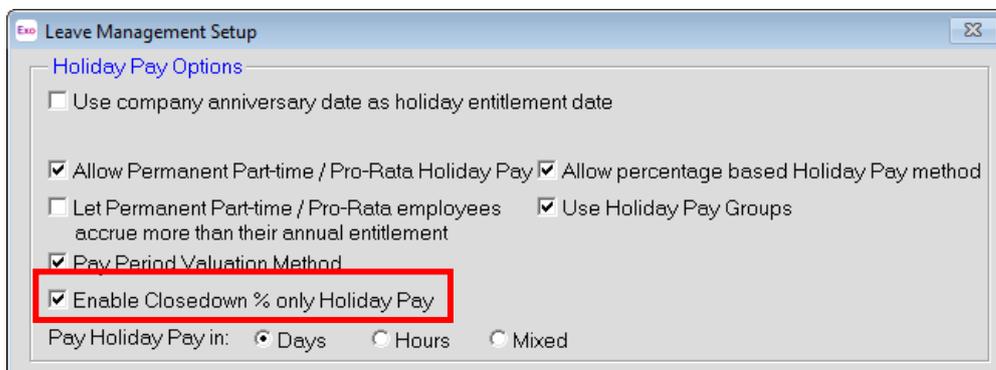
Note: These features are for use in the specific scenario discussed in the Background section above—do not enable this option if you do not need to account for this scenario.

When this option is enabled, a new Holiday Closedown section is available on the Holiday Pay section in the Current Pay:

Clicking the **Closedown % only Holiday Pay Wizard** button opens the new Closedown % only Holiday Pay wizard, which is a modified version of the Termination Holiday Pay Wizard:

Note: If the employee has any Outstanding Leave, a message will be displayed indicating this and the wizard will not start.

The wizard calculates the value of the employee's Holiday Pay for the closedown period, then performs the following actions:

- A summary report showing the employee's Holiday Pay amount is generated.
- The calculated Holiday Pay amount is added to the employee's pay as a "Closedown HP" Allowance.
- When the pay is updated, the employee's entitlement date will be updated to one year from the pay's Pay Period End Date.

When paying Holiday Pay over a company closedown period, ensure that you use the Closedown % only Holiday Pay wizard for employees who have not yet reached a four-week Holiday Pay entitlement (and only for these employees). For more information, see the Closedown Holiday Pay Wizard help topic.