

# MYOB Exo Payroll

## Payment of Public Holidays after termination

June 2020



### Contents

Introduction .....	2
Background .....	2
What is changing .....	3
Preparing for the change.....	3
After the change .....	3
Software Changes .....	4

# 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. There are areas of the Act which require manual intervention with MYOB Exo Payroll to ensure compliance and avoid under or over payments for certain leave types.

The latest release of MYOB Exo Payroll includes an update which will assist in your compliance however manual intervention is still required by you for all termination pays. Each time you process a final pay, 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 the software updates to the system, an overview of the manual intervention required and what you will need to consider when managing public holidays on termination.

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) 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

## What is changing

MYOB Exo Payroll does not automate the calculation of public holiday payments for termination pays so the payroll user has always been required to manually calculate and add the payment for the final pay amount.

The changes in this release are designed to assist you in compliance by adding a product message in the final pay process to ensure this step is taken before the final pay is calculated. If your employee is entitled to any public holidays, you will need to manually add the payment to the final pay.

## Preparing for the change

There is nothing you need to do prior to this update, the warning will appear in product once MYOB Exo Employer Services 2020.06 is installed. If you have been manually calculating entitlement to public holidays on termination for your employees, you do not need to do anything further.

## After the change

If your employee is entitled to any public holidays, you will need to manually add the payment to their final pay. If you haven't been extending the date of the final pay as though your employee had actually taken the leave and therefore haven't paid public holidays beyond the termination date, you will need to review your termination pays to ensure you have not missed any public holiday payments that your employees were entitled to.

# Software Changes

MYOB Exo Payroll has made the following updates to the product:

The Termination Pay Wizard now displays a message that warns about the employee's potential entitlement to Public Holiday payments and provides a link to [Payment for leave and holidays in final pay](#) on the Employment New Zealand website:

The screenshot shows the 'Termination Pay Wizard' window for employee 'Houghton, Jannet Faye'. It displays a message about outstanding holiday pay and a table with the following data:

	Days Outstanding	Average Rate	Ordinary Rate	Value
Outstanding Leave:	15.00	7.38	96.00	1440.00
				Dates Taken
				Includes 8.00% of outstanding leave:
				115.20
				Total:
				1555.20

Navigation buttons at the bottom: Prev : F7, Next : F8, Exit : Esc.

This is an informational message, which does not affect the rest of the termination process.