



## *Silly Season Holiday Payroll Tips*

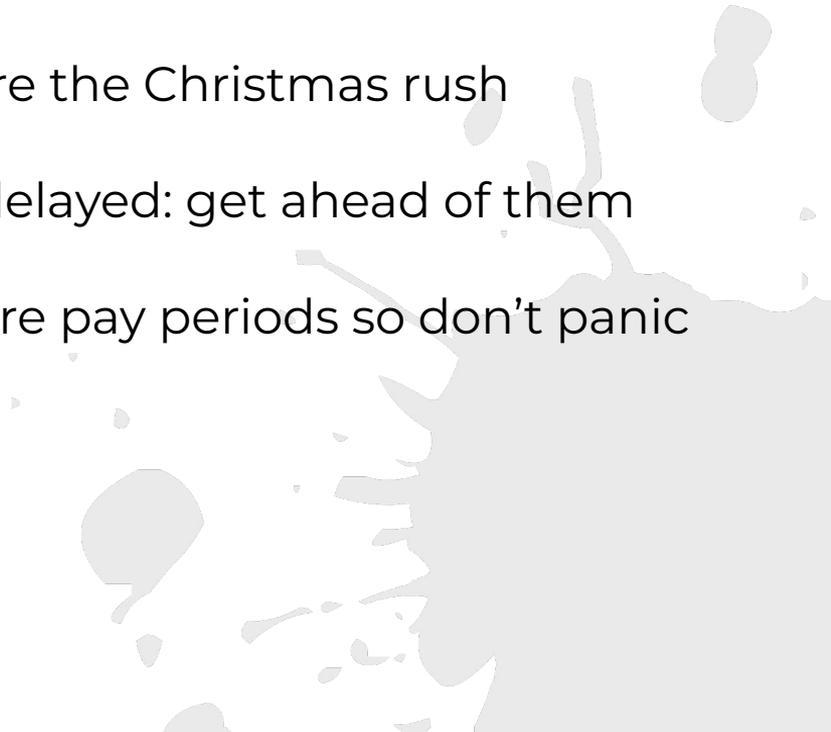
*With* Vicky Taylor, Head of Partner Support



# *Our Secret Sauce*



- 1.** Do as much as you can now, before the Christmas rush
- 2.** Banks are closed, so pays will be delayed: get ahead of them
- 3.** Adjustments can be made in future pay periods so don't panic



## Why are employees paid more when they take annual leave?

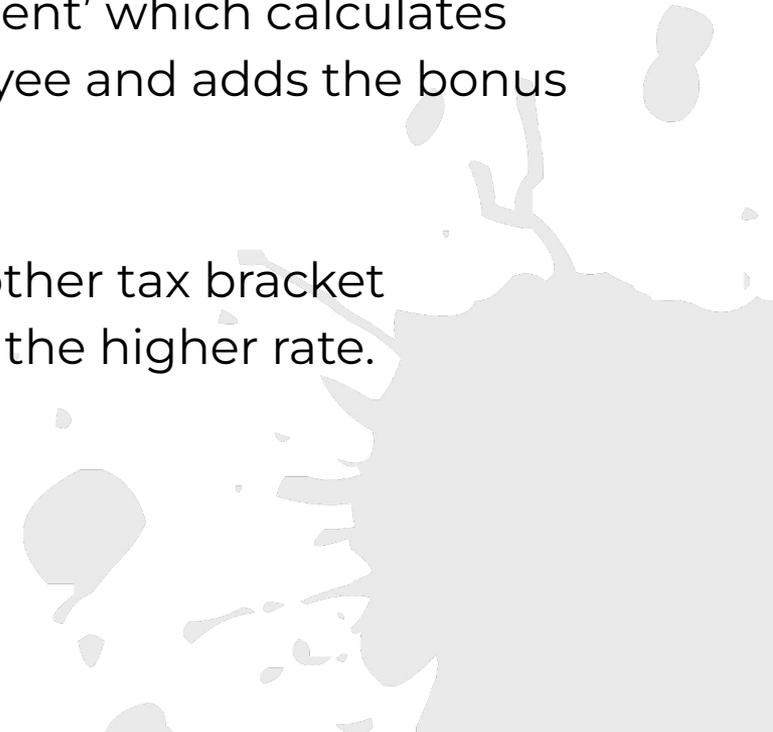


- Bonuses, commission payments, incentive payments etc. can make average weekly pay (over the past 52 weeks) higher than ordinary pay.
- Their annual leave weeks should be paid at the HIGHER rate.

## Why is the tax on a bonus higher my employee's ordinary tax?



- The bonus is taxed as a 'lump sum payment' which calculates the overall annual income for the employee and adds the bonus on top.
- If the employee would have reached another tax bracket because of the bonus, they'll be taxed at the higher rate.



## Do I have to pay staff before the public holiday?

- Watch out for Mondays or Tuesdays over Christmas as they're public holidays. Pay before if you can. (That would be Friday 23rd December).
- You could choose to pay on Friday before or Wednesday afterwards
- Boxing Day is Monday
- Discuss with your employees in good faith!



## Closedowns

Is this a customary closedown?

YES

At the time of this closedown, will it have been 12 months since the last customary closedown?

NO

YES

Is the employee required by the employer to stop work during the closedown?

NO

YES

Has the employee been continuously employed for at least 12 months?

NO

YES

Has the employee's anniversary date for annual holidays been moved due to them taking unpaid leave of more than one week, therefore they aren't yet entitled to annual holidays?

YES

NO

Has the employee been paid annual holidays as 8% pay-as-you-go to the extent that they are not entitled to annual holidays?

YES

NO

The closedown provisions in the Holidays Act 2003 don't apply to the employee in this situation. The employer and employee should try to reach agreement about taking annual holidays. If they can't agree after 12 months' continuous employment, employers can require employees to take annual holidays by giving at least 14 days' notice. See "Closedowns" page on [www.employment.govt.nz](http://www.employment.govt.nz) for more information.

The Holidays Act 2003 closedown provisions apply. The employer must pay 8% of gross earnings since start of employment (or since their last anniversary date for employees with at least 12 months service) less any amount paid for holidays the employee has already taken in advance (or paid on a pay-as-you-go basis).

Employment is continuous throughout closedown, but the employee's anniversary date for annual holidays entitlement moves to the date closedown began (or to avoid having a different date for annual

## Closing down for Christmas and New Year?

Check this out:

<https://www.employment.govt.nz/assets/Uploads/tools-and-resources/flowcharts/041c775957/closedowns-guidance-flowchart.pdf>

# What happens if staff don't have enough annual leave?

Especially when we're closing down for Christmas and New Year

- Pay 8% of the earnings already gained (less any leave already paid)
- Change employee's anniversary date to the company's closedown date



My casual employee has been with us for a few months and she usually covers weekends for us. Do I have to pay her for the public holidays?

- Yes, Sunday 25th December 2022 and Monday 26th are the public holidays this year that applies to her
- If she **doesn't** work on Christmas day, she should get paid for taking the Public Holiday off
- If she works on a public holiday she should get Time and a Half
- **Is she really casual????!!** It sounds like she's working part-time...

## My employee is working on a public holiday.

I know he gets time and a half and another day to take later – can i just PAY him for that extra day instead?

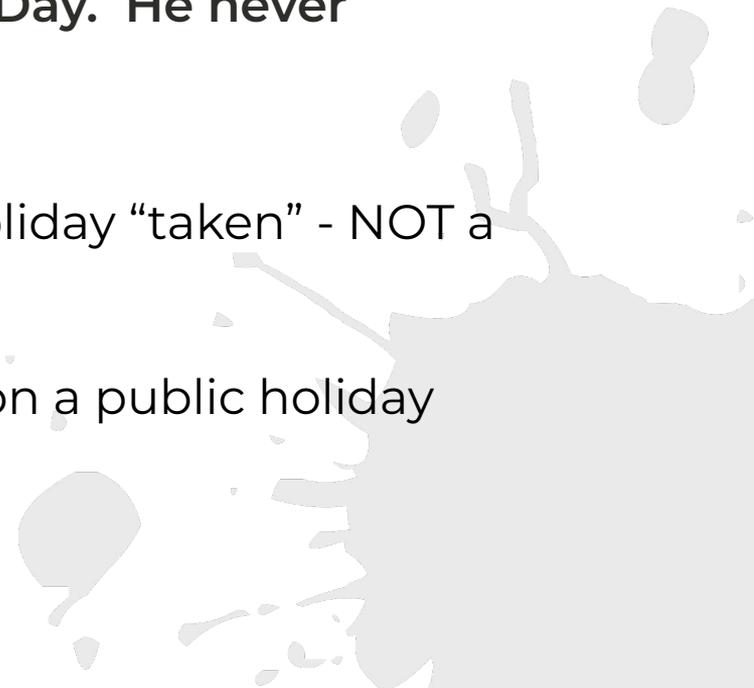
- Alternative leave days that staff gain due to working on a public holiday should be taken and not paid out. Sometimes it's difficult for staff to do that and the Alternative holidays build up.
- It's OK to pay out untaken Alternative leave after 52 weeks
- Any “cashed-up” Alternative leave should be taxed as a lump sum payment

My employee was going to work on Boxing Day. He called in sick instead. Do I have to pay him sick leave?

Or

My employee was going to work on Boxing Day. He never turned up to work!

- In this case he would receive a Public Holiday “taken” - NOT a sick day.
- Because employees don’t have to work on a public holiday anyway



## My employee works on the weekends, Monday's and Tuesday's.

### Which are the public holidays?

- You and your employee can come to an agreement which days will be recorded for Christmas and Boxing Day
- BUT as a general rule, if normally rostered on for Sunday, Monday and Tuesday the actual holidays are Sunday 25th and Monday 26th.
- The employee can only get 2 days off for Christmas and Boxing Day, there's no double-dipping for the holidays!



*I estimate I spend about 5 minutes on payroll per fortnight now. I just feel PaySauce is a bullet-proof system for compliance.*

**Andrew Hoggard, Dairy Farmer and  
Chairman of Federated Farmers Dairy,  
Kiwitea**



The logo features the text "Pay Sauce" in a white, cursive font. The word "Pay" is contained within a white, irregular shape that resembles a paint splash or a thought bubble. This shape has a vertical tail extending downwards, ending in a small white circle, which together form a stylized exclamation point. The entire logo is set against a solid orange background.

*Pay Sauce*