

Yes, it's that time of year again when Christmas music is playing everywhere, shopping becomes a nightmare and payroll & finance need to worry about end of year processing, holidays, shutdowns and possibly even financial year end.

We are here to help make that process easier for you, by sharing some tips and reminders to help keep you off this year's naughty list!

Is your business shutting down over the festive period?

If your company has an official shutdown during the December holidays, here are a few things to remember:

- You must give employees at least 2 weeks' notice
- Employees should take entitled annual leave to cover the closedown period where possible
- Employees can take annual leave in advance to cover the closedown, by agreement
- Employees could take leave without pay by agreement
- Employees not entitled to annual leave at the start of the shutdown:
 - Must be paid 8% of gross earnings since start or last entitlement less any leave paid in advance or Pay as you go
 - Must have their anniversary date moved to the date on which the closedown starts – If 8% is paid out
 - May agree with the employer to take some annual holidays in advance

To read more, refer to the [employment NZ website](#).

Some processing tips

December and January can be very stressful, usually providing less time to manage more processing and checking than in normal months. Here are some tips to help:

- If you have a system that provides Employee Self Service for leave applications, get employees to apply as early as practicable and managers to approve as early as possible.
- Manual process? No problem. Many payroll vendors allow the ability to import transactions or even bulk process. Ask your vendor support liaison how they might be able to help make things easier.
- If you are processing leave in advance i.e. paying before the leave period as opposed to processing each individual pay
 - Make sure employees are aware they will be taxed at extra emolument tax.
 - Carefully check the Extra Pay tax is being calculated correctly (refer to the [IRD Guide](#) for more information).
 - Make sure all deductions have appropriately been taken off for the period of leave and that any subsequent weeks (pay periods) covering leave have no deductions applied so that there is no doubling up.

Processing in advance or as it happens

Many payroll people do not get to take time off, because people need to get paid regardless and often there are no backups. It may be possible to sneak in some leave, if you can process your payrolls in advance.

If many employees are taking leave over the period, it is already known before the time and in most cases and systems it is possible to process future pays in advance, applying what is known at the time before the leave period. Bank files can be pre-approved and scheduled to pay on normal pay days.

When you return, compare what was actually worked versus what was paid and process the difference as a washup – **NB** make sure these payments are associated to the correct periods, to ensure leave and tax rates are correctly applied.

If most employees are working, it might still be possible to process in advance, provided they are appropriately and correctly rostered. Many systems allow the ability to process on rosters and then compare to actuals once you return in January, calculating the washup.

Need a break? Find out how one of our highly talented payroll consultants can assist with processing your payroll. [Enquire now](#)

Is your company ramping up instead of down?

- Ensure employees are given at least their minimum breaks between shifts.
- Remember the health and wellbeing of your staff. Fatigue can negatively impact their health as well as your business.
- Schedule smartly to both ensure your staff's health and wellbeing as well as your customers receiving the best possible service.
- Smart scheduling might even save you money. Instead of rostering someone on to do 60 hours per week, pay a casual to pick up the extra 20 and save on overtime.

Check early on to make sure you are compliant

Over December and January, you may be processing lots of annual leave. Make sure that you check everything before the time to save you the hassle of having to correct or remediate payments after the fact.

- Make sure employees are set up to be paid at the correct rates (AWE vs OWP) and whether to use section 8.1 or 8.2 to determine OWP.
- Run reports to check that rates are being calculated correctly.
- Ensure your system deals with consecutive annual leave rates i.e. the rate must be locked in at the start of the leave period and not be recalculated with each pay.
- Check to ensure employees' leave balances have been correctly calculated and that these represent what truly constitutes a week for them at the time the leave will be taken. Better yet, have your leave represented in weeks.
- From an audit perspective, make sure you have evidence of all leave applications and their approvals by management.

For peace of mind, check out how our [audit services](#) can help you sleep easy.

Mondayisation – Is that even a word?

Not sure, but it certainly describes what is happening with Boxing Day 2020 and 2nd New Years Day 2021 (plus

a whole lot more in 2021!).

In short, Boxing Day, as an example, falls on a Saturday this year. Depending on what someone's [otherwise working day](#) is, they may either be entitled to public holiday related items on Saturday or on Monday (Observed). This may include:

- Being paid for the public holiday not worked,
- Being paid time and a half for time worked on that day, or
- Being granted an alternative holiday if having worked on that day.

Whichever the first of those two days (Saturday or Monday) represents an employee's otherwise working day, should be seen as the public holiday.

Those with time and attendance and rostering systems, you might be in luck, as many systems can programmatically deal with these scenarios. Just make sure employees are not granted the public holidays twice!

For those with manual systems, make sure you do a refresher with all managers, so that they can assist you in determining the correct day to apply the public holiday rules to.

This is all too hard!

No problem. We can temporarily or permanently look after your payroll within our [Virtual Payroll Office](#).

However big or small the problem, we are here to help. And most importantly, stay safe and enjoy the festive season!