



# *PaySauce Christmas Special*



# TOP TIPS TO STRESS LESS AT CHRISTMAS

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## **Load 'em up early**

Get your pays in and loaded as soon as you can. Leaving them til the last minute then finding out you aren't sure of something and need help puts extra pressure on you that you just don't need at this time of year! The sooner you enter them the sooner you can have peace of mind that it's all done.

## **Make the most of our knowledge base**

Our team has been working hard to load lots of useful information into our knowledge base. There's heaps of videos and how-to guides that will make your life easier, especially if you have to do something new that you haven't had to do before in your pay runs.

## **Get support while you're on the go**

If you need help from our Support team, they've got your back! We work through the festive season (apart from the public holidays). It is one of our busiest times of year on the phone - if you have a question but aren't keen to wait on the phone, you can use our chat option or send an email through to the team who will get back to you as soon as they can.



# LET'S START WITH THE EASY STUFF

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## If we close for the day, who needs to be paid for the day off?

Anyone who would have otherwise been working on that day. Yes, even casuals (if you can determine that they would have been working on that day).



## If we have people working on Christmas Day, what do they get paid?

They get paid 1.5x their rate for the day. That includes whatever they earn: so if they earn a pick rate, or a milking rate, or whatever else it is - they get 1.5x what they earned.

They may also be entitled to an alternative public holiday if they usually would have been working on that day.



## What's an alternative public holiday and how do I know who gets one?

An alternative public holiday is a banked day off that the employee can take at another time. An **alternative** date to receive their day off for the **public holiday**.

You don't receive an alternative public holiday if you were called in to cover a public holiday that isn't a day you usually work (but you still get time and a half for the hours you worked).

An alternative public holiday gets added to an employee's balance and they can then take it at another time. If they haven't used it after 12 months, they can request to cash it up/take it as paid without having the day off.

# CASUAL CONFUSION

## What's different about casuals with public holidays?

**Still entitled to time and a half if they work on the day**

Casuals still get paid 1.5x whatever they earn if they work on a public holiday. The only thing that isn't paid at 1.5x is the 8% holiday pay if that is included in their pay.

**May be entitled to an alternative public holiday**

Casual employees may be entitled to receive an alternative public holiday for working on a public holiday if it was a day they would have otherwise been working. If you only called someone in to cover that day and they don't usually work it then they don't receive one (the same as permanent employees).

**May be entitled to a paid day off if not working**

Casual employees may be entitled to be paid for the public holiday if they would have otherwise been working but due to the public holiday had the day off.



### **Support Team's top tip:**

If you have established that their work pattern means they would have been working, you should review the nature of their employment. 'Casual employment' generally means there is no work pattern, so if you can see a pattern, check to make sure they shouldn't really be a permanent part time employee instead.

# COMMON LEAVE QUESTIONS

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## **Why is the annual leave rate higher than their normal rate?**

Extra payments like commission, allowances and overtime all impact employee total earnings. Annual leave is paid at the higher of their current pay rate or the average over 52 weeks, and the average includes additional payments they might have received. Don't adjust the annual leave rate down, but feel free to ask Support to look into it if you can't see a reason why it is higher.



## **How do I know if I should include a payment like a bonus in leave earnings or not?**

Some payments can be excluded from being included in leave earnings, such as purely discretionary bonuses which are just gifts and not contractual. Only discretionary payments can be excluded from leave earnings - these are payments you pay just as a gift that you are not obliged to make for any other reason. If the employee earns bonuses by doing specific activities, then they probably wouldn't be considered discretionary.



## **Can I just pay out all the remaining leave at the end of the year?**

You should be paying them leave only for the period of time they will be away from work. If you paid out more from their leave balance than the period of time they are taking off (remember to account for the public holidays too, you can't include those) then this is probably going to be considered a cash up that violates the cash up rules. Cashing up leave has special rules you have to follow. Stick to paying the employee the right amount of leave for their time away from work. They can request a cash up if they meet the criteria and you can choose whether or not to approve their request.


# CLOSEDOWNS

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**Can only  
be once  
every 12  
months**

Customary closedowns can only happen once every 12 months, though you might have different dates for different areas of the business. If you are asking the same employees to close down and stop work less than 12 months after the last time, it probably doesn't qualify as a customary closedown and the closedown rules will not apply.



**An  
employee's  
first  
closedown  
may be  
different**

If an employee has been working less than 12 months for you at the time of your closedown, they won't have any entitled annual leave that you can require they take. The first closedown therefore looks a bit different: you pay them the 8% of their gross earnings that they have accumulated to date, and then shift their entitlement date to your company anniversary date.



**Can require  
staff to take  
leave**

If your closedown qualifies as a true customary closedown, you can require staff to take their leave to cover the closedown period. You still have to give them 14 days notice.



## **Support Team's top tip:**

MBIE has some great guidance on closedowns, including a flowchart: [Closedowns flowchart](#)



# MORE COMMON LEAVE QUESTIONS

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## **My employee was sick on a public holiday, how do I pay them?**

They are paid for a public holiday taken rather than using their sick leave balance. The same applies to other leave types too - if it is a public holiday and they would have been working, you must record as a public holiday taken rather than another leave type.



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

In the first instance you should refer to your employment agreement to see what was stated in there, if anything. If there's nothing in there you should look at policies, and then what's been done before. There's no rule that says you **must** pay before a public holiday (unless it is in your agreements), but you should discuss it with staff in good faith and let them know what to expect. Ideally you would do what has always been done before. Most employers pay prior to the public holiday and most staff would expect to be paid before the holiday too.



## **My employee only just started, do I still need to pay them for the public holiday?**

Any employee who would have otherwise been working on that day is entitled to be paid for the day. There's no minimum period of time (we often hear people talking about working that day for four weeks or establishing a pattern). Even if that is a new working day for them, if you know they would have been working on that day if it were not a public holiday, they should be paid for it.

# BONUSES



## Gross amount

When you know the pre-tax figure that you want to pay to someone



## Net amount

When you have decided on an amount that you want someone to receive in the hand

PaySauce lets you easily add in a bonus payment and calculates it for you if you know what amount you want them to receive.

For example, if you want them to receive \$200 after tax (so that they get an additional \$200 in their pay) you can add this as a lump sum payment. Once you've saved the payment, you'll see an option to select a check box 'this is a net amount'. Tick that then save again.

PaySauce will calculate the gross value of the payment so that the employee receives the amount you specified, depending on the appropriate tax rate (calculated when you hit save that first time).

Just be aware that when you decide this for different staff, their different payroll circumstances may have an impact on how much you end up paying. For example if you want to give Julie and Lisa \$200 each after tax, but Julie contributes 10% to KiwiSaver and Lisa isn't a KiwiSaver member, you'll need to pay Julie a significantly higher gross amount to get to \$200 after tax than you will for Lisa.

### EDIT ALLOWANCE

Rule \*

Title \*

Taxable \*  Yes  No

This payment is NOT to be included in Leave payments.

**Note:** Discretionary bonuses (e.g. Christmas gifts) should be excluded from Leave payments. Ordinary lump sum payments (i.e. due to Commissions, Back pay, incentive bonuses etc) should not be excluded. [Click here to view more information.](#)

This payment is a net payment.

Here's an example of a bonus added as a net payment



# TRICKS TO WATCH OUT FOR

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## Termination pays

When an employee is leaving, check the entitled leave balance they have and count forward from their final day of work for as many days of entitled leave as they have available. If a public holiday falls in that period, the employee is entitled to be paid for it and it must be added to their final pay (as a public holiday taken).



## Annual leave cash ups

Annual leave cash ups are taxed at 'extra pay' rates, which means a flat tax rate is applied to the full payment. That means the employee won't get the same net value (after tax) for a week of cashed up leave as they would for a normal week of salary or wages.

You can read more about tax on lump sum payments on the IRD website here: [tax on lump sum payments](#)



## Cashing up alternative days

If your employee has earned an alternative public holiday but wants to exchange it for payment or 'cash it up' instead of taking it, they can do so if you agree but only if 12 months has passed since they first earned it.

PaySauce has a new feature to cash up alternative public holidays - if your employee wants to cash up an alternative public holiday and you agree, use this option to add it to their pay so that the rules are applied to how the payment is treated for tax and for leave earnings.



# *The End*

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