

PAYROLL UPDATE – APRIL 2011

MINIMUM WAGE – Don't forget this will be increased to \$13.00 per hour from 1st April 2011.

PAYROLL PROGRAMMES – Have you upgraded your payroll system with the new tax tables yet? Don't forget to order your upgrade before the end of March.

CASHING UP ANNUAL HOLIDAYS (ALL 4 WEEKS)

On the update series we have been doing across the country we have come across many companies already stating that they are cashing up annual leave (minimum entitlement). **YOU CANNOT DO THIS!** (From the 1 April a maximum of one week can be cashed up from an employee's anniversary date if they request it). We have had people state that they regularly cash up minimum entitlement because the employee requests it or because the boss wants it off the books, we even had a participant on one course state that they got legal advice that they could do this (that lawyer needs to hand back their degree).

YOU CANNOT CASH UP MINIMUM ENTITLEMENT (except on termination or under the change starting 1 April). If you give employees more than the minimum entitlement you can do what you want because this is by agreement and is not covered by the Holidays Act. By cashing up annual leave minimum entitlement you are putting your organisation at risk.

WRONG INTERPRETATION OF THE CASHING UP ANNUAL HOLIDAY

NZPPA has been made aware of a membership organisation in the lower North Island that has been stating to their members that the cashing up of annual holidays commences from the 1 April 2012. **THIS IS NOT CORRECT!**

Cashing up of annual holidays happens from an employee's anniversary from the 1 April 2011. What this means is if they started work on the 2 April 2010 and have completed 12 months of continuous employment on the 2 April 2011 they can make a request to their employer to cash up to a week of annual holidays (if the employer agrees or does not have policy to stop this).

COMPANY ANNIVERSARY DATES AND CASHING UP ANNUAL HOLIDAYS

If your organisation uses a company anniversary date to provide leave entitlements to employees on a set date this is not covered by the Holidays Act. This activity is by agreement not by law. What this means is an employees actual anniversary date is the date they can request to cash up a week of annual leave (if you allow this in your workplace).

TAXABLE PAYMENTS & EXCLUDING THEM FROM GROSS EARNINGS FOR HOLIDAY PAY

We have had a number of questions about what types of payments can be excluded from the gross earnings for holiday pay calculations. There are six types of payments that can be excluded, they are:

- Cashed up annual holiday under the Holidays Amendment Act 2010, and
- Non taxable allowances
- employer contribution to a superannuation scheme for the benefit of the employee
- Discretionary payments
- ACC compensation
- While the employee is on volunteers leave (Military reservists)

You cannot agree in an employment agreement to exclude other taxable payments as they are not excluded and should be part of the gross earnings (depending on the gross earning period). Please remember you cannot contract out of an act unless the act allows you to this.

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