



Christmas Payroll Guide.

The Christmas period can make payroll complex, so we've put together a handy guide to answer all your FAQ's this silly season.





Sort your Christmas pay, the Smartly way.

Smartly is all about making it easier for you to sort your payroll! This guide walks you through all the common payroll queries we get at Christmas time.



This guide covers:

- Adding a bonus for a gross amount
- Adding a bonus for a net amount
- How to pay annual leave and statutory days in one pay period
- How to process multiple future pay periods
- Terminations at Christmas time
- Company closedowns

Adding a bonus

Gross amount

The best way to enter a bonus in Smartly is by entering a one-off payment into the employee's pay.

- 1 Head to the 'Run a pay' section and double click the employee you're paying a bonus to.
- 2 Then select 'Add one off payment'.

Smartly.

18 Dec 2023 - 24 Dec 2023
Weekly Staff, Weekly Salary employee Paid up to: NA

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NORMAL PAY	HOURS WORKED	HOURS PAID	RATE	AMOUNT
Salary	37.5	37.5	\$ 961.5384	\$961.54
Double Time			\$ 51.2821	

Add leave item Add one off payment Edit costing No. of days paid 5

Total Earnings \$961.54

Deductions More info

% GROSS TAXABLE EARNINGS	GROSS TAXABLE	RATE	AMOUNT
KiwiSaver (Kiwisaver)	\$961.54	0.03	\$28.84

Total Deductions \$28.84

Enter the details for the payment

- 1 Enter the name for the payment.
- 2 Enter the gross amount for the payment.
- 3 The tax rate should show as 'Auto' and ACC earner levy should be ticked on as 'Yes'.
- 4 If the bonus is not a discretionary payment, then the Leave Earnings option will need to be left on. If the bonus is a one-off amount (discretionary payment), then Leave Earnings can be unticked.
- 5 KiwiSaver should be ticked if the employee is contributing.
- 6 When you click 'Save', you'll be asked for the DC date. This is needed to ensure PAYE is calculated correctly.



Add one off payment for Rob Boyd

Please enter the details for the one off payment below

Enter the payment name

Enter the payment amount \$

Tax rate to apply

More info

The Auto setting will calculate a tax rate based on an estimate of the employee's annual income plus the One Off Payment amount. A higher tax rate can be chosen if the employee requests this based on other income that they may receive from other sources. Please click More info for the tax rates to apply.

Apply ACC Earner Levy Yes No

Include the one off payment amount in:

- Leave earnings
This may increase the value of annual leave paid to the employee.
- KiwiSaver
Please contact our payroll helpdesk if this payment is not liable for KiwiSaver deductions. For more details on KiwiSaver obligations, please see [here](#).
- Complying fund
This will increase the employer and employee Complying Fund contributions, if the employee belongs to a Complying Fund.

OK CANCEL

Important:

Refer to the Employment New Zealand website for more information about [gross earnings and discretionary payments](#).

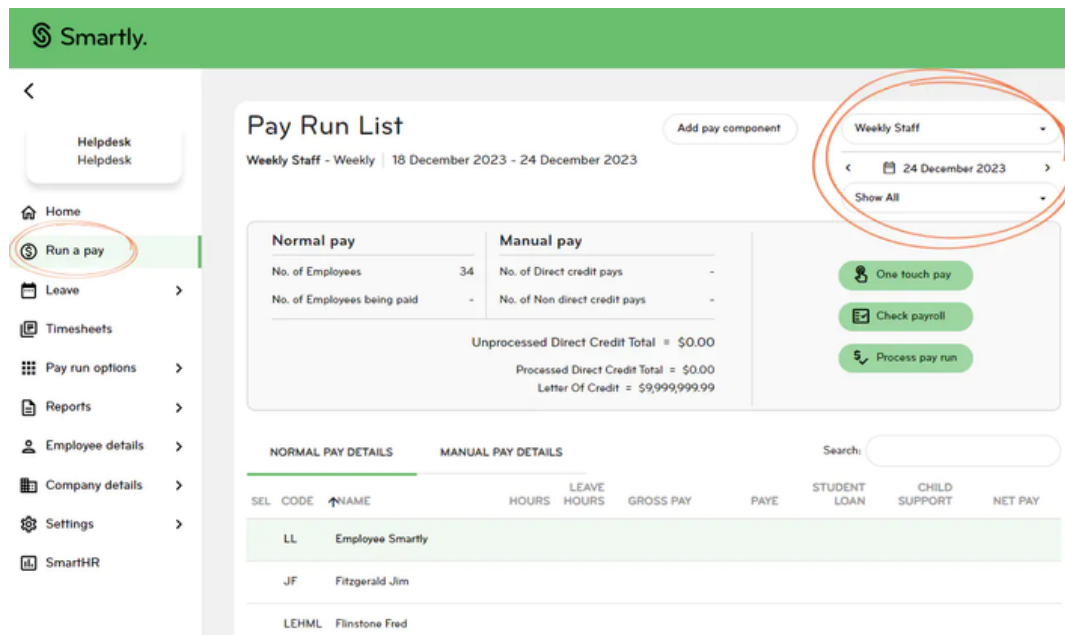
Adding a bonus

The best way to enter a bonus in Smartly as a net amount is by running a Manual Pay for the employee.

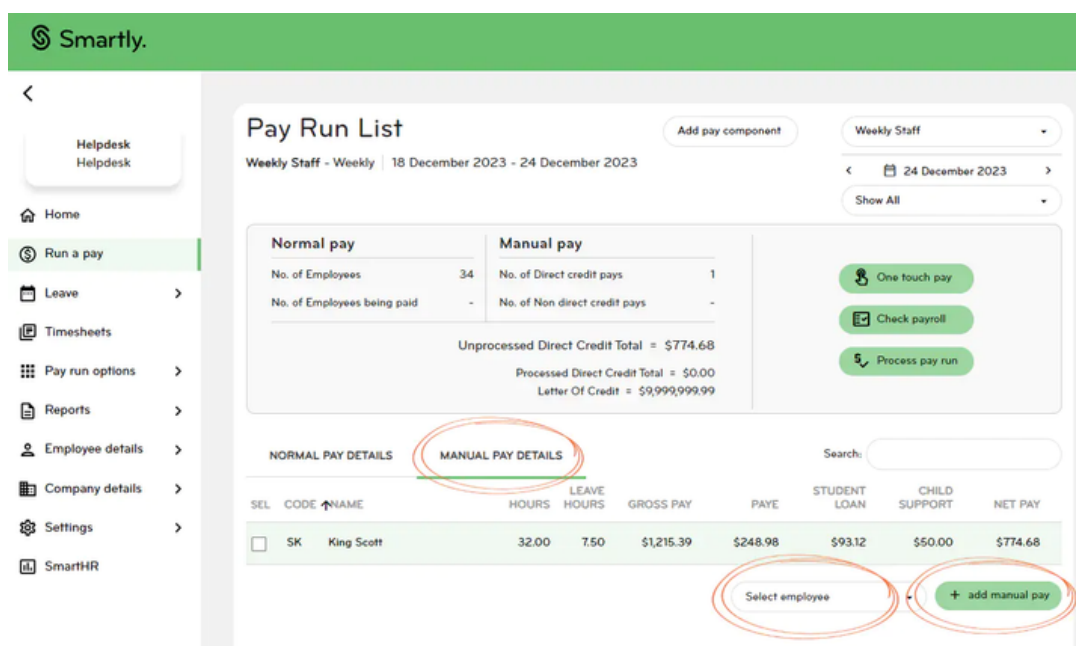
Net amount

Easily set up a Manual Pay in Smartly by following the steps below.

- 1 Head to the 'Run a pay' section.
- 2 Check you're in the correct pay period in the top right of the screen.



- 3 Select the employee you're paying the bonus to.
- 4 Now click 'Add manual pay'.



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18 Dec 2023 - 24 Dec 2023
Weekly Staff, Weekly Salary employee Paid up to: NA

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Salary	37.5	37.5	\$ 961.5384	\$961.54
Double Time			\$ 51.2821	

Add leave item Add one off payment Edit costing

No. of days paid 5

Total Earnings \$961.54

Deductions More Info

% GROSS TAXABLE EARNINGS	GROSS TAXABLE	RATE	AMOUNT
KiwiSaver (Kiwisaver)	\$961.54	0.03	\$28.84

Total Deductions \$28.84

Once you're in the manual pay details screen, click 'Add one off payment'.

Enter the details for the payment

- 1 Enter the name for the payment.
- 2 Enter the gross amount for the payment.
- 3 The tax rate should show as 'Auto' and ACC earner levy should be ticked on as 'Yes'.
- 4 If the bonus is not a discretionary payment, then the Leave Earnings option will need to be left on. If the bonus is a one-off amount (discretionary payment), then Leave Earnings can be unticked.
- 5 KiwiSaver should be ticked if the employee is contributing.
- 6 When you click Save, you'll be asked for the DC date. This is needed to ensure PAYE is calculated correctly.

Add one off payment for Rob Boyd

Please enter the details for the one off payment below

Enter the payment name

Enter the payment amount \$

Tax rate to apply

[More info](#)

The Auto setting will calculate a tax rate based on an estimate of the employee's annual income plus the One Off Payment amount. A higher tax rate can be chosen if the employee requests this based on other income that they may receive from other sources. Please click More info for the tax rates to apply.

Apply ACC Earner Levy Yes No

[More info](#)

Include the one off payment amount in:

Leave earnings
This may increase the value of annual leave paid to the employee.

KiwiSaver
Please contact our payroll helpdesk if this payment is not liable for KiwiSaver deductions. For more details on KiwiSaver obligations, please see [here](#).

Complying fund
This will increase the employer and employee Complying Fund contributions, if the employee belongs to a Complying Fund.

OK CANCEL

Important:

Refer to the Employment New Zealand website for more information about [gross earnings and discretionary payments](#).

- Once you've saved the pay, the system will calculate the PAYE deduction and display the net amount in the right hand box that shows the gross pay.

You can check here that the net amount is correct.

- If the net amount needs to be changed, click on the pencil icon and change the gross figure.

- Click 'Ok' and then re-save the pay. You can amend the amount until it's correct.

Once the amount is correct click 'Save', enter the day the payment will be direct credited to the employee then click 'Ok'.

- To set up another bonus for another employee, click 'Back to Pay Run'.

Adding all annual leave and statutory days into one pay period

To add all of an employees statutory days and annual leave into one pay period, follow the simple steps below.

Important:
The employee will pay extra tax on all future dates that fall outside of the pay period you are paying in.

- 1 Click on the 'Run a Pay' section, and double click on the correct employee.
- 2 Click 'Add leave item'.



Smartly.

Normal pay details for Scott King
18 Dec 2023 - 24 Dec 2023
Weekly Staff, Weekly Salary employee Paid up to: 9 Oct 2022

Earnings More Info

NORMAL PAY	HOURS WORKED	HOURS PAID	RATE	AMOUNT
Salary	37.5	37.5	\$ 1,153.8461	\$1,153.85
Double Time			\$ 61.5385	

Add leave item **Add one off payment** **Edit costing** No. of days paid 5

ALLOWANCES	QUANTITY	RATE	AMOUNT
Fruit Bin 2nd grade (Taxable)	0	0	\$0.00

Total Earnings \$1,153.85

- 3 A pop up will appear, displaying the current leave balances for the employee.



- 4 Click the leave drop down and select the leave you want to add.

- 5 Enter the date range for the leave type.

Add/Edit leave for Scott King
Please enter the leave details for the period 18 Dec 2023 - 24 Dec 2023 below

Current leave balances

Annual Leave	Lieu Earned	Long Service Leave	Sick Leave	Alt. Public Holiday Earned
9.77 weeks (48.87 days)	0.00 hrs	0.00 hrs	30.00 days	0.00 days

LEAVE TYPE	DATE FROM	DATE TO	HOURS	DAYS	WEEKS	RATE	AMOUNT
Select a leave...							

+ add another leave item Ok Cancel

Scenario 1 - Full time employee taking the week off between Christmas and New Year

An employee is finishing on Friday 22 December and is returning on Thursday 4 January 2024. They work standard hours (5 days, 8 hours per day) and are paid fortnightly. You would enter in their leave as per the example below..



LEAVE	WEEKS	DAYS	HOURS	RATE	AMOUNT
Statutory Holiday Taken (25/12/2023 to 26/12/2023)		2.00	16.0000	\$38.4615	\$615.38  
Annual Leave (27/12/2023 to 29/12/2023)	0.60		24.0000	\$1,538.4600	\$923.08  
Statutory Holiday Taken (01/01/2024 to 02/01/2024)		2.00	16.0000	\$38.4615	\$615.38  

Important:

The Employee Work Pattern can be set up if the employee does not work Monday to Friday.









Scenario 2 - Part time employee taking two weeks off

An employee is finishing on Thursday 21 December and is returning on Monday 8 January 2024. They do not work standard hours, but they usually work Monday to Thursday.

You'll need to enter the employee's annual leave with the normal days off excluded.

The employee averages 4 hours per day, the annual leave would be entered as indicated below.



LEAVE TYPE	DATE FROM	DATE TO	HOURS	DAYS	WEEKS	RATE	AMOUNT
Statutory Holiday Taken	25/12/2023	26/12/2023	8	2.00		\$ 30.0000	\$240.00  
Annual Leave	27/12/2023	28/12/2023	8		0.50	\$ 480.0000	\$240.00  
Statutory Holiday Taken	01/01/2024	02/01/2024	8	2.00		\$ 30.0000	\$240.00  
Annual Leave	03/01/2024	04/01/2024	8		0.50	\$ 480.0000	\$240.00  

Important:

The reason you enter the Annual Leave for just the working days is so the system does not add Annual Leave hours for days the employee does not work.

How to process multiple future pay periods

In Smartly you can set up pays with Direct Credit dates (DC dates) up to 30 days into the future.

This gives you the ability to enter pays before you go on holiday, so you don't have to worry while you're enjoying your break.

Important:

It's important you enter pays in date order i.e. you can't skip a pay period and enter pays for another week, then go back to the period you skipped.

To enter pays in advance, follow the steps below:

- 1 Head to the 'Run a Pay' section and enter the pays for the first pay period as normal. Click 'Process pay run', enter the Direct Credit date and submit.

Direct credit date required for tax calculation

Enter the date normal pays will be direct credited: dd/mm/yyyy
Note: this date is required for tax calculations only. You will still need to process & authorise your pays to finalise them.

OK CANCEL



SEL CODE	NAME	HOURS	LEAVE HOURS	GROSS PAY	PAYE	STUDENT LOAN	CHILD SUPPORT	NET PAY
LL	Employee Smartly							
JF	Fitzgerald Jim							
LEHML	Flinstone Fred							

- 2 Now go to the next pay period date by using the arrow on the top right hand side. Enter the pays and process for the next Direct Credit date.

Working on a public holiday

To determine how your employee should be paid when they work on a public holiday, you need to check if they usually work on this particular day.

- 1 If the Public Holiday is their normal work day, the employee should be paid time and a half for the hours worked plus they are also entitled to earn an Alt. Public Holiday.
- 2 If it is not their normal work day, the employee is only entitled to be paid time and a half for the hours worked.

Company closedowns

If your business has an annual close down period requiring your employees to taken their Annual Leave or unpaid time off, it's important that you give them at least 14 days notice.

For more information about annual closedowns, we recommend visiting the Employment NZ website.

Lump sum payments

If you're making a lump sum payment to an employee, the tax can be higher than usual. It can also affect any ACC, KiwiSaver and Student Loan repayments.

Important:

Smartly cannot alter tax amounts and we recommend getting in touch with IRD if you need more information.

Public holidays while on annual leave or leave without pay

Annual leave

- If an employee is being paid annual leave when there is a public holiday, they're entitled to be paid for the public holiday instead of using their annual leave.

Leave without pay

- If an employee is on leave without pay when there is a public holiday, they are not entitled to be paid for the public holiday. This is because the employee had no intention of working on that day.
- However, if the employee is on leave without pay because they have no sick leave available, then they would be entitled to the public holiday.

Important:

These situations aren't always straight forward, so if you're unsure, we suggest contacting MBIE on 0800 20 90 20.

Terminations over the Christmas period

If you're terminating an employee over the Christmas period, it's important to check if they have any earned leave. This is because if their earned leave would stretch across the Public Holidays, they would be entitled to be paid for them.

Scenario

An employee is being terminated 3 days before Christmas and they have 32 hours of earned leave available.

The employee works 8 hours per day, so their Annual Leave would cover the public holiday for Christmas Day.

This means they are entitled to be paid for 1 public holiday on top of their normal termination pay.

Here's how you can easily check if an employee has earned leave available:

- 1 Click on 'Employee details' in the left-hand menu. Select the correct employee, and then click on 'Leave balances'.
- 2 The employees leave balances will be displayed. You can subtract the accrued leave from the balance and this will give you the earned balance.

Leave Balances for Andy Handy

All leave for the employee, based on the date the employee has been paid up to, is shown on this page.

Leave as at : 11/12/2022

LEAVE TYPE	LAST ANNIVERSARY	EARNED	ACCRUED	TAKEN	BALANCE
Annual Leave (8%)		4.00 Weeks	2.41 Weeks ⓘ	3.20 Weeks	3.21 Weeks ⓘ

We're here to help

For information or answers to simpler questions head to our online help centre. Otherwise, if you've got something niggly or urgent that you want to chat through with an expert – we've got you!

Our customer support hours are between 8am and 6pm, Monday to Friday, excluding public holidays. Call 0800 10 10 38.

**HELP LINE, ONLINE, CHAT
LINE, ONE-LITTLE-QUESTION-
LINE. SMARTLY HAS MORE
WAYS TO HELP SORT YOUR
PAYROLL.**

