

# SmartPayroll

## Managing COVID-19 Leave Payments in SmartPayroll

The information contained in this document is current at the time of writing. Given the situation is rapidly evolving, we recommend referring to [Business New Zealand](#) so you can stay up to date as new information becomes available.

## Using SmartPayroll to apply the Leave Payment to an employee

The COVID-19 Leave Payment is designed to help people who should self-isolate, but otherwise might be deterred because of financial reasons. [Get more information from Employment New Zealand](#)

### 1. Processing COVID-19 Leave Payment on behalf of an employee

#### Step One

##### Setting up COVID-19 Leave in SmartPayroll

We've made things easier for you by pre-defining the required pay components you will need in this situation. The two components we've added are:

##### 1. **Special Leave Type: COVID-19 Leave Hours**

This is an unpaid leave type to record any hours of absence for your employee during their self-isolation period, so they can continue accruing annual leave on any hours that they would normally be expected to work.

##### 2. **Allowance: COVID-19 Leave Payment**

This is a taxable allowance so that you can keep track of any leave payments made to your employee while they are on leave and receiving the Government COVID-19 Leave Payment.

These new components have already been set up and switched on so that they can be enabled for any employee that needs to use them, by following the next set of instructions.

#### Step Two

##### Preparing to pay an employee COVID-19 Leave

1. Go to the Employee Payments screen.
2. Open the Special Leave section.
3. Tick the "COVID-19 Leave Hours" flag.

4. Open the Allowances section.
5. Tick the “COVID-19 Leave Payment” flag.
  - If you know you are only going to be paying the employee the COVID-19 leave payment amount, then you could at this point set the Rate to either \$350 or \$585.80 depending on if their standard hours are less than/more than 20 hours respectively. Otherwise leave the Rate blank.
  - Leave the Quantity blank.
6. Save the Employee Payments screen.

Active	Quantity Based	Quantity	Rate	Amount
<input checked="" type="checkbox"/>	COVID-19 Leave Payment (taxable)		\$	\$0.00
<input type="checkbox"/>	Monthly Bonus (taxable)		\$	\$0.00

### Step Three

#### Paying an employee COVID-19 Leave

1. Go to the Pay Details screen.
2. Click Add Leave Item.
3. Select **Leave Type** “COVID-19 Leave Hours”

Leave Type	Date From	Date To	Hours	Days	Weeks	Rate	Amount
*COVID-19 Leave Hours	23/03/2020	29/03/2020	35				

4. Enter the duration for the leave. This is so that the employee still accrues based on the number of hours they normally would work during the period.
5. Click “OK”.
6. Click on Edit button for the **Allowance** “COVID-19 Leave Payment”

Edit allowance for Carol Carlson

Please edit the details for the selected allowance below

Allowance	Quantity	Rate	Amount
COVID-19 Leave Payment (Taxable)	1	\$ 585.8	\$585.80

Ok Cancel

1. If you want to pay the employee what they would normally receive had they been at work:

- a) Set the Quantity to the same hours that were entered for the COVID-19 leave entry, and set the Rate to their normal hourly rate, **OR**
  - b) Set the Quantity to 1 and the Rate to the Gross Pay that they would have normally received for the pay period.
2. If you only want to pay the employee the amount received from the COVID-19 Leave Payment Scheme:
- a) And the employee normally works less than 20 hours per week:
    - i. Set the Quantity to the number of weeks that the leave payment covers; and
    - ii. Set the Rate to \$350.00
  - b) And the employee normally works greater than 20 hours per week:
    - i. Set the Quantity to the number of weeks that the leave payment covers; and
    - ii. Set the Rate to \$585.80
7. Set the **Days Paid** value to the number of days the employee would have normally been paid for had they been able to work, as it may have been auto-reduced by the COVID-19 leave.

Leave	Days	Hours	Rate	Amount
*COVID-19 Leave Hours (23/03/2020 to 29/03/2020)		35.0000		

+ Add leave item    + Add one off payment    No. of days paid     Taxable periods: 1

8. Check the Pay Details screen before saving. If the employee is taking COVID-19 leave for an entire pay period, the pay packet should look something like this:

## 2. Topping up an employee - paying normal wages/salary using other leave balances

You may agree with your employee to top up their payment to their regular wages/salary by using remaining leave balances e.g. Annual Leave, Sick Leave.

### **An example:**

An employee works 35 hours per week and normally gets paid \$875 per week at \$25.00 per hour. They will receive the COVID-19 Leave payment of \$585.80, and you have both agreed to use the employees Annual Leave balance to top up the remaining \$289.20

## Normal pay details for Carol Carlson

Weekly Staff, Weekly | 23 Mar 2020 - 29 Mar 2020 | Wages employee - Paid up to: NA  
DC Date - 24 Mar 2020

[Back to Pay Run](#)  
[Save & Go to next unpaid employee](#)  
[Save & Go to next employee](#)

Select employee

### Earnings [More Info](#)

Normal Pay	Hours	Rate	Amount
Wages	<input type="text" value="0"/>	\$ 25.0000	

Leave	Days	Hours	Rate	Amount
*COVID-19 Leave Hours (23/03/2020 to 29/03/2020)		35.0000		

Taxable periods: 1

Allowances	Quantity	Rate	Amount
COVID-19 Leave Payment (Taxable)	1	585.8	\$585.80

Total Earnings \$585.80

Ordinary Pay Tax	
Gross Pay	\$585.80
PAYE	\$91.80
Deductions	\$17.57
Net Pay	\$476.43

### Actions

- Enter a payslip message
- Enter an admin note
- Terminate the employee

Follow the instructions under 1c, step three “**Paying an employee COVID-19 Leave**”.

Replace **points 3 and 4** with the following:

1. Calculate the number of Annual Leave Hours that would give them \$289.20 by dividing the top up amount (\$289.20) by their leave rate (\$25.00).  $\$289.20 / \$25.00 = 11.568$  hours.
2. Set the Duration for Annual Leave to the hours calculated (11.568 hours).
3. Select **Leave Type** “COVID-19 Leave Hours”
4. Calculate the Duration for the COVID-19 Leave Hours to their total hours they normally work less the hours of Annual Leave taken (35 hours – 11.568 hours = 23.432 hours).
5. Set the Duration for COVID-19 Leave Hours to the hours calculated (23.432 hours).
6. Check that the total leave hours equals the number of hours they normally work in a pay period. This is so that the employee still accrues based on the correct number of hours (11.568 + 23.432 = 35)

Leave Type	Date From	Date To	Hours	Rate	Amount	Leave Days
Annual Leave	23/03/2020	29/03/2020	11.568	\$ 25.0000	\$289.20	
*COVID-19 Leave Hours	23/03/2020	29/03/2020	23.432			

9. Follow steps 5 onwards from the “**Paying the employee COVID-19**” instructions. Make sure to set the **Days Paid** value to the number of days the employee would have normally been paid for had they been able to work, as it may have been auto-reduced by the COVID-19 leave.
7. Check the Pay Details screen before saving. If the employee is taking COVID-19 leave for an entire pay period, where the employee has been topped up to their ordinary pay using Annual Leave, the pay packet should look something like this:

## Normal pay details for Carol Carlson

Weekly Staff, Weekly | 23 Mar 2020 - 29 Mar 2020 | Wages employee - Paid up to: NA  
DC Date - 24 Mar 2020

[Back to Pay Run](#)  
[Save & Go to next unpaid employee](#)  
[Save & Go to next employee](#)

Select employee

### Earnings [More Info](#)

Normal Pay	Hours	Rate	Amount
Wages	<input type="text" value="0"/>	\$ <input type="text" value="25.0000"/>	

Leave	Days	Hours	Rate	Amount
Annual Leave (23/03/2020 to 29/03/2020)		11.5680	\$25.0000	\$289.20
*COVID-19 Leave Hours (23/03/2020 to 29/03/2020)		23.4320		

No. of days paid  Taxable periods: 1

Allowances	Quantity	Rate	Amount
COVID-19 Leave Payment (Taxable)	1	585.8	\$585.80

**Total Earnings \$875.00**

Ordinary Pay Tax	
Gross Pay	\$875.00
PAYE	\$146.44
Deductions	\$26.25
<b>Net Pay</b>	<b>\$702.31</b>

### Actions

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## Frequently Asked Questions

### Is the COVID-19 Leave Payment a gross or net amount?

It is a gross taxable amount; normal tax rules apply. It is included as part of the employee's normal wages and is subject to the usual PAYE, Student Loan, KiwiSaver deductions etc. It would also fall within the definition of gross earnings for the purposes of Holidays Act 2003 calculations.

### My employee normally receives less than the COVID-19 Leave Payment amount each week. Do I have to pay them all of it anyway?

No. If your employee normally works less than 20 hours per week and receives less than \$350 per week (or works more than 20 hours per week and receives less than \$585.80 per week), then you only need to pay them for what they would normally receive for a week.

### Can an employee use their other leave entitlements if required to self-isolate?

Employers and employees can agree to use any form of paid leave (e.g. annual leave) to cover their period of self-isolation. However, employees aren't required to have used any or all their paid leave entitlements before they can receive the COVID-19 Leave Payment.

### Can my employees receive the COVID-19 Leave Payment if they work from home?

No, the payment is not available to those who can work from home during the period of self-isolation, and who can be paid normally by their employer.

**Am I required to track my employees' hours if they are working from home?**

No. As your employees are still working their normal hours and being paid accordingly, there is no requirement to track this information.

**My employee went overseas before 16 March 2020 and is due to return to New Zealand on 30 March 2020. Can I apply for the COVID-19 Leave Payment on their behalf?**

Yes. A person that has travelled to New Zealand from any country is now required to self-isolate for 14 days or longer as per Government instructions. If they cannot work from home during this period, you may wish to consider applying for the COVID-19 Leave Payment on their behalf. The COVID-19 Leave Payment covers the period employees are required to self-isolate in accordance with public health guidance or for the entire period of sickness for employees who contract COVID-19. Other forms of paid leave can also be used by agreement between you and your employee.

**My employee has just left for overseas travel on 18 March 2020 and is due to return to New Zealand on 30 March 2020. Can I apply for the COVID-19 Leave Payment on their behalf?**

No. The COVID-19 Leave Payment for self-isolation is not available for employees who have travelled overseas after 16<sup>th</sup> March 2020 and have now returned.

***Disclaimer:** The content of this article is general in nature and not intended as a substitute for specific professional advice on any matter and should not be relied upon for that purpose.*