

Payroll – don't you just love it?!

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It's probably no surprise to hear that those responsible for your companies Payroll are pulling their hair out and they don't love it at all! Why? Because in these current times, the correct interpretation and application of the Holidays Act 2003 is nothing short of a nightmare. Even for the experts, there are so many fish hooks to get caught!

The Act has been around for a while now and largely unchanged over time. Today's requirement for greater flexibility and variability in hours of work for employees makes the task of processing payroll correctly, extremely challenging indeed.

Just accepting that leave payments have been accurately calculated by your payroll system is not a good practice and is not recommended. History tells us that often some calculations have not been compliant to meet the requirements of the Holidays Act 2003.

Employers must:

- understand the methodology used for your system generated calculations and;
- ensure those calculations fully comply with the Holidays Act 2003;
- consider undertaking an independent audit of your payroll system and processes. This will give you the confidence that your employer obligations are being met.

While a review of the Holidays Act 2003 is currently underway, you cannot afford to just wait for the law to be amended. Any changes recommended to the Government will not be introduced any time soon.

The Labour Inspectorate continues with their programme of audits and investigations into non-compliance with the current law.

For now, employers are obligated to remediate employees for any historical underpayments of leave identified and to pay employees correctly.

This can be very worrying, so a final word of advice to save yourself stress and worry! Take the time to talk with a Payroll and HR professional to have your payroll checked for compliance.

Further assistance and advice available by contacting [Kearin Pollard](#), our employment legislation and compliance expert, at Baker Tilly Staples Rodway Taranaki.

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