# Quickpay

## Holidays over Year- End

As you are aware the tax year begins and ends to coincide with the calendar year. While this is convenient for tracking dates and record keeping purposes it unfortunately means that Payroll Year End arrives in the middle of the period of the busy period at Christmas. Many employees will be on holidays from the old tax year right through to the New Year. From their perspective they will be receiving the holiday pay for the entire holiday period in advance and returning to work sometime in the New Year. However, it is the payroll operator's duty to ensure that there is a definite cut off point at the end of the old tax year regardless of whether employees are to be paid in advance for holidays or not.

The cut off point for the end of the tax year is the 31$^{st}$ December. Quickpay uses the Pay Date to determine which tax year a payroll run belongs to. This means that any pay date or on before December 31$^{st}$ belongs to the old tax year and any pay date that land on or after January 1$^{st}$ belongs to the new tax year. This holds true regardless of when the work that is being paid for is done. Similarly for holidays, you must consider what the pay date would have been on a holiday week, and then determine whether that holiday week belongs in the old or new tax year.

**Example 1:**

On a weekly payroll every Friday is a payday. The last Friday of 2011 tax year is the 30th December, which will be period 52 of the 2011 tax year.

In the event that employees are being paid in advance for holidays that are taken over the year-end and they will not return to work until the 2$^{nd}$ period (or later) of the new tax year, it will be necessary for you to:

- Run the payroll up to the end of the 2011 tax year, making sure not to include any pay that would normally be due in the new tax year.

- Run the Payroll Year End Update CD and create the new tax year for 2012.

- Process the holidays as the first period(s) of the new tax year in the updated version of the program.

It does not matter when you perform the steps above, as long as the pay dates that you are use are consistent and that you do not include or exclude more or less than the allowable number of pay periods in either tax year. On weekly-based payrolls they will be times when you will have an extra pay period in the tax year. For the 2010 tax year this will only occur if your payday is every Friday.

**Example 2:**

On a weekly payroll every Wednesday is a payday. Period 52 will be Wednesday 28$^{th}$ of December. The following Wednesday, January 4$^{th}$, will be period 1 in 2012. All of the employees are on holidays over the Christmas period for 2 weeks commencing on Wednesday December 21$^{st}$ (period 51 of 2011) and returning to work on Wednesday January 4$^{th}$ (period 1 of 2012). Period 51 will be the last working week and this is when the holiday pay would be given. Period 52 of 2011 is the first holiday week and period 1 of 2012 is the 2$^{nd}$ holiday week. It is not possible to put through 2 weeks of holiday along with period 51. Instead the 2 holiday weeks must be processed separately.

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Wednesday 21<sup>st</sup> December is Period 51 of 2011 – Last working week

Wednesday 28<sup>th</sup> December is Period 52 of 2011 – Holiday week 1

Wednesday 4<sup>th</sup> January is Period 1 of 2012 - Holiday Week 2

Wednesday 11<sup>th</sup> January is Period 2 of 2012- First week back to work in 2012.

1. **Run the payroll up to the end up to the end of the old tax year, making sure not to include any pay that would normally be due in the new tax year.**

   While processing the timesheets for Period 51, each employee is to be given one holiday week by entering '1' in the **Holiday Periods** box at the bottom left hand side of the **Timesheet Entry.** This will pay the employees for up to and including Period 52.

2. **Run the Payroll Year End Update CD to create the new Tax Year (2012)**

   • After completing  the payroll run it is then time to install your 2011 Year End Update CD. Please follow the User Guide to complete all the necessary steps.

   • After installing the update, you will be able to create the 2012 tax year, without the need of the close off for 2011 tax year and process your Year End Reports.

   • To create the 2012 Tax Year, log into your 2011 version of Quickpay.

   • Go to Tax Year End- Setup 2012 Tax Year. You will get a confirmation message and click Ok.

**Process the holidays as the first pay period(s) of the new tax year in the updated version of the program**

   • Once the 2012 Tax Year has been created, close out of the 2011 version of Quickpay and open the 2012 version. ( You can find this by going to your Start menu and selecting Quickpay 2012 or there will be a icon on your desktop for the 2012 version).

   • Set for period 1 of the new tax year, and process the pay for that period.

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**Paying by Paypath**

Employees who are paid directly into their bank accounts via **Paypath** will be sent two payments. One paypath file wil be created before the payroll year end and the other will be created after the year-end is processed. Although the payments are for different dates, the employees will be getting them both in advance at the same time because they are for holidays. Whenever you are sending more than one paypath file to the bank on the same day you need to make a change to every file sent after the first so that the bank can distinguish between them. The first can be created and sent as normal without any changes. At the time you are creating the second paypath file in Quickpay you need to increment the **File Number** to **2**.



Please bear in mind that the above demonstration is just an example of how to go about processing holidays over tax year-end. Pay-dates, pay frequencies and holidays will vary between companies, but providing you carry on using the same payday for each period, the date on which it lands will determine the tax year it belongs to and from this you will be able to decide how best to record the holidays.

If you have any queries on processing holidays over the tax year-end, please contact your support centre for future assistance.