BK & OSS

Leave Settings and LSL calculation



Payroll:

Payroll can be defined as the process of the compensation awarded to employees for their work at a company.

Types of payroll :

- Weekly
- Fortnightly
- Twice monthly
- Monthly

Leave :

leave is the time that employees take off work during otherwise normal working hours which they are entitled to, by law, or by contract.

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Types of Leaves

- Annual Leave
- Personal carers leave/ Sick leave
- Long service leave
- Compassionate and bereavement Leave
- Parental Leave/Maternity
- Family and Domestic Violence leave

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Annual Leave

Annual leave (also known as holiday pay) allows an employee to be paid while having time off from work.

All employees (except for casual employees) get paid annual leave.

Full-time and part-time employees get 4 weeks of annual leave per annum, based on their ordinary hours of work.

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Sick and carer's leave

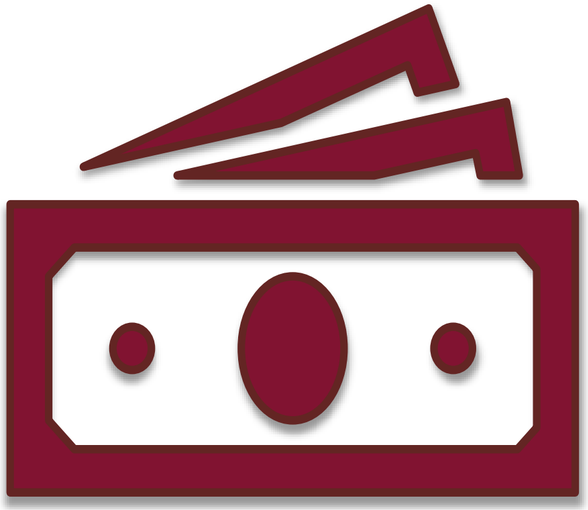
Sick and carer's leave lets an employee take time off to at the time of illness

All employees (except for casual employees) get paid Sick leave.

Full-time and part-time employees get 2 weeks of sick leave, based on their ordinary hours of work.

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Long Service Leave



An employee gets long service leave after a long period of working for the same employer.

Long service leave laws varies based on territory.

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Long Service Leave

Table 16.1 **Long service leave entitlements[a]**

State	*Legislation*	*Qualifying Period*	*Entitlement*
New South Wales	Long Service Leave Act 1955	10 years	2 months
Victoria	Long Service Leave Act 1992	15 years	13 weeks
Queensland	Industrial Relations Act 1999	10 years	8.667 weeks
Western Australia	Long Service Leave Act 1958	10 years	8.667 weeks
South Australia	Long Service Leave Act 1987	10 years	13 weeks
Tasmania	Long Service Leave Act 1976	10 years	8.667 weeks
Australian Capital Territory	Long Service Leave Act 1976	7 years	6.06 weeks
Northern Territory	Long Service Leave Act 1981	10 years	13 weeks

[a] This table does not show the rate at which additional entitlements accrue for service in excess of the qualifying period. There are also some exceptions. For instance, in most states, there is separate legislation for the construction industry, while Commonwealth public servants are covered by the *Long Service Leave (Commonwealth Employees) Act 1976* (Cth) rather than LSL legislation in the ACT.

Sources: Casey, McLaren and Passant (2012); Workplaceinfo (2015a).

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Compassionate and bereavement leave

- Bereavement/ Compassionate leave is time off granted to an employee in the event of when a loved one passes away
- Full-time and part-time employees receive paid compassionate leave. They're paid on their base pay rate for the ordinary hours they would have worked during the leave.

Family and Domestic Violence leaves

- All employees are entitled to 10 days of paid family and domestic violence leave each year. This includes full-time, part-time and casual employees

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Parental leave

- Parental leave is paid leave that can be taken after an employee gives birth
- From 1 July 2023, eligible employees who are the carer of a newborn or newly adopted child can get up to 20 weeks' Parental Leave Pay, which is paid at the National Minimum Wage.

Study leaves

- Study leave is purposed to accommodate employees undertaking studies.
- This kind of leave is not offered across the board, but some have adapted to enable their staff to apply for and complete extra courses.

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Methods of Leave accruals

Based on Ordinary Earnings – A relative number of hours the employee accrues each pay period, based on an employee's ordinary earnings for the pay run. The number of hours accrued annually should be based on a full-time employee. Xero will pro-rata the accrual accordingly.

Fixed Amount Each Period – A set number of hours the employee will accrue each pay period, based on their annual entitlement.

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Methods of Leave accruals

No Calculation Required– Leave isn’t accrued, but you can enter an amount manually in the pay run if needed.

Manually Recorded Rate– Manually enter the number of hours the employee accrues in each pay run.

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Calculation of leaves Based on Ordinary Earnings

Working Hours Per Day – 7.6 hours

No of Days in a week – 5 days

Total Working Hours Per week – 7.6 * 5 = 38 hours

So, the weekly annual leave accrual will be calculated as follows:

Annual accrual – 4 weeks

No. of weeks – 52 weeks

Accrual per week – 38*4/52 = 152/52

= 2.923 hours/week

And his sick leave accrual for the week would be 2 weeks of the AL accrual, i.e, 2.923/2 = 1.461 hours/ week

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Calculation of leaves Based on Ordinary Earnings

- Working Hours Per Day – 8 hours
- No of Days in a week – 5 days
- Total Working Hours Per week– 8* 5 = 40 hours

So, the weekly annual leave accrual will be calculated as follows:

Annual accrual – 4 weeks

No. of weeks – 52 weeks

Accrual per week – 40*4/52 = 160/52

= 3.077 hours/week

And his sick leave accrual for the week would be 2 weeks of the AL accrual, i.e, 3.077/2 = 1.539 hours/ week

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Calculation of leaves Based on fixed amount each period Fixed

- Working Hours Per Day – 7.6 hours
- No of Days in a week – 5 days
- Total Working Hours Per week – 7.6 * 5 = 38 hours
- Note : An employee can work different hours per day or week, but the leave accrual per week would be fixed per week

So, the weekly annual leave accrual will be calculated as follows:

Annual accrual – 4 weeks

No. of weeks – 52 weeks

Accrual per week – 38*4/52 = 152/52

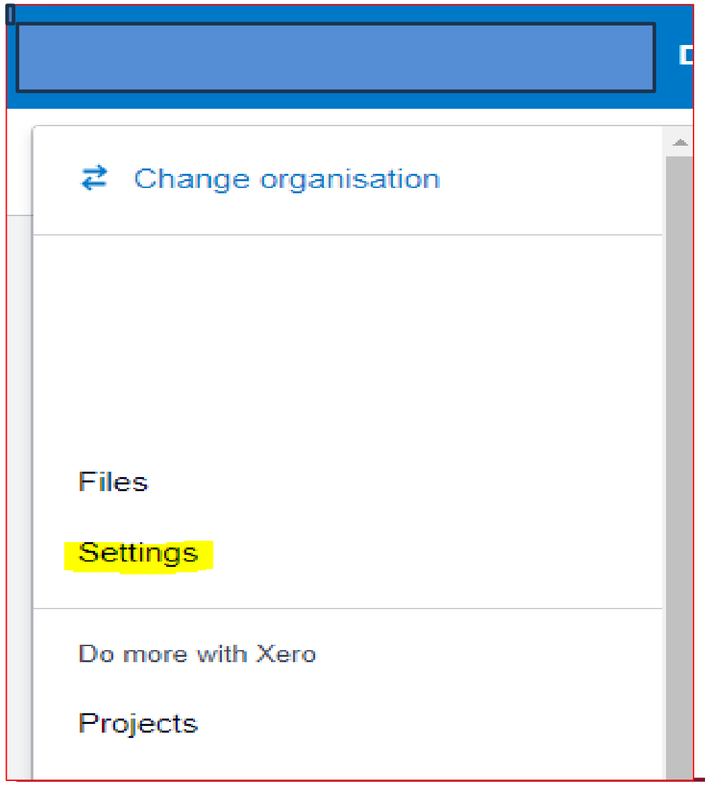
= 2.923 hours/week

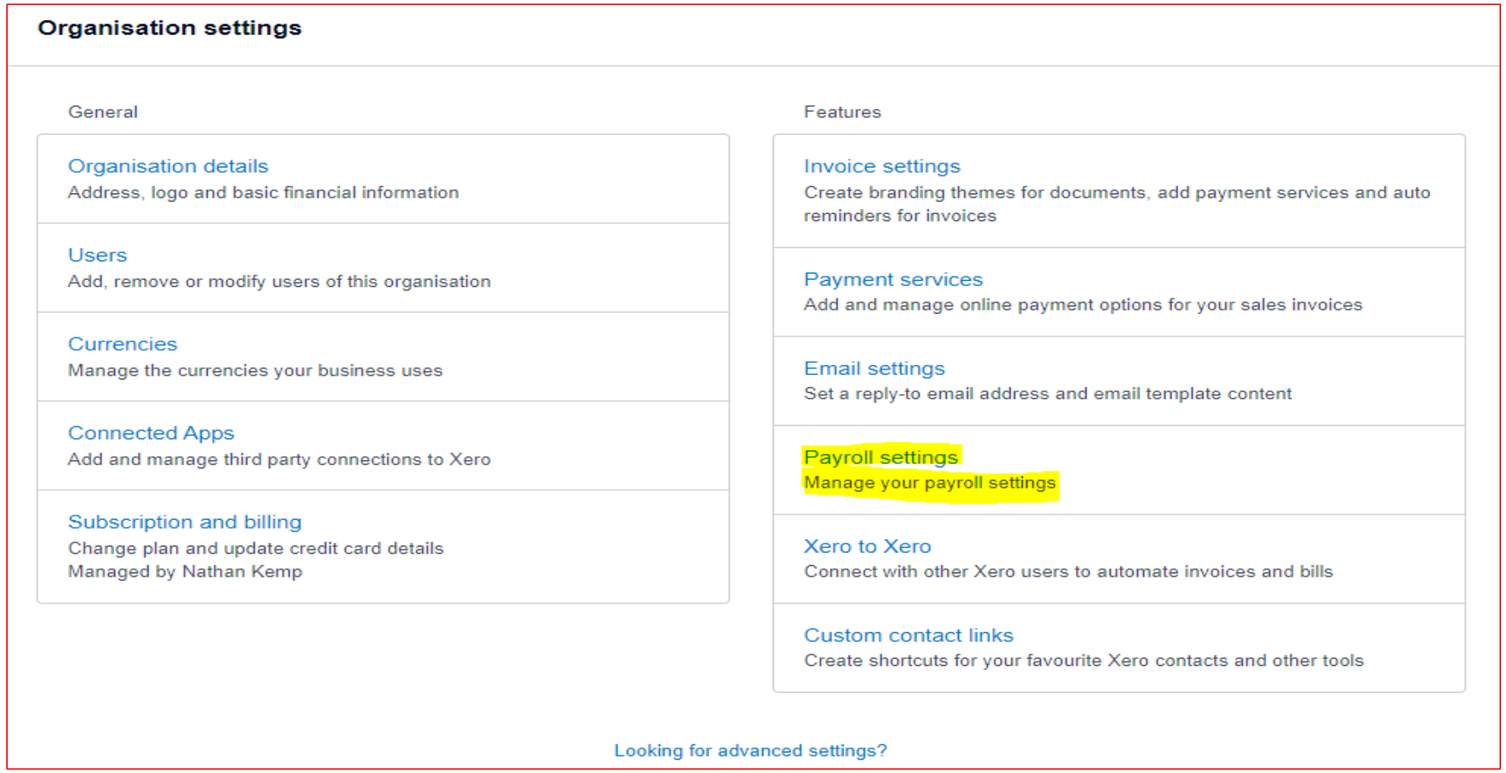
And his sick leave accrual for the week would be 2 weeks of the AL accrual, i.e, 2.923/2 = 1.461 hours/ week

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Leave settings

- **STEP 1** - Select the dropdown arrow and click on **Settings**.
- **STEP 2 –** Select **Payroll Settings**





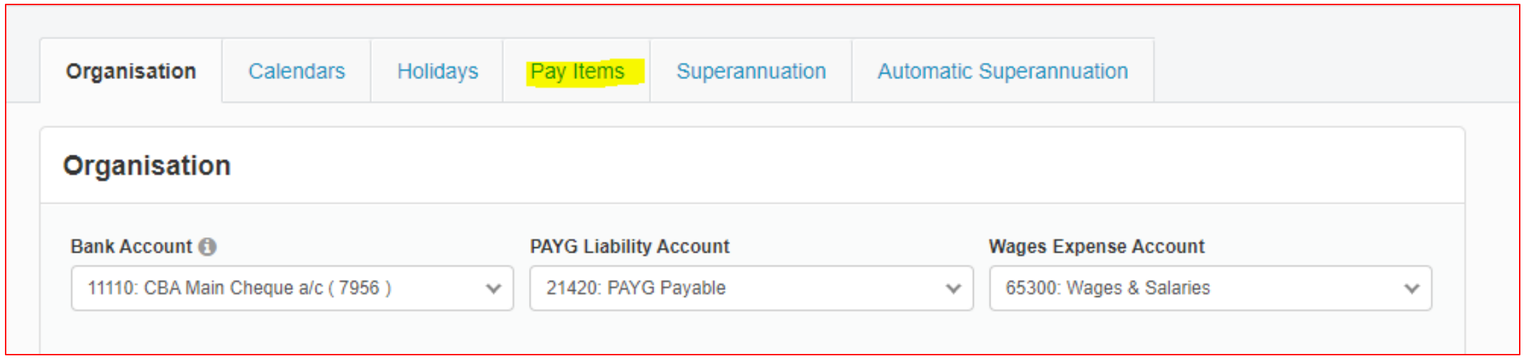
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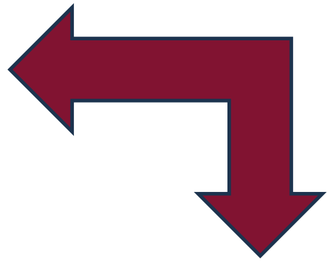
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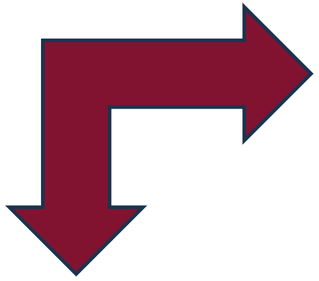
STEP 3 – Select the **Pay Items** tab.

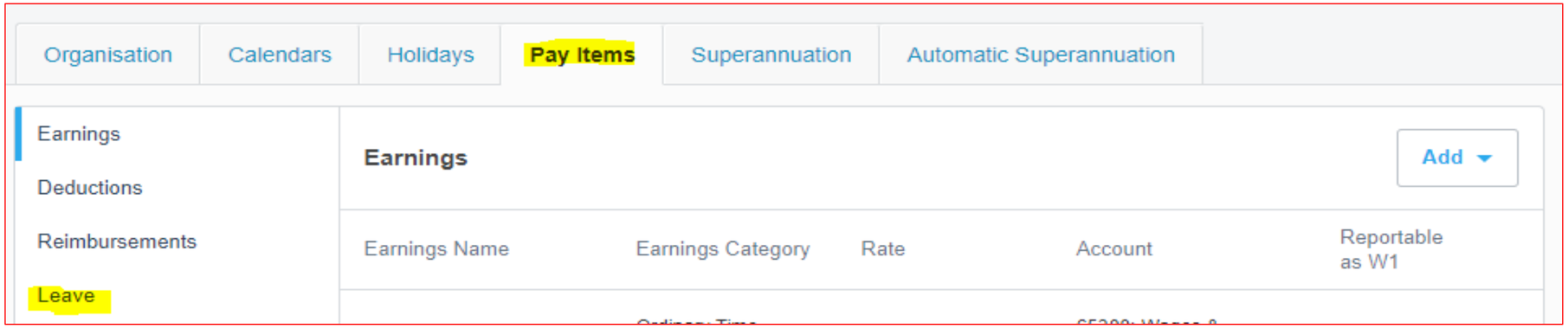
STEP 4 – In the **Pay Items tab,** select **Leave.**

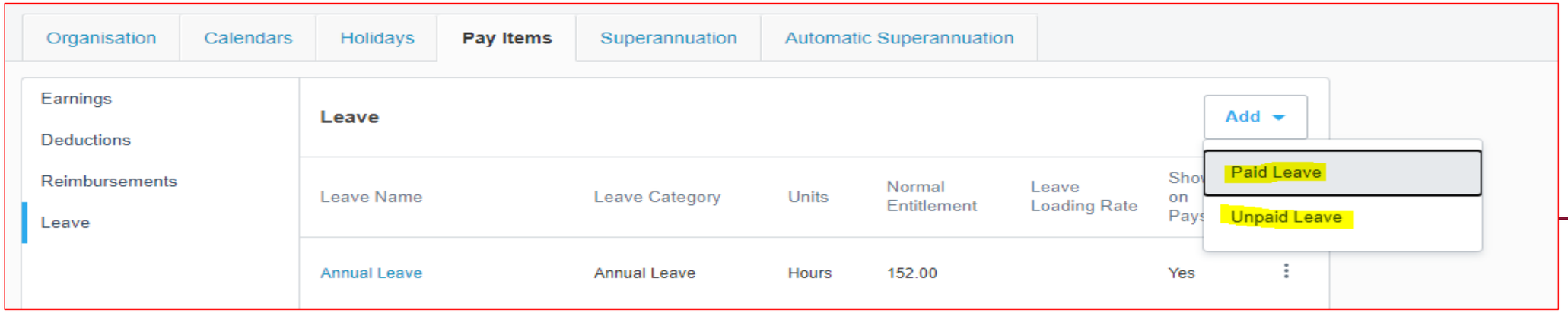
STEP 5 – Select **Add** option , then select **Paid Leave or Unpaid Leave**







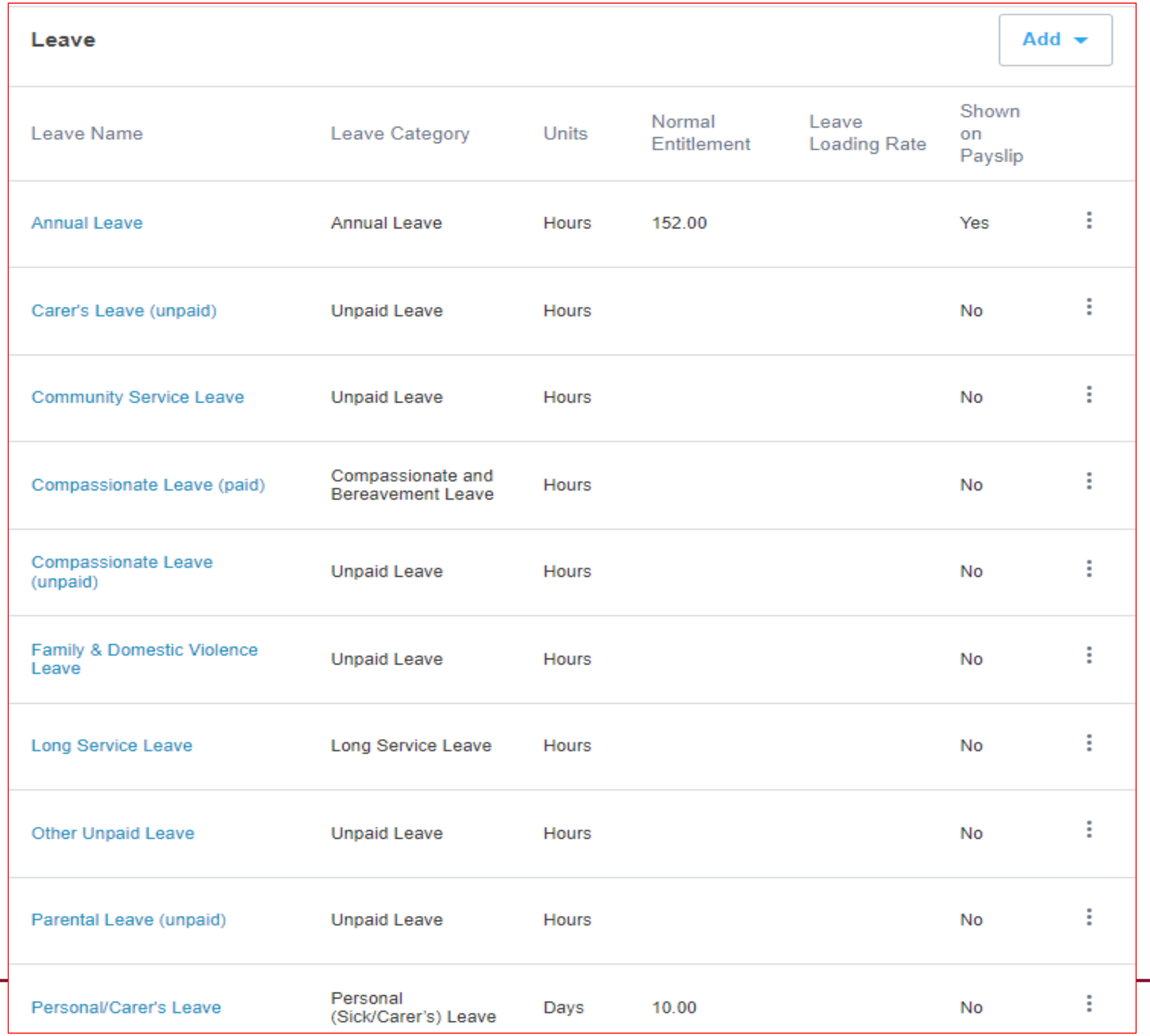




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STEP 6 – Enter a name for the leave type. This name will show in the employee's Leave tab and on their pay slip, if you choose to show the balance.

STEP 7 – Enter the remaining pay item details, then click Add



Leave Add

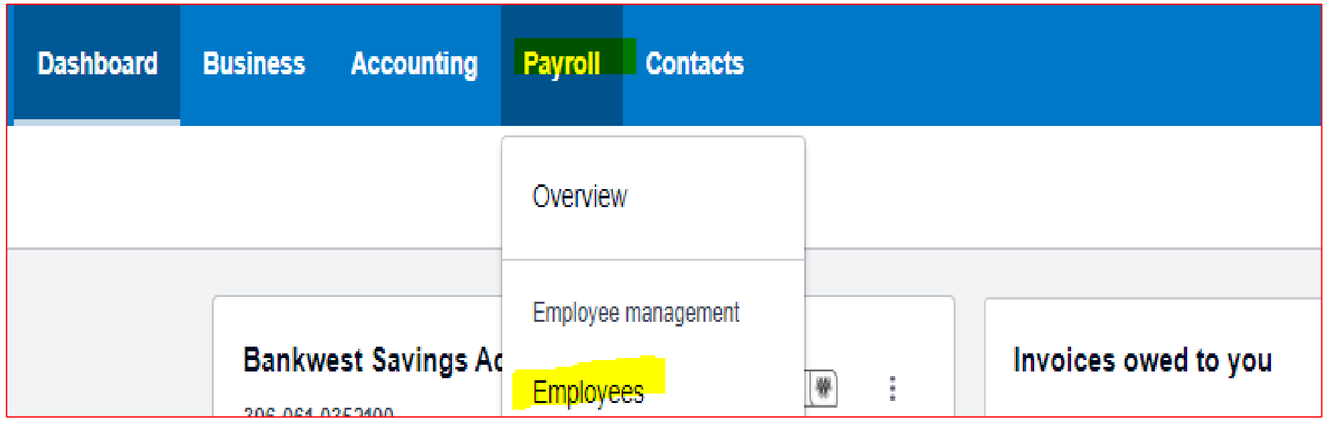
Leave Name	Leave Category	Units	Normal Entitlement	Leave Loading Rate	Shown on Payslip
Annual Leave	Annual Leave	Hours	152.00		Yes
Carer's Leave (unpaid)	Unpaid Leave	Hours			No
Community Service Leave	Unpaid Leave	Hours			No
Compassionate Leave (paid)	Compassionate and Bereavement Leave	Hours			No
Compassionate Leave (unpaid)	Unpaid Leave	Hours			No
Family & Domestic Violence Leave	Unpaid Leave	Hours			No
Long Service Leave	Long Service Leave	Hours			No
Other Unpaid Leave	Unpaid Leave	Hours			No
Parental Leave (unpaid)	Unpaid Leave	Hours			No
Personal/Carer's Leave	Personal (Sick/Carer's) Leave	Days	10.00		No

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Employee Leave Settings

To assign default leave types to an employee:

In the **Payroll** menu, select **Employees**.

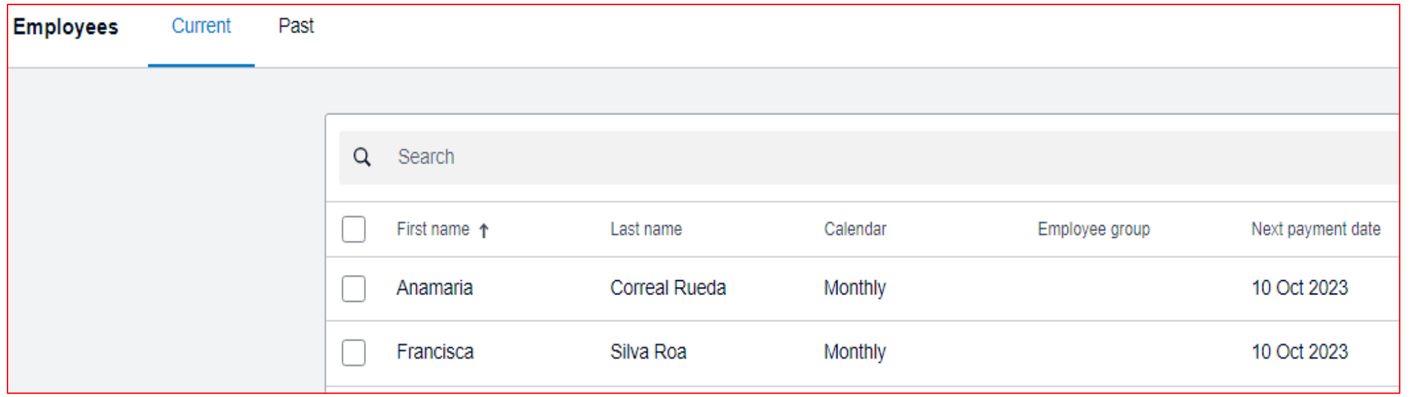


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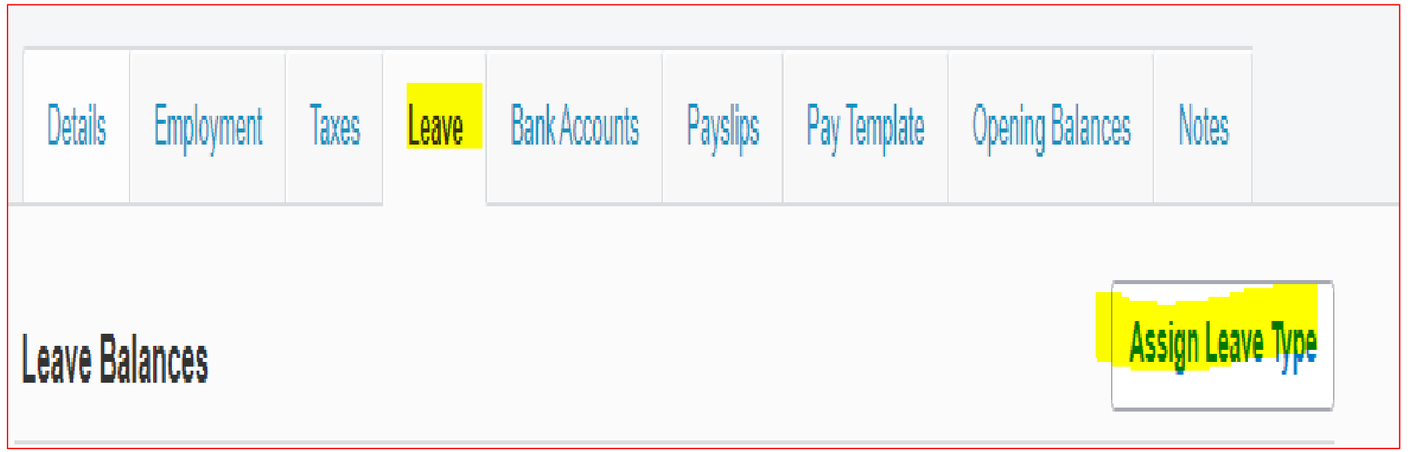
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Employee Leave Settings

Click the employee's name to open their details.



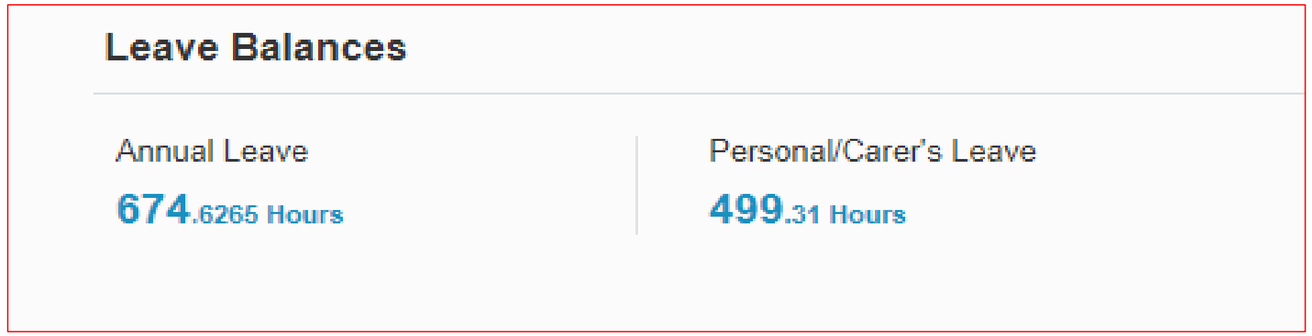
In the Leave Tab, Click assign default leave types

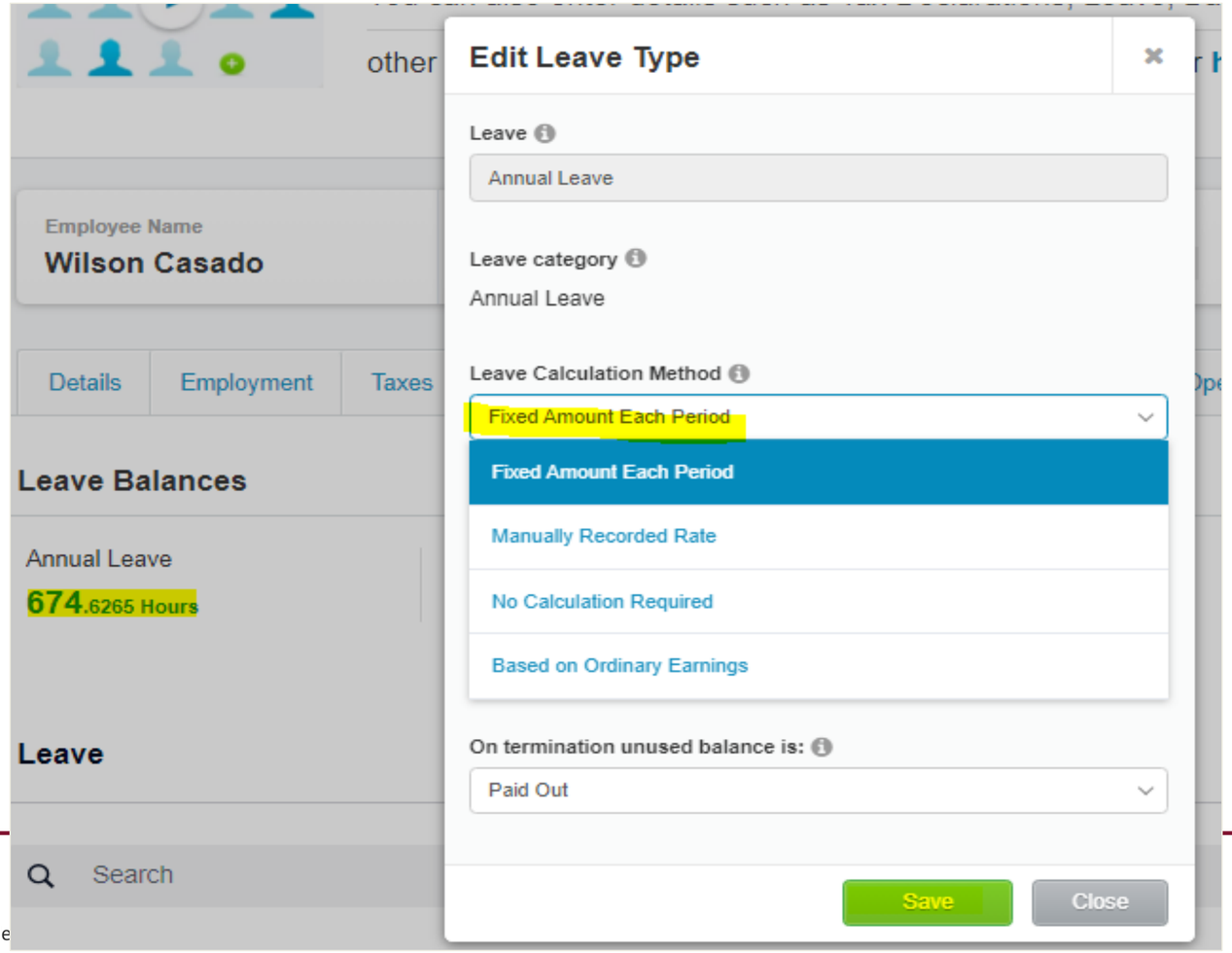


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Click on the balance shown in blue under a leave type to edit the default accrual settings.





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How the leave reflected in the payrun

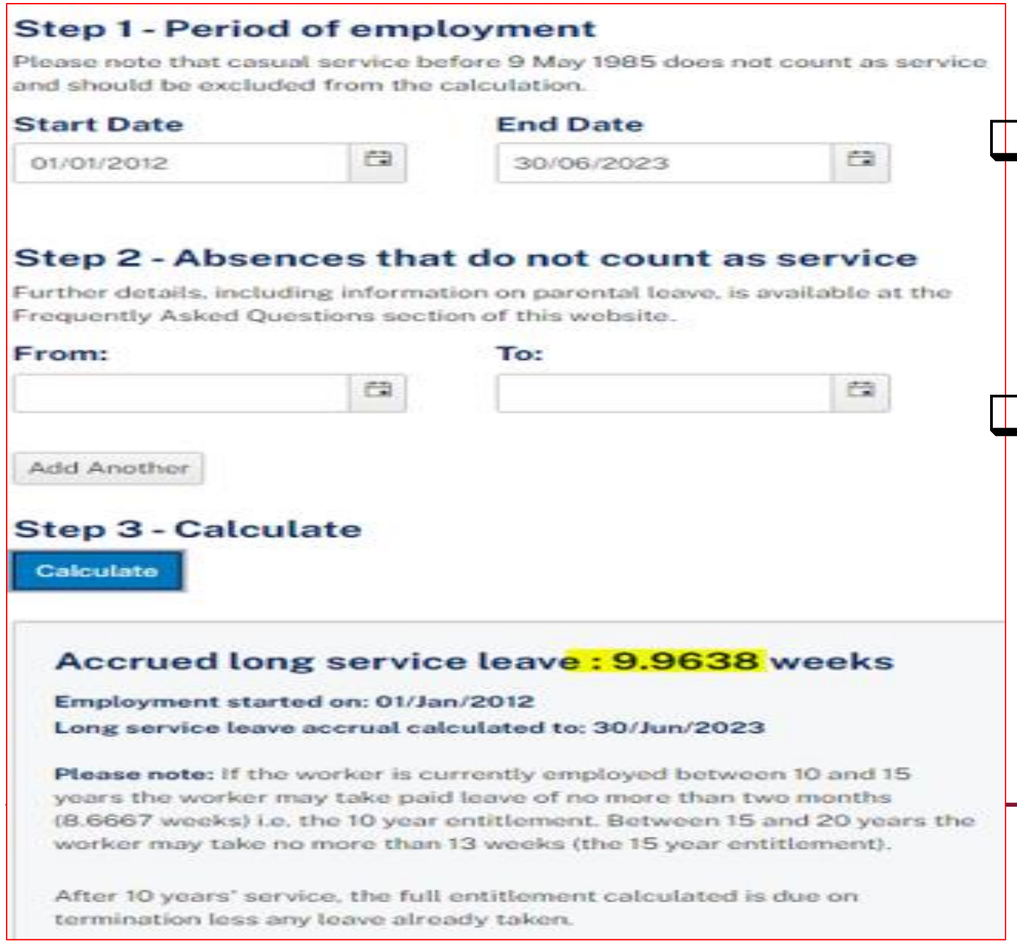
Leave Type	Hours
Annual Leave	14.1540

Leave Type	Hours
Personal/Carer's Leave	7.0770

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CALCULATION OF LSL

- LSL will be calculated when an employee stays in a company for more than 10 years. After 10 years of accrual LSL will be calculated on quarterly and yearly basis.
- We have separate link for calculation of LSL in Fair work Australia website https://www.industrialrelations.nsw.gov.au/employers/nsw-employer-essentials/long-service-leave-calculator/



- LSL for the employee who work 10 years are eligible to get 8 weeks of leave accrual, After 15 years there is limit for the LSL accrual that is maximum of 13 weeks will be accrued.
- An employee can take LSL leave after 10 years of service also it can be paid at the termination which were balance is available

CALCULATIONS OF LSL STEPS

- **Step 1:** Period of employment (i.e.) start date and end date
- **Step 2**:Normal hours per week
- **Step 3:**LSL Normal hours per year accrued per year=LSL weeks entitled as per Act*Normal hrs per week/10
- **Step 4 :** LSL Normal hours per year accrued per month= LSL Normal hours per year accrued per year/12
- **Step 5 :**Total LSL accrual= LSL Normal hours per year accrued per year*No of years of service.

Start Date : 01-01-2012	End Date : 30-06-2023	11 Years 5 month
10 years of Service	8.6667	
Per Day Working Hours	7.6	
Working days per week	5	
Total working hours per week	38	
Total LSL as per Legislation	**378.78**	
LSL weeks entitled as per Act	8.6667	weeks
Normal hrs per week	38	hours
LSL Normal hrs per year accrued per year	32.93	hours per year
LSL Normal hrs per year accrued per month	2.74	hours per month
Employment start date	1/01/2012	Start
Date for Calculation	30/06/2023	End
Length of Service	11.50	Yrs
Absences that don't count as Service	0.00	Year Break
Total LSL accrued (ignoring rules after 15 yrs)	**11.50**	Total service
	As over 15 yrs, only full years count	
LSL Total hrs acc *rs rule*)	378.78	hours owed
LSL taken	0.00	hours taken
LSL Balance owed as at 30 June 2023 (*ignoring 15yrs rule*)	**378.78**	Hours owed after leave taken
	50.50	Days owed after leave taken
As per NSW LSL calculator	9.9638	
Normal hrs per week	38	
Total LSL as per NSW Calculator	**378.62**	
As per calculation	378.78	
Difference	-0.16	
Current Balance in Xero	370.57	
As per Leave calculation	378.78	
Accural for June 2023	8.21	1.368317388

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Thank you…

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