

*Welcome to*

# Aubrey Paton & Associates



Certified Practising Accountants  
Business & Taxation Consultants

## MYOB Tip of the month

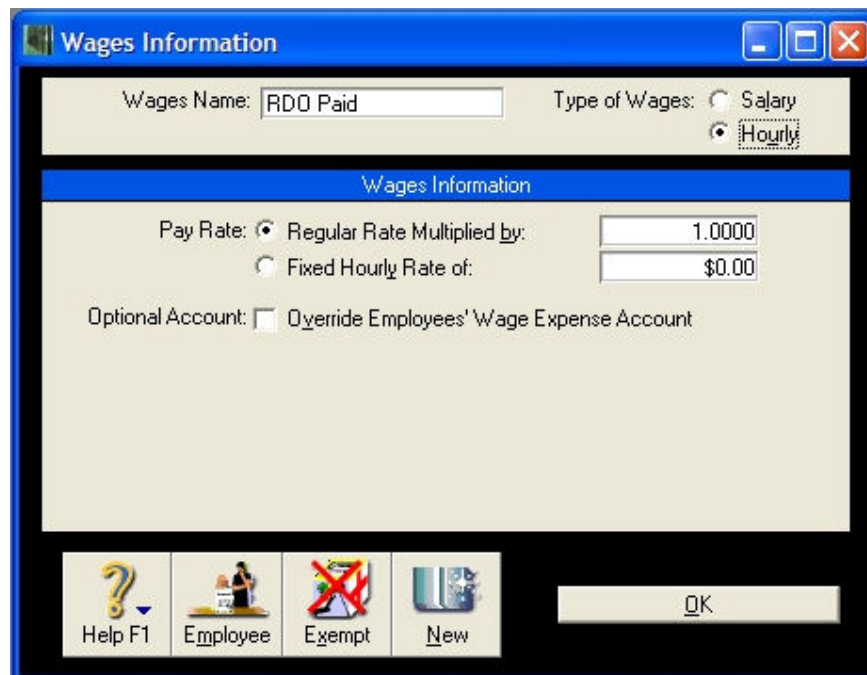
### **Handling Rostered Days Off in MYOB Accounting Software with Payroll**

Under some employment contracts, employees may be entitled to a Rostered Day Off (RDO). Where this entitlement is provided, the employee may for example, work a 40 hour week but only get paid for 38 hours. As a result after 4 weeks the employee has worked 8 unpaid hours. These extra 8 hours are then taken as a RDO and the employee is paid for the 8 hours. This support note demonstrates how to set up RDOs for both Hourly and Salary employees.

The example in this Support Note is based upon one RDO per month and a 38 hour working week.

## How do I create a wage category for RDsO when the employee is paid on an hourly basis?

1. Go to the **Payroll** command centre and click **Payroll Categories**.
2. Select the **Wages** tab and click the **New** button.
3. Name the new category RDO Paid.
4. Set the **Type of Wages** option to **Hourly**.
5. Set the **Pay Rate** option to **Regular Rate Multiplied by 1.0000**.
6. Click the employee button and mark the employees who are entitled to RDOs and click **OK**.
7. Click **OK** to the Wages Information window and return to the **Payroll Categories** list.



The screenshot shows the 'Wages Information' window. At the top, 'Wages Name' is set to 'RDO Paid' and 'Type of Wages' is set to 'Hourly' (selected with a radio button). Below this, the 'Wages Information' section shows 'Pay Rate' set to 'Regular Rate Multiplied by' with a value of '1.0000'. The 'Fixed Hourly Rate of' is set to '\$0.00'. There is an 'Optional Account' checkbox labeled 'Override Employees' Wage Expense Account' which is currently unchecked. At the bottom, there are buttons for 'Help F1', 'Employee', 'Exempt', and 'New', along with an 'OK' button.

## How do I create a new entitlement category to track the accrued hours of RDOs for hourly employees?

1. Click the **Entitlements** tab of the **Payroll Categories** list.
2. Click the **New** button and name the entitlement RDO Accrual.
3. Set the **Calculation Basis** as **Equals X% Percent of Gross Hours**. For information on calculating what this percentage should be, please refer to the section below under the heading *How do I determine the percentage of Gross Hours?*
4. Make the Linked Wages category the Wages category discussed on page 1.
5. Click the **Exempt** button and mark any pay categories that should be excluded from the accrual calculation, eg overtime. Click **OK**.
6. Click the **Employee** button and mark the relevant employees. Click **OK**.

7. Click **OK** to the Entitlements Information window to complete the setup.

Entitlement Name: RDO Accrual - Hourly Employees

Entitlement Information

Calculation Basis: ☐ User-Entered Amount per Pay Period  
☒ Equals 5% Percent of Gross Hours  
☐ Equals 0.000 Hours per Pay Period

Pay Advice: ☐ Print on Pay Advice

Payroll Year End: ☒ Carry Remaining Entitlement Over to Next Year

Linked Wages Category

The Entitlement Balance will be reduced by any hours paid.

Linked Wages Category: RDO Paid

Help F1 Employee Exempt New OK

### How do I determine the percentage of Gross Hours?

The following formula can be used to determine the percentage of Gross Hours:

Percentage of Gross Hours = PGH

Hours in Working Day = HWD

Frequency of RDO (in weeks) = FQW

Number of hours in a working week = HWW

$$\text{PGH} = (\text{HWD} / \text{FQW}) / \text{HWW}$$

Using our example:

HWD = 7.6 (38 hours a week / 5 days)

FQW = 4 (1 RDO every 4 weeks)

HWW = 38

Therefore PGH =  $(7.6 / 4) / 38 = 5\%$  of gross hours

### How do I create a new entitlement category to track the accrued hours of RDOs for salaried employees?

The entitlement category would be set up the same way as described in page 2 except that the **Calculation Basis** would be to **Equals xx Hours per pay period**.

Entitlements Information

Entitlement Name: RDO Accrual - Salary Employees

Entitlement Information

Calculation Basis: ☐ User-Entered Amount per Pay Period  
☐ Equals 0% Percent of Gross Hours  
☒ Equals 1.900 Hours per Pay Period

Pay Advice: ☒ Print on Pay Advice

Payroll Year End: ☒ Carry Remaining Entitlement Over to Next Year

Linked Wages Category

The Entitlement Balance will be reduced by any hours paid.

Linked Wages Category: RDO Paid

Help F1 Employee Exempt New OK

Note that the **Linked Wages Category** can be the same category described in page 1.

### How do I determine the number of hours per pay period?

The following formula can be used:

Hours per pay period = HPP

Hours in a working day = HWD

Frequency of RDO (in weeks) = FQW

Weeks in pay period = WPP

$$\text{HPP} = (\text{HWD} / \text{FQW}) * \text{WPP}$$

Using our example:

HWD = 7.6 (38 hours per week / 5 days)

FQW = 4 (1 day every 4 weeks)

WPP = 1

Therefore:  $\text{HPP} = (7.6 / 4) * 1$ .

The rate would therefore be 1.9 hours per pay period.

### How do I now process the paycheques?

When you enter a paycheque for an employee and no RDO is taken, enter the paycheque as normal. RDO entitlements for selected employees will now be accruing. Using our example, 1.9 hours per week in RDO Accrual Entitlements will accrue.  $38 * 5\% = 1.9$  hours.

**Pay Employee**

Pay from Account: 1-1190      Electronic Clearing Account      Balance: -\$34,754.71

Payment Method: Electronic

---

Employee: Jones, Mary      Cheque No.: Auto #

Statement Text: Auto Statement Text      Payment Date: 28/07/2005

Banking Details...      Pay Period Start: 22/07/2005

Memo: Paycheque      Pay Period Ending: 28/07/2005

Net Pay: \$702.46

---

Payroll Category	Hours	Account	Amount	Job
Base Hourly:	38	6-5100 Wages & Salaries	\$913.46	
Overtime (1.5x):	0	6-5100 Wages & Salaries		
Union Fee:		2-1540 Union Fees Payable		
PAYG Withholding:		2-1510 PAYG Withholdings Payable	-\$211.00	
<b>ENTITLEMENTS</b>				
Holiday Leave Accrual:	1.67	6-5100 Wages & Salaries		
RDO Accrual:	1.9	6-5100 Wages & Salaries		
Sick Leave Accrual:	0.67	6-5100 Wages & Salaries		
<b>EMPLOYER EXPENSES</b>				
Superannuation Guarantee:		6-3120 Superannuation	\$102.01	
Superannuation Guarantee:		2-1530 Superannuation Payable	-\$102.01	

☐ Already Printed      Number of Pay Periods: 1

Help F1    Print    Journal    OK    Cancel

## What happens when an employee takes an RDO?

When you are entering the Paycheque you will need to enter the appropriate number of hours taken against the wage category RDO Paid. You must also reduce the number of Base Hours by the number of hours taken. In our example, one day of RDO is taken. 30.4 hours (38 less 7.6) are paid as Base Hourly and 7.6 hours as RDO. If entered correctly the net pay should be the same as a regular working week.

**Pay Employee**

Pay from Account: 1-1190      Electronic Clearing Account      Balance ⇄: -\$34,754.71

Payment Method: Electronic

---

Employee ⇄: Jones, Mary      Cheque No.: Auto #

Statement Text: PAY FOR 28/07/2005      Payment Date: 28/07/2005

Banking Details...      Pay Period Start: 22/07/2005




Memo: Paycheque      Pay Period Ending: 28/07/2005

Net Pay: \$702.46

---

Payroll Category	Hours	Account	Amount	Job
Base Hourly:	30.4	6-5100 Wages & Salaries	\$730.77	
Overtime (1.5x):	0	6-5100 Wages & Salaries		
RDO Paid:	7.6	6-5100 Wages & Salaries	\$182.69	
Union Fee:		2-1540 Union Fees Payable		
PAYG Withholding:		2-1510 PAYG Withholdings Payable	-\$211.00	
<b>ENTITLEMENTS</b>				

☐ Already Printed      Number of Pay Periods: 1

If the employee is salaried, the 7.6 hours of RDO are still paid against the RDO Paid category. You then reduce the dollar amount of Base Salary by the amount being paid as RDO.

The payment of the Rostered Day Off will reduce the employees RDO Accrual Entitlement.

**NOTE:** If the basis of your SGC superannuation is set to calculate on BASE SALARY, the above method will result in insufficient superannuation being accrued. To prevent this occurring, ensure the Superannuation calculation basis is set to GROSS WAGES.

After changing the Basis of the calculation, you may need to exempt certain wage categories. For clarification of any wage categories not applicable to SGC, please check with us or the **Australian Taxation Office**.