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.

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.

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

\[
PGH = \frac{HWD}{FQW} / HWW
\]

Using our example:

HWD = 7.6 \hspace{1cm} (38 hours a week / 5 days)

FQW = 4 \hspace{1cm} (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**.
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

\[
HPP = \left(\frac{HWD}{FQW}\right) \times WPP
\]

Using our example:

HWD = 7.6 \hspace{1cm} (38 hours per week / 5 days)
FQW = 4 \hspace{1cm} (1 day every 4 weeks)
WPP = 1

Therefore: HHP = (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.
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.
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](https://www.ato.gov.au).