

## If you are an employer and your payroll system is linked to your accounting system

### Set up three new chart of account codes in your accounting system

1. Name: MSD COVID-19 Wage Subsidy  
Type: Current Liability  
GST Type: No GST
  
2. Name: COVID-19 Wage Subsidy Received  
Type: Revenue  
GST Type: No GST
  
3. Name: COVID-19 Wage Subsidy Paid  
Type: Expense  
GST Type: No GST

### Coding of Wage Subsidy Received from the Ministry of Social Development (MSD)

In your accounting system code the funds that you have received from the government to 'MSD COVID-19 Wage Subsidy' (new code as above)

### Coding of Wage Subsidy Paid to employees

#### 1. You will need to make sure the pay types in your payroll system are linked to the correct codes in your accounting system.

- You would have seen in our previous correspondence regarding the payroll processing that we recommended the two below highlighted pay types be added to your payroll system. These new pay types need to be linked to the following codes in your accounting system as follows:
  - **Special Leave COVID-19 Subsidy** - COVID-19 Wage Subsidy Paid (New Code)
  - **Special Leave COVID-19 Employer Contribution** – Wages Expense

Pay Type	Why
Ordinary Hours	Hours <u>actually worked</u>
Sick Leave	If <u>genuinely sick</u> and applied for
Annual Leave	If <u>applied for</u> (or if mutually agreed)
Special Leave COVID-19 Subsidy	Where the Government Wage Subsidy is applied to <u>any of the days in the week</u>
Special Leave COVID-19 Employer Contribution	Where the Employer has agreed to fund a portion of the wages, and the Employee has agreed to this
Unpaid Leave	Where mutually agreed

- When you process your payroll using these new pay types the system will automatically code the amount of the subsidy used to the COVID-19 Wage Subsidy Paid code and the employers contribution will be coded directly to the wages expense code

#### 2. After you have processed your payroll you will need to enter a journal in your accounting system for the total amount of the pay type 'Special Leave COVID-19 Subsidy'

- Description: Wages subsidy paid to employees for the period ending [date of payroll period]  
Date: [Date payroll is paid]

	Chart of Accounts Code	Amount
Debit	MSD COVID-19 Wage Subsidy	\$xx
Credit	COVID-19 Wage Subsidy Received	\$xx