

Oracle Fusion Human Capital Management for Canada



Vacation Liability Processing

June 2022
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PURPOSE STATEMENT

This document provides an overview of functionality for vacation liability processing.

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DOCUMENT UPDATES

Document Updates

This document is based on the most current application release as of the document's publication date. Content is updated as needed only to reflect major changes to existing features or when significant new features are added for the Canada localization. For this reason, it is possible that some minor UI differences will exist between the version being implemented and the version described in this document.

Change Record

DATE	DESCRIPTION OF CHANGE	RELEASE INFORMATION
October 2018	Document creation.	Original feature delivered in 18C.
November 2019	Addition of Vacation Liability Province Override, Vacation Liability Plan LOV requirements.	Delivered in 18C.
April 2020	Added new section "Processing Special Scenarios" to capture enhancements for multiple terms and plans, and TRU transfers. Updated screen capture for new Enhanced Professional Tax Card.	Delivered in 20A.
	Converted technical brief paper to new template. Cleaned up and clarified various existing content. Updated task names (removal of "Manage"). Added new sections under Overview section to clarify components of vacation liability processing.	N/A
August 2020	Added required disclaimer. Updated vacation payout element details/screen capture (reworded question on template).	20D
March 2021	Added details of enhancement for advance vacation liability payout (added "Paying Vacation Liability in Advance" section).	21A March Statutory Update
June 2022	Added details of global reporting of Vacation Liability balance (added "Global Reports" section).	22C
	Clarified behavior when mismatch between absence plan and vacation liability plan on tax card (run results for Vacation Liability and Vacation Payout are populated with a reference code of VA_UNDEFINED). Other minor miscellaneous updates.	N/A

OVERVIEW OF VACATION LIABILITY

Provincial employment standards legislate the minimum amount of vacation pay that an employee must receive in a given year. This minimum is calculated as a percentage of vacationable earnings. Employers may compare actual vacation paid in a given year to this minimum and pay the difference at the end of the vacation year.

Policies for vacation are often enhanced from the minimum legislated rates by the employer or by union contracts. One of the more common enhancements is an accelerated accrual of vacation time and pay. Progression is usually based on the length of service of the employee.

Vacation is accrued based on a reference year. This may be a calendar, fiscal year, or other 12 month period. Employers may require the employee to earn the time in one reference year and take it in the following reference year or alternatively, earn and take vacation in the same year.

In Cloud, the components of vacation liability processing are as follows:

- Vacation Plan
- Vacation Term
- Vacation Payout
- Employee Absences

The components are further defined in the next sections.

Vacation Plan

Vacation plans are configured as an absence plan using the Absence module. Absence plans determine how entitlements are provided to an employee including eligibility and rates. They can be set up based on a calendar year or anniversary date.

Vacation Term

A vacation term refers to the time period, or vacation period, for which the liability is calculated. It is represented as a year (YYYY) and it may represent a calendar term (January – December) or an anniversary date (for example, June – May). One vacation plan can contain multiple vacation terms. For example:

- Vacation Plan = Oracle Vacation Plan
 - Vacation Term = 2018
 - Vacation Term = 2019
 - Vacation Term = 2020

If the term is not based on a calendar year, the year represents the start of the time period. For example, if the term is June 2018 – May 2019, the term for this period is 2018.

Vacation Payout

Vacation payout earnings reduce the vacation liability. To do this, you must create a vacation payout element and assign it to the employee.

It is important to note that the payout reduces vacation liability balances, not the accrued vacation balances in the Absence module.

Partial payouts and payout amounts in excess of an employee's current vacation liability balance are supported.

Employee Absences

Employee vacation absences reduce the vacation liability balances.

DEFINING EMPLOYER INFORMATION

High-Level Steps

The high-level list of the absence and payroll steps required to configure and process vacation liability in Canada are included in this table.

These steps are in sequential order, as some of the setup may be used in a subsequent step.

PROCEDURE	ACTION REQUIRED
Creating Absence Elements	Create an absence element with a secondary classification of 'Vacation' to transfer absence payment information for payroll processing.
Creating Absence Plans	Create an absence plan and ensure the following is defined for payroll: <ul style="list-style-type: none"> You select the 'Transfer absence payment information for payroll processing' check box. You select the element for the plan in the Element field.
Creating Absence Types	Create absence types and associate them to the absence plans. Select 'Canada Vacation' in the Legislative Grouping Code.
Configuring Vacation Liability Rates	Create vacation liability rates based on absence plan, province (optional), and length of service.
Configuring Wage Basis Rules	Create vacation wage basis rules for user-defined secondary classifications.
Creating Earnings Elements	Create a vacation payout element.

DEFINING EMPLOYEE INFORMATION

High-Level Steps

To configure and process vacation liability in Canada, the high-level list of the employee level steps are included in the table.

PROCEDURE	ACTION REQUIRED
Enrolling Employees in Absence Plans	Enroll employees in the absence plan, if explicitly required.
Assigning a Vacation Liability Plan	Select a vacation liability plan on the employee's tax card.
Entering a Vacation Service Date, if applicable	Enter a Vacation Service Date on the employee's calculation card to override the hire or rehire date for vacation liability calculations, if applicable.
Assigning a Vacation Payout Element	Assign a vacation payout element to the employee when the liability balance is to be paid.
Creating Employee Absence Records	Record an absence for the employee. Absence information is transferred to payroll (assuming the absence is approved and the option to transfer information to payroll is configured).

NAVIGATION

Use the following tasks located in the related work areas to configure the objects to set up vacation liability in payroll:

OBJECT	SETUP TASK	WORK AREA
Absence Element	Elements	Payroll Calculation

OBJECT	SETUP TASK	WORK AREA
Absence Plan	Absence Plans	Absence Administration
Absence Types	Absence Types	Absence Administration
Vacation Liability Rates	Vacation Liability Rate Definitions	Payroll Calculation
Wage Basis Rules	Component Group Rules	Payroll Calculation
Earnings Elements	Elements	Payroll Calculation
Employee Vacation Liability Plan	Calculation Cards	Person Management
Employee Vacation Service Date	Calculation Cards	Person Management
Employee Payout Element	Element Entries	Person Management

To perform the necessary steps in Absence Administration for vacation liability processing, refer to the Configuring Oracle Fusion Absence Management for Canada technical brief (Doc ID 2314365.1) in the Canada Information Center at the link on My Oracle Support.

[Canada Information Center](#)

- CA - Absence tab

ABSENCE ELEMENTS

Create an absence element with a secondary classification of 'Vacation' for each absence plan that transfers absence payment information for payroll processing. When you create the plan, you must select the absence element to link it to the absence plan.

When you create an absence element, you define the type of information to transfer to Payroll from Absence Management. This also is associated to the type of absence plan you define in Absence Management.

To create an absence element:

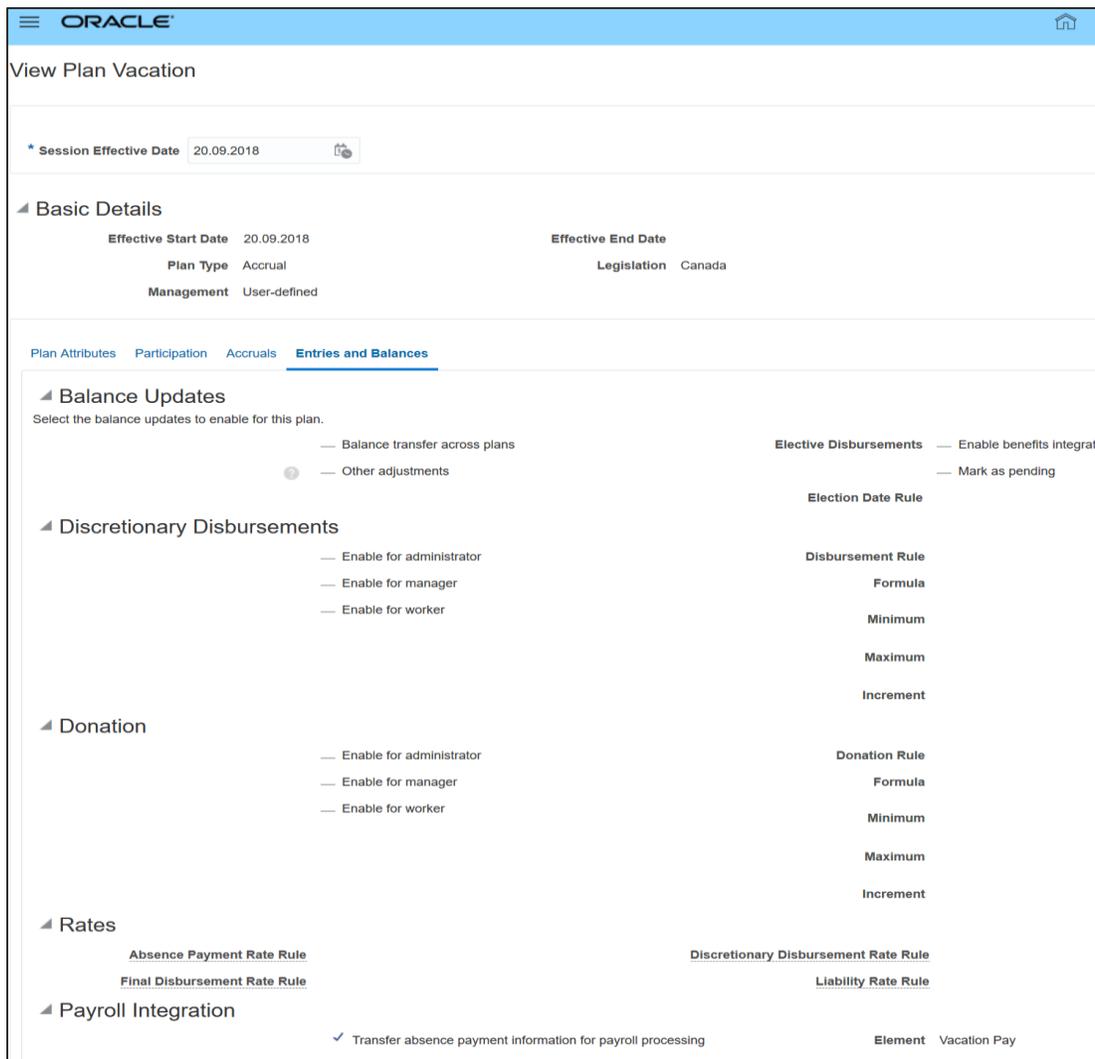
1. Navigate to the Payroll Calculation Work Area and select the Elements task.
2. Click Create then select the LDG.
3. Select the primary Classification of Absences and secondary classification of Vacation.
4. Enter name and select options for the absence element.

ABSENCE PLANS

Absence plans determine how entitlements are provided to an employee including eligibility and rates. They can be set up based on a calendar year or anniversary date.

To calculate the vacation liability, you must enroll the employee in an absence plan. When creating the absence plan, ensure that under Payroll Integration, the 'Transfer absence payment information for payroll processing' check box is selected and that an element has been selected.

The screen shot shows a sample absence vacation plan.



ABSENCE TYPES

An absence type is a grouping of absences, such as illness or personal business that is used for reporting, accrual, and compensation calculations. Absence types manage the appearance and processing of absence records.

For vacation liability processing, select Canada Vacation in the Legislative Grouping Code when creating the absence type. Add the absence plans to the type.

This screen shot shows a sample absence type with the Legislative Grouping Code of 'Canada Vacation'.

ORACLE

Create Absence Type

Session Effective Date 9/20/18

Basic Details

Effective Start Date 9/20/18 Effective End Date

Pattern Generic absence Legislation Canada

Management User-defined

Type Attributes Plans and Reasons Display Features Action Items

General Attributes

* Name Vacation Conversion Formula

Description

* UOM Hours Validation Formula

* Legislative Data Group Canada LDG Eligibility Profile

* Status Active Legislative Grouping Code Canada Vacation

VACATION LIABILITY PERCENTAGE RATES

To define the vacation liability percentages, navigate to the Payroll Calculation Work Area and select Vacation Liability Rate Definitions. In this UI, you can define:

- Percentage rates by length of service for each province (if applicable) within a vacation absence plan.
- Default rates for the vacation plan or province.

This screen shots show the UIs to define the vacation liability rates.

ORACLE

Manage Vacation Liability Rate Definitions

Search

Match All Any

* Legislative Data Group Canada LDG

Absence Plan

Advanced S

Create Vacation Liability Rate Definitions

* Effective Date 10.01.2018

Legislative Data Group Canada LDG

* Absence Plan

* Province

OK Cancel

Vacation Liability Rate Details

Vacation	Effective Date	Years of Service Ranges	From	To	Rate
----------	----------------	-------------------------	------	----	------

Enter the upper length of service boundary in the 'To' column and the percentage in the Rate column.



DERIVING THE RATE

The following hierarchy is used to derive the rate:

- Check if rates are set up for the vacation liability plan selected on the tax card.
- If there are no rates for the plan, the “vacation plan default” rates are used.
- If there are no rates for the default plan then no liability is calculated.

After the vacation plan is selected:

- Check if rates are set up for the province of employment for the vacation plan.
- If there are no rates for the province of employment, the “province default” rates are used.

After the province of employment is selected:

- Compare the length of services ranges with the person’s length of service.
- If a rate exists for the person’s length of service, use it to calculate the vacation liability.

Vacation Liability Rate Configuration Examples

Vacation Plan with Province

In this example, an employer has employees in Alberta and Saskatchewan that belong to the vacation plan ‘Vacation’.

The rules are:

Alberta:

- 0 to 4 years of service: accrue vacation liability at a rate of 4% of vacationable wages
- 4 to 99 years of service: accrue vacation liability at a rate of 6% of vacationable wages

Saskatchewan:

- 0 to 4 years of service: accrue vacation liability at a rate of 5.77% (3/52) of vacationable wages
- 4 to 99 years of service: accrue vacation liability at a rate of 7.69% (4/52) of vacationable wages

The vacation liability rates are set up as shown here here:

Vacation Liability Rate Details					
Vacation	Effective Date	Years of Service Ranges	From	To	Rate
AB	12/1/2018		0	4	4
	12/1/2018		4	99	6
SK	12/1/2018		0	4	5.77
	12/1/2018		4	99	7.69

Vacation Plan Default with Province

In this example, an employer has multiple vacation plans. Employees in Quebec calculate at the same rate for all plans.

The rules are:

- 0 to 5 years of service: accrue vacation liability at a rate of 4% of vacationable wages
- 5 to 10 years of service: accrue vacation liability at a rate of 6% of vacationable wages
- Over 10 years of service: accrue vacation liability at a rate of 8% of vacationable wages

The vacation liability rates are set up as shown here:

Vacation Liability Rate Details					
Vacation Plan Default	Effective Date	Years of Service Ranges	From	To	Rate
QC	12/1/2018		0	5	4
	12/1/2018		5	10	6
	12/1/2018		10	99	8

Vacation Plan with Province Default

In this example, an employer has employees in all provinces within the plan 'Vacation' that are calculated at the same rate.

The rules are:

- 0 to 3 years of service: accrue vacation liability at a rate of 4% of vacationable wages
- 3 to 8 years of service: accrue vacation liability at a rate of 6% of vacationable wages
- 8 to 15 years of service: accrue vacation liability at a rate of 8% of vacationable wages
- Over 15 years of service: accrue vacation liability at a rate of 10% of vacationable wages

The vacation liability rates are set up as shown here:

Vacation Liability Rate Details					
Vacation	Effective Date	Years of Service Ranges	From	To	Rate
Province Default	12/1/2018		0	3	4
	12/1/2018		3	8	6
	12/1/2018		8	15	8
	12/1/2018		15	99	10

Vacation Plan Default with Province Default

In this example, an employer has multiple vacation plans. Employees in all provinces and all vacation plans calculate at the same rate.

The rules for all employees are:

- 0 to 5 years of service: accrue vacation liability at a rate of 4% of vacationable wages
- Over 5 years of service: accrue vacation liability at a rate of 6% of vacationable wages

The vacation liability rates are set up as shown here:

Vacation Liability Rate Details					
Vacation Plan Default	Effective Date	Years of Service Ranges	From	To	Rate
Province Default	27.09.2018		0	5	4
	27.09.2018		99	99	6

WAGE BASIS RULES FOR VACATIONABLE EARNINGS

The wage basis rules determine if an element is included in vacation liability calculations. A check mark in the 'Use in Wage Basis' column for the component Vacation indicates the earning is included. The rules create a vacationable earnings balance. Wage basis rules are predefined for all delivered secondary classifications but you must create them for user-defined secondary classifications.

To create wage basis rules for vacationable earnings:

1. Navigate to the Payroll Calculation Work Area and select the Component Group Rules task.
2. Select a Legislative Data Group and click Search.
3. Select the Regional node and navigate in the tree structure to Regional > Wage Basis Rules > Vacation.
4. View the vacationable earnings rules for each province.

This screen shot shows the wage basis rules for vacationable earnings.

Regional		Year End Forms	Province	Primary Classification	Secondary Classification	Use in Wage Basis	Effective Start Date
Wage Basis Rules	Year End Forms; Pr	T4 and RL-1	AB	Absences	Other	✓	1/1/01
Calculation Factors	Level Type; Province	T4 and RL-1	AB	Absences	Sickness	✓	1/1/01
	Province	T4 and RL-1	AB	Absences	Vacation	✓	1/1/01
	Province; Level Type	T4 and RL-1	AB	Standard Earnings	Regular	✓	1/1/01
Related Deductions	Provincial Tax	T4 and RL-1	AB	Standard Earnings	Shift	✓	1/1/01
	Wage Basis Rule	T4 and RL-1	AB	Supplemental Earnings	Benefit Plan Credits	✓	1/1/01
	Quebec Pension Plan	T4 and RL-1	AB	Supplemental Earnings	Bonus	✓	1/1/01
	Wage Basis Rule	T4 and RL-1	AB	Supplemental Earnings	Commission	✓	1/1/01
	Quebec Parental Ins	T4 and RL-1	AB	Supplemental Earnings	Jury Duty Pay	✓	1/1/01
	Wage Basis Rule	T4 and RL-1	AB	Supplemental Earnings	Sick Pay	✓	1/1/01
	Payroll Tax	T4 and RL-1	AB	Supplemental Earnings	Sick Pay	✓	1/1/01
	Wage Basis Rule	T4 and RL-1	AB	Supplemental Earnings	Sick Pay	✓	1/1/01

CONFIGURING EARNINGS ELEMENTS FOR VACATION PAYOUT

To pay out the vacation liability balance to an employee, define a Supplemental Earnings element with any secondary classification as a payout element. Specify whether the element is used to pay out the vacation liability balance by answering 'Yes' to the question on the Supplemental Earnings template, under the Additional Details section.

This screen shot shows the Vacation Payout question on the supplemental earnings element template.

Vacation Payout

Is this element used to pay out vacation liability?

No

Yes

If 'Yes' is selected, the processing priority of the element is set to 4000 to ensure that the payout occurs after all other vacation liability contributing element entries are processed.

IMPORTANT NOTE! Only use this option to pay out vacation liability plan balances, NOT normal supplemental vacation pay earnings in which no vacation liability is processed.

The liability balance is normally paid out when the employee terminates, goes on a leave of absence, or when reconciling at the end of the vacation year. Payments made using the payout element reduce the vacation liability balance.

For information on configuring the balance feed to report the payout on ROE Block 17A, refer to the Record of Employment technical brief (section Defining Balances Reported on the ROE) on MOS at the location below.

[Canada Information Center \(Doc ID 2102586.2\)](#)

>> CA - Payroll tab > Product Documentation > Technical Briefs > Record of Employment Processing

The Supplemental Earnings payout base element's input values include:

- Vacation Payout: Defined by the 'Vacation Payout' rule value selected during element creation.
- Vacation Accrual Reduction Date: User enterable, this date determines the vacation term balance that is reduced. This date is only required in special scenarios. For more information, refer to the Processing Special Scenarios section.

This screen shot shows the details of a vacation payout element.

ORACLE 2041

Element Summary: Vacation Payout View History

Primary Classification Supplemental Earnings
 Reporting Name Vacation Payout
 Legislative Data Group Canada LDG
 * Effective As-of Date 10.02.2018

Element Overview End Date

Actions View

- Vacation Payout
 - Input Values
 - Pay Value
 - Supplemental Tax Process
 - Amount
 - Commission
 - EI Allocation
 - EI Hours
 - Periodicity
 - Reporting Unit
 - Vacation Payout
 - Vacation Accrual Reductio
 - Periodicity Conversion Rul
 - Reduce Regular Absence
 - Reduce Regular Earnings
 - Reduce Regular Absence
 - Reduce Regular Hours
 - Reduce Regular Absence
 - Reduce Regular Days
 - Full-Time Equivalent
 - Element Eligibility
 - Status Processing Rules
 - Vacation Payout Earnings
 - Autodirect Rules
 - Frequency Rules

Element Details

Element Name Vacation Payout
 Primary Classification Supplemental Earnings
 Secondary Classification Vacation Pay
 Category

Standard Rules

Recurring entry Recurring
 Employment Level Assignment level
 — Balance adjustments only
 — Closed for entry
 — Accept results from formulas only

Entry Values

Duration Rules

Earliest Entry Date First Standard Earning Date

Advanced Rules

Retroactive Processing

Retroactive Event Group

Proration

Proration Group
 Proration Formula Vacation Payout_EARN_PRORATION

Reporting Name Vacation Payout
 Description
 Effective Start Date 09.26.2018
 Effective End Date

Processing Options

— Automatic entry
 — Allow multiple entries in same period
 — Additional entry

Priority 4000

Skip Rule CA_EARN_SKIP

Expedited Processing Rule

Latest Entry Date Final Close

Frequency

Paying Vacation Liability in Every Payroll

You may choose to pay employees the vacation liability in every payroll. The following points apply:

- Employees not entitled to vacation time off, for example, part time or casual employees may have the vacation liability paid to them every pay period.
- You can enable this by introducing a recurring payout element that is processed every pay period.
- This payout element pays the vacation liability amount accrued in same pay period in which the element is processed.

DEFINING EMPLOYEE INFORMATION

In order for vacation liability to calculate, the employee must:

- Be enrolled in a vacation plan.
- Be assigned a Vacation Liability Plan.

Enrolling Employees in Absence Plans

Use the Absence Records task in the Person Management work area to enroll employees in a vacation absence plan, or verify automatic enrollment into a plan.

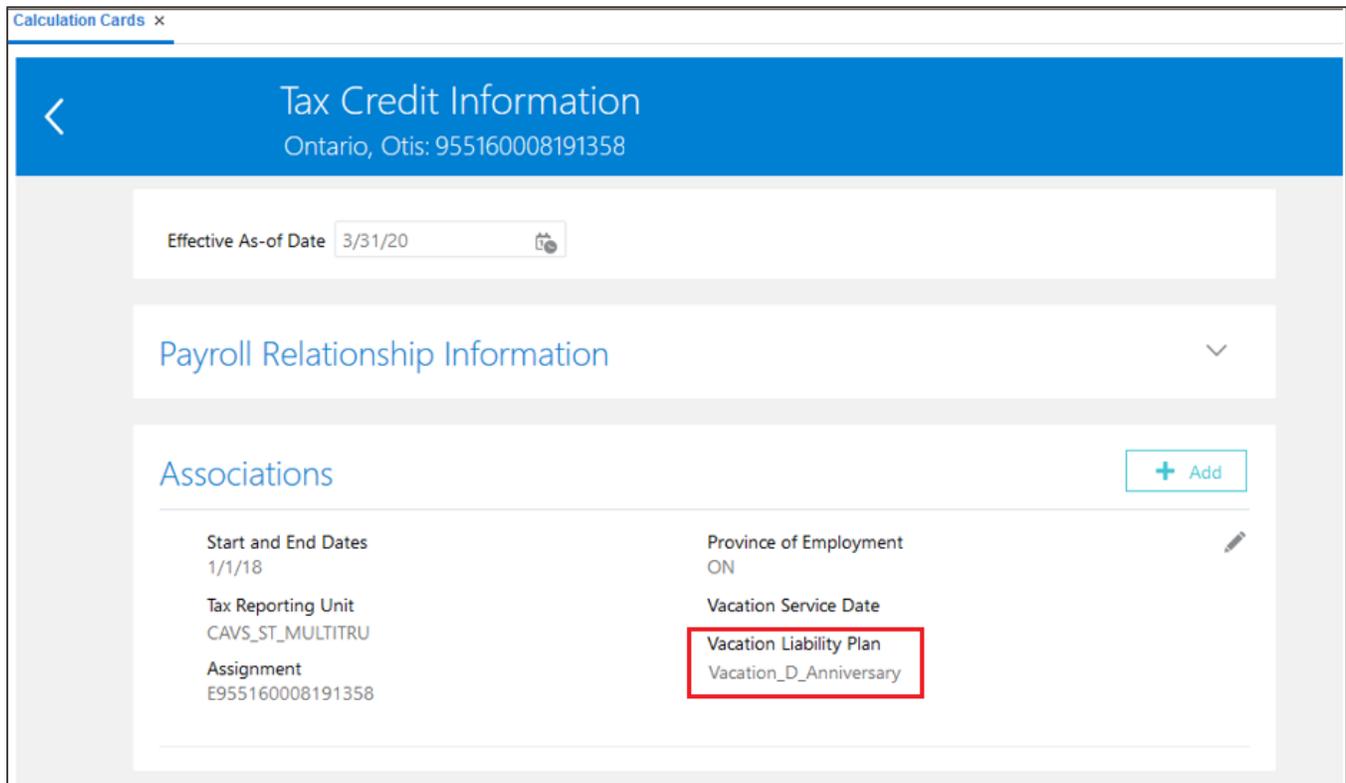
Assigning Vacation Liability Plans to Employees

An employee must be assigned a vacation liability plan. Select the vacation liability plan for the employee in the Associations section of the Tax Credit Information Calculation Card. If there is no vacation liability plan on the employee's calculation card, the liability is not calculated for the employee.

The Vacation Liability Plan list of values lists all vacation plans associated with the employee. Select one plan for each TRU.

In order for the vacation plan to display in the list of values, you must attach the vacation absence element to the vacation absence plan.

This screen shot shows the Vacation Liability Plan on the employee's calculation card.



Length of Service Override

The employee's hire date determines how the length of service of the employee is calculated. If the employee's hire or rehire date is not the date that should be used to calculate the length of service for vacation pay purposes, use the Vacation Service Date on the employee's calculation card to specify a different date. If the Vacation Service Date is entered, it is used to calculate the employee's length of service.

This screen shot shows the Vacation Service Date on the employee's calculation card.

Calculation Cards x

Tax Credit Information
Ontario, Otis: 955160008191358

Effective As-of Date 3/31/20

Payroll Relationship Information

Associations + Add

Start and End Dates 1/1/18	Province of Employment ON
Tax Reporting Unit CAVS_ST_MULTITRU	Vacation Service Date 1/1/18
Assignment E955160008191358	Vacation Liability Plan Vacation_D_Anniversary

Vacation Liability Province Override

The Province of Employment on the employee's calculation card captures the province used for vacation liability calculations. If an employee has a US or ZZ province code and their earnings should be included in Vacation Liability calculations, you can override the province. To override the province for the employee, populate the Vacation Liability Province Override using the Payroll Relationships UI.

This screen shot shows the Vacation Liability Province Override on the employee's payroll relationship.

Payment Details

Overtime Period

Time Card Required

Effective Start Date 1/1/13
Effective End Date

Additional Information

Indian Exempt Status

Workers Compensation Exempt

Workers Compensation Province Override

Workers Compensation Account Override

Workers Compensation Classification Unit Override

Provincial Medical Exempt

Provincial Medical Province Override

Provincial Medical Account Override

Vacation Liability Province Override

CREATING EMPLOYEE ABSENCE RECORDS

Employee vacation absences reduce the vacation liability balances. When recording a vacation absence for an employee, the current vacation period's accrued vacation liability amount is reduced by the paid absence. This is the default behavior.

If required to reduce the vacation liability in a prior term, you must use the Vacation Accrual Reduction Date on the absence UI. This reduction date is only used in special scenarios and specifies the vacation period (or term) to reduce the accrued vacation liability balance by the vacation payment.

The reduction date field is visible in the Legislative Information area of the Absence entry screen only for absence plans associated with an Absence Type that has the Legislative Data Grouping selected as 'Canada Vacation'.

For additional information on multiple terms, multiple plans, or TRU transfers refer to the relevant sections under Processing Special Scenarios.

If both earnings and vacation absences are processed in the same run, the earnings add to the liability first, before the vacation absence reduces it. Please note that depending on how the wage basis rules are defined, a vacation absence element can also contribute to the liability.

ASSIGNING A PAYOUT ELEMENT

Vacation payout earnings reduce the vacation liability. When the vacation liability balance is to be paid to an employee, assign the payout element to them. Use the Element Entries task in the Person Management work area to assign the element.

If the payout is for the current vacation term, entry of a Vacation Accrual Reduction Date is not required. This is the default behavior. Please note that if no date is provided, all accumulated liabilities in prior terms are paid out (for additional details, please see the Multiple Vacation Terms section).

If required to payout the vacation liability for a specific previous term, you must use the Vacation Accrual Reduction Date on the Entry Values of the Element Entries UI. This reduction date is only used in special scenarios and specifies the vacation period (or term) to payout the vacation liability balance.

To process the payout for multiple assignments, you must assign the payout element to each assignment.

For additional information on multiple terms, multiple plans, multiple assignments, or TRU transfers refer to the relevant sections under Processing Special Scenarios.

PROCESSING AND REPORTING

The rates defined on the Vacation Liability Rate Definitions UI are retrieved to calculate the vacation liability. The liability is calculated by applying the rate to the vacationable earnings in the payroll run as follows:

- $\text{Vacation Liability} = \text{Vacationable Earnings} * \text{Percentage}$

Balances

The relevant balances generated in the payroll run for vacation liability are:

- Vacationable Earnings
 - Earnings that are subject to the vacation liability calculations. Vacationable earnings are determined by the wage basis rules for earnings and absence elements.
- Vacation Liability
 - Calculated by applying the rate to the vacationable earnings ($\text{Vacation Liability} = \text{Vacationable Earnings} * \text{Percentage}$). This balance is reduced by vacation absence earnings and payments made by the vacation payout. This balance may be costed and is calculated in retroactive processing. Balance adjustments may also be made to this balance.

For details on balance adjustments, refer to the technical brief located in the [Canada Information Center](#) (Doc ID 2102586.2), CA - Payroll tab > Balance Adjustments.

- Unprocessed Vacationable Earnings

- Total earnings subject to the vacation liability calculation according to the wage basis rules but are not included in the calculation. This can occur when there is no active vacation plan on the employee's tax card.
- Vacation Payout
 - Earnings amount paid to the employee from the accrued vacation liability. The values paid in the payout element do not contribute to vacation liability and instead, reduces the liability balance. You can set up tax processing for the payout element similar to other earnings elements.

Vacation Liability and Vacationable Earnings run results are populated with a reference code to designate the vacation plan and term as noted:

- VA_<Absence Plan Name>_YYYY_<AbsencePlanId>

YYYY refers to the vacation term year for which the vacation liability is processed. The plan term reference year is based on the process or pay date. Employers may accrue liability in one year and allow employees to take vacation in the following year. Alternatively, they may accrue and allow vacation to be taken in the current year.

Example, VA_Vacation Plan_2018_123456789098765. See the Plan Type column in the sample report under the Employee Active Payroll Balance Report section.

Unprocessed vacationable earnings are populated with a reference code of VA_UNDEFINED.

Note: If there is a mismatch between the Absence Plan enrollment and the Vacation Liability plan on the tax card, and payrolls are processed after a termination, the run results for Vacation Liability and Vacation Payout are populated with a reference code of VA_UNDEFINED.

Reporting

Statement of Earnings (SOE)

The Statement of Earnings (SOE) reports the vacation liability balances in the employer contributions area. This is a sample of the SOE showing the vacation liability in Employer Contributions.

Employer Contributions		
Balance Name	Pay run	Calendar year to date
CPP Employer Liability	91.78 CAD	91.78 CAD
EI Employer Liability	46.48 CAD	46.48 CAD
Workers Compensation Liability	79.80 CAD	79.80 CAD
Vacation Liability	80.00 CAD	80.00 CAD

Employee Active Payroll Balance Report

You can reconcile the vacation liability balances using the Employee Active Payroll Balance Report, which provides employee balance information for vacationable earnings and vacation liability.

The following is a sample of the report:

	C	D	E	F	G	H	I	J
1	Person Name	Payroll Name	TRU Name	Province	Balance Dimension	Plan Type	Vacationable Earnings	Vacation Liability
2	Jackson, John	Semimonthly	Great White North	Inception to Date	VA_Vacation_Plan_2018_300100177237707		2000	12.31
3	Jackson, John	Semimonthly	Great White North	Inception to Date	VA_Vacation_Plan_2019_300100177237707		3907.69	156.31
4								
5								
6								

Global Reports

You may view the **Vacation Liability** balance on the global reports. The balance is generated in the payroll run and is displayed in the **Employer Liabilities** sections of these global reports:

- Payroll Register

- Payroll Activity Report
- Payroll Balance Report
- Gross to Net Report
- Element Results Register

PROCESSING SPECIAL SCENARIOS

Partial Payments

If required, you may process partial payouts of the employee's vacation liability. In this scenario, use the Amount field to process a partial amount less than the accumulated vacation liability of the employee. Note the following points for the Amount input value:

- If the amount entered is positive, it will be paid out.
- If the amount entered is negative, the amount is ignored.
- Amounts are paid out regardless of the accrued vacation liability. If the amount is in excess of the accrued vacation liability balance, the employee's resulting vacation liability balance becomes negative.

This screen shot illustrates the Amount field used to process a partial payout.

The screenshot displays the Oracle Fusion Human Capital Management interface for processing a partial payout. The 'General Information' section includes fields for Effective Start Date (01.15.2018), Effective End Date (01.15.2018), Creator Type (Element Entry Page), Processed (checked), Retroactive (unchecked), Entry (unchecked), and Automatic entry (No). The 'Entry Values' section includes fields for Pay Value, Supplemental Tax Processing (Nonperiodic), Amount (highlighted with a red box), Commission (No), EI Allocation (Date paid), EI Hours (No), * Periodicity (Periodically), * Reporting Unit (None), Vacation Accrual Reduction Date, * Periodicity Conversion Rule (Periodic Work Schedule Rate Annualized), and Full-Time Equivalent (No).

Advance Payments

You may choose to pay employees the vacation liability in advance, where you can pay employees an amount that is in excess of their current vacation liability balance. This allows employees to request vacation pay in advance of earning it. In this scenario, use the Amount field to process an amount greater than the current liability balance. The following points apply:

- The vacation payout amount is not capped at the actual accrued vacation liability amount.
- When the payout amount is in excess of the current vacation liability balance, the employee's resulting vacation liability balance becomes negative.
- If the vacation liability balance is already negative, a pay out can still be processed. This simply increases the negative liability.
- If you process vacation payout amounts that create a negative liability balance, it is up to you to recover the advance payout amounts if required.

Multiple Vacation Terms

Vacation payout elements created prior to 20A (JANUARY MAINTENANCE PACK FOR 20A) do not support the enhanced functionality for multiple terms. You must create new vacation payout elements to use this functionality.

In some cases, an employee may have vacation liability balances across multiple terms, where the liability was not fully paid out.

If required, you may pay out all vacation liability accumulated over multiple vacation terms. Additionally, employee absences will reduce vacation liability balances accumulated over multiple terms starting from the earliest vacation term to the most current term.

Refer to the next sections for details on vacation payout and recording absences with multiple terms.

Note: A vacation term refers to a time period, or the vacation plan year. See the Overview section for more details.

Vacation Liability Payout for Multiple Terms

When an employee is terminated or goes on a leave of absence and there are vacation liability balances across multiple terms, the vacation liability owed to the employee may be paid out at one time. The vacation payout can be across multiple terms, or for a specific term. Partial payouts are also possible. To process a vacation payout of the liability to an employee for multiple terms, note the following important points:

- If the Vacation Accrual Reduction Date is:
 - Blank: The payout includes the accrued vacation liability balances for all available vacation terms.
 - Contains a date: The payout includes the accrued vacation liability balance for the specific vacation term in which the reduction date falls.
- To payout a partial accrued vacation liability balance for a specific vacation term, do the following:
 - Populate the Vacation Accrual Reduction Date
 - Populate the Amount
- If only an Amount is entered with no Vacation Accrual Reduction date, the amount is reduced starting from the first available term until the partial amount is processed.
- Negative balances are ignored and not processed.

This screen capture illustrates the Entry Values of the payout element. In this screen shot, the vacation payout element is assigned to the employee on January 15, 2018. The employer's vacation year is defined as the calendar year, January to December. As the Vacation Accrual Reduction Date is December 15, 2017, the liability for the prior year vacation term is reduced by the payout.

The screenshot displays the 'General Information' and 'Entry Values' sections of a vacation payout element. The 'General Information' section includes fields for Effective Start Date (01.15.2018), Effective End Date (01.15.2018), Creator Type (Element Entry Page), Processed (checked), Retroactive (unchecked), Entry (unchecked), Automatic entry (No), Sequence Number, and Reason. The 'Entry Values' section includes fields for Pay Value, Supplemental Tax Processing (Nonperiodic), Commission (No), EI Allocation (Date paid), EI Hours (No), * Periodicity (Periodically), * Reporting Unit (None), Vacation Accrual Reduction Date (12.15.2017), * Periodicity (Periodic Work Schedule Rate Annualized), Conversion Rule, and Full-Time Equivalent (No). The 'Amount' field and the 'Vacation Accrual Reduction Date' field are highlighted with red boxes.

Recording Absences for Multiple Terms

Employee vacation absences reduce the vacation liability balances. Note the following important points for reducing accrued vacation liability balances for multiple terms:

- If the absence is recorded with:
 - No Vacation Accrual Reduction Date: The accrued vacation liability balance is reduced starting from the earliest vacation term to the most current term.
 - A Vacation Accrual Reduction Date: the accrued vacation liability balance is reduced for the vacation term in which the reduction date falls. If the accrued vacation liability balance is less than the absence balance, then negative liability is processed for the vacation term.
- Note: If the accrued balance is negative and the reduction date is:
- Valid: Negative liability for the term is increased.
 - Invalid (outside of the current plan dates): Liability is processed starting from the first vacation term and continues through the current term, or until the absence amount is consumed.

Vacation Liability Plan Transfers

Vacation payout elements created prior to 20A (JANUARY MAINTENANCE PACK FOR 20A) do not support the enhanced functionality for multiple plans. You must create new vacation payout elements to use this functionality.

In some cases, an employee may have vacation liability balances across multiple plans. This occurs when an employee was transferred from one plan to another.

If required, you may pay out all vacation liability accumulated over multiple vacation plans. Additionally, employee absences will reduce vacation liability balances accumulated over multiple plans starting from the earliest vacation plan to the most current plan.

Refer to the next sections for details on vacation payout and recording absences with multiple plans.

Vacation Liability Payout for Multiple Plans

To process a vacation payout of the liability to an employee for multiple plans, note the following important points:

- If the Vacation Accrual Reduction Date is:
 - Blank: The vacation liability balance is reduced from all plans starting from the first vacation plan.
 - Contains a date: The accrued vacation liability balance is reduced from the current vacation plan term in which the reduction date falls. If the vacation reduction date is outside of the current plan dates (for example, the reduction date is not within the active plan) the vacation liability balance is reduced beginning with the first vacation plan.

Recording Absences for Multiple Plans

Employee vacation absences reduce the vacation liability balances. Note the following important points for reducing accrued vacation liability balances for multiple plans:

- If the absence is recorded with:
 - No Vacation Accrual Reduction Date: The accrued vacation liability balance is reduced starting from the first vacation plan.
 - Vacation Accrual Reduction Date: The accrued vacation liability balance is reduced from the current vacation plan term in which the reduction date falls. If the vacation reduction date is outside of the current plan dates (for example, the reduction date is not within the active plan) the vacation liability is reduced starting with the first vacation plan

Vacation Liability Plan and TRU Transfers

Vacation payout elements created prior to 20A (JANUARY MAINTENANCE PACK FOR 20A) do not support the enhanced functionality for TRU transfers. You must create new vacation payout elements to use this functionality.

In some cases, an employee may have vacation liability balances across multiple TRUs and vacation plans. This occurs when an employee transfers from one TRU to another TRU, and potentially a new vacation plan.

Refer to the next sections for details on vacation payout and recording absences for TRU transfers.

Vacation Liability Payout for TRU Transfers

To process a vacation payout of the liability for an employee who has transferred from one vacation plan/TRU to another, note the following important points:

- If the Vacation Accrual Reduction Date is blank, the accrued vacation liability balances are reduced from all plans.
- If the Vacation Accrual Reduction Date is populated, the accrued vacation liability balance is reduced from the current vacation plan term in which the reduction date falls. If the vacation reduction date is outside of the current plan dates (for example, the reduction date is not within the active plan) the vacation liability balance is reduced starting with the first vacation plan.

Multiple Assignments

To process a vacation payout of the liability for an employee with multiple assignments, each reporting to a different vacation liability plan and TRU, note the following important points:

- If the Vacation Accrual Reduction Date is:
 - Blank: The vacation liability balance for all assignments and plans are reduced. The payout amount is processed and paid out in one assignment.
 - Contains a date: The vacation liability balance for all assignments and plans are reduced based on the date in which the reduction date falls. The payout amount is processed and paid out in each assignment accordingly.

To process the payout for multiple assignments, you must assign the payout element to each assignment in Element Entries.

Recording Absences for TRU Transfers

Employee vacation absences reduce the vacation liability balances. Note the following important points for reducing accrued vacation liability balances for employees who transfer from one vacation plan/TRU to another:

- If the absence is recorded with:
 - No Vacation Accrual Reduction Date: The accrued vacation liability balance is reduced starting from the earliest vacation plan to the most current plan.
 - A Vacation Accrual Reduction Date: The accrued vacation liability balance is reduced from the current vacation plan term in which the reduction date falls. If the vacation reduction date is outside of the current plan dates (for example, the reduction date is not within the active plan) the vacation liability balance is reduced starting with the first vacation plan.

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Oracle Fusion Human Capital Management: Vacation Liability Processing
June, 2022

