Oracle Fusion Cloud Human Resources

How do I configure advance pay for Ireland?

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Author: Srividya Balasubramanian

Contents

ORACLE

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

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Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Get Help

ORACLE

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Chapter 1
Advance Pay for Ireland

1 Advance Pay for Ireland

Introduction

This playbook covers the steps to configure Advance Pay for employees in Ireland.

The Advance Pay functionality provides a simple and efficient way to pay employees in advance for holidays or other eligible events, reducing manual effort for the payroll team.

This feature ensures that the advance payment is calculated accurately, suppresses regular pay for the leave period to maintain a net pay of zero regardless of other payments or deductions, and automatically applies any necessary adjustments in the following pay period(s).

While primarily intended for weekly and fortnightly paid employees, Advance Pay is also available for other pay frequencies.

To further streamline the process, consider defining an Individual Compensation Plan (ICP), to allow managers or employees (with workflow approvals in place) to initiate advance payments through self-service.

Here are some important considerations when using Advance Pay:

- Advance Pay does not replace Holiday Pay and is not integrated with other modules such as Absence Management or Time and Labor.
- Retroactive processing is not enabled for this feature.
- Both contractual and non-contractual earnings are treated the same for Advance Pay.
- Before setting up Advance Pay, ensure that the processing priorities of all earnings and deductions are set prior to Advance Pay (that is, priority < 9000).

Elements and Balances for Advance Pay

These elements are available for Advance Pay:

Elements for advance pay

Element Name	Processing Priority	Element Classification
Advance Pay	9000	Voluntary Deductions
Advance Adjustment	9001	Direct Payments
Advance Pay Calculator	9000	Voluntary Deductions
Advance Pay Results	9000	Voluntary Deductions
Advance Payment	9001	Direct Payments

ORACLE

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Chapter 1
Advance Pay for Ireland

Element Name	Processing Priority	Element Classification
Messages for Advance Pay	9001	Information

These balances are available for Advance Pay:

Balances for advance pay

Balance Name	Balance Category
Advance Adjust	Direct Payments
Advance Carry Forward	Information
Advance Pay	Voluntary Deductions
Advance Pay Accrued	Miscellaneous
Advance Pay Arrear	Miscellaneous
Advance Pay Eligible Comp	Miscellaneous
Advance Pay Not Taken	Miscellaneous
Advance Payment	Direct Payments
Advance Period Counter	Information
Advance Periods	Information

Create the Element Eligibility for Advance Pay Elements

The Advance Pay elements are predefined. You need to create the element eligibility for the following elements:

| **Note: My Client Groups** > **Payroll** > **Elements**

- **Advance Pay** element is assigned to employees who have requested an advance and serves as the key driver for processing the advance payment.
- **Advance Pay Calculator** element.
- **Advance Payment** element is used to pay the advance as a net amount.
- **Advance Pay Results** element used to deduct advance amount during each leave period.
- **Advance Adjustment** element is used to offset any additional amounts to ensure net pay remains at zero.
- Messages for Advance Pay element is used to display the Repaid Advance Reference <Number> message on the payslip.

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Chapter 1
Advance Pay for Ireland

> **Note:** You need to add this element to Enterprise HCM Information flex region and input value Advance Repaid to display on the payslip

1. Search and select the Advance Pay element.
2. Create a name for the element eligibility record, for example, Advance Pay.
3. Specify the eligibility criteria.
4. Select the Input Values tab to change a default or add minimum or maximum values. The main inputs include:

Field	Description
Calculation Method	The default is **Current Period**. The current period's net pay amount is treated as the advance value. You can set or change the default, minimum, and maximum values based on your requirements. If you use **User Defined**, create a custom fast formula named **IRELAND_ADVANCE_PAY_CALC** with the advance pay amount returned to **PERIOD_ADVANCE_VALUE** to capture customer specific logic to calculate the advance amount and recovered in the leave periods.
Defer Other Payments	The default is **No** indicating that additional elements (such as retro values or bonus) within the leave period will not be deferred. Select **Yes** to defer other earnings and deductions during the leave period and ensure net pay is zero.
Periods to Advance	The number of periods to advance pay, used for calculations. You can set the default, minimum, and maximum values based on your requirements. This will be displayed as an editable field on the **Element Entries** page in the Entry Values.
Override Payment	Enter an override payment amount rather than use calculated value. Create and use a validation fast formula to limit the usage for this payment. This will be displayed as an editable field on the **Element Entries** page in the Entry Values.
Deduction Reference	Application generated unique reference value. This will be displayed on the Element Entries page in the Entry Values as read only.

ORACLE

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Chapter 1
Advance Pay for Ireland

Field	Description

5. Save the record.

> **Note:** For earnings to be associated with a person, you must create an element entry for the person. For more information, see Element Entries.

How Advance Pay is Processed in Payroll

Based on the calculation method, here's how Advance Pay is processed:

- If the calculation option of **Current Period** is selected, then the net pay from the current payroll period will be used to derive the advance periodic value. Any direct payments will not be included. If multiple periods are advanced, the periodic value will be multiplied to determine the full advance value.

- When the Advance Pay element is processed in a payroll period for the first time, the Advance Payment will be calculated and displayed in the Direct Payments section of the payslip. Note that this doesn't impact the statutory deductions.

- When the subsequent periods are processed, the recovery amount in element Advanced Pay Results is shown in the Other Deductions section of the payslip.

- When there are sufficient earnings, the Advance Pay Results element is used to recover a full periodic amount. If the earnings aren't sufficient, then a partial amount is deducted to avoid a negative net. The recovery will continue beyond the leave period to clear the arrears amount.

- If you've selected **Yes** for Defer Other Payments and additional payments exist, they will be made in the first pay period after the leave is completed. Any additional deductions will also be processed post leave period.

- When the Advance Pay is fully recovered from the employee, the Advance Pay element populates the end date attribute and processing automatically stops, and a message is displayed on the employee payslip to confirm the repayment is complete.

- The payroll submission will report the figures in each pay period.

- If any changes are made to the Advance Pay element after the initial pay period in which the advance payment was processed, those changes will be ignored. Only the details from the original processing will be used.

- If **User Defined** is selected as the calculation method, but a custom formula for Advance Pay has not been defined, the process won't make any payments and will end date the element.

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Chapter 1
Advance Pay for Ireland

- To define a custom fast formula:

  a. Use the fast formula with the name IRELAND_ADVANCE_PAY_CALC.
  b. Set the formula type as Oracle Payroll.
  c. Enter the formula text as shown here:

    - PERIOD_ADVANCE_VALUE = <value>
    - Return PERIOD_ADVANCE_VALUE

  d. Compile the formula.

  Note: It is recommended that no advances are in progress at the time of cutover to avoid additional complexity in loading balances and payroll processing.

ORACLE

Oracle Fusion Cloud Human Resources
How do I configure advance pay for Ireland?

Chapter 1
Advance Pay for Ireland