

# Cashing out annual leave

Cashing out annual leave is where an employee is paid for annual leave without taking the time off work. It's sometimes called *cashing in* or *selling* annual leave.

If an employee is simply taking paid leave, learn how to [pay leave](#). If the employee is leaving your business and has unpaid leave, find out how to [process their final pay](#).

## Check the rules!

There are rules and regulations relating to the cashing out of annual leave, so first check with the appropriate regulatory body about the rules that affect you.

A good place to start in Australia is the Fair Work Ombudsman or in New Zealand visit the Employment Relations website.

The steps below describe a general scenario which might not suit your requirements. Always check with an accounting advisor (or the experts on our community forum) to clarify the best solution for your business.

To cash out annual leave in MYOB Essentials, create a new pay item for the employee and use it to make the payment. You'll also need to reduce the employee's leave balance by the number of hours they're cashing in.

Let's take you through it.

1. Create a new pay item
2. Pay the cashed out leave
3. Reduce the employee's leave balance
4. Unlink the pay item from the employee

### Related topics

- Managing your employees' leave
- Creating pay items
- Assigning pay items to employees
- Modifying or deleting pay items
- Do a pay run
- Processing a final pay