



SICK LEAVE ACCOUNTING: ANALYSIS OF NON-STANDARD CASES

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ABSTRACT

The article considers the procedure of sick leave accounting, presents a general methodology for sick leave accounting. On practical example, non-standard cases were considered and analyzed; namely, the employee fell ill on the first working day; less than 12 calendar months worked; insurance experience less than six months in the last 12 months; in the accounting period - annual leave and temporary disability; part-time and sick leave accounting for downtime.

Keywords: Accounting, Insurance Experience, Part-Time, Sick Leave, Sick Leave Certificate, SSC.

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1. INTRODUCTION

The legislation of Ukraine on social insurance involves the protection of the rights of an employee in the event of a similar situation and the payment of material compensation for temporary disability [1-2]. However, today, after innovations in the legislative and regulatory framework of Ukraine, such upsets arise that do not always positively affect the moral and material condition of an employee who has left the hospital. It is necessary to conduct a study of the legal regulation of the procedure for reimbursing funds for temporary incapacity for work and familiarize yourself with the rules for obtaining and sick leave payment [3-4].

Sick leave accounting is generally a well-covered topic, but occasionally questions still arise, especially in non-routine cases [5-9].

2. THEORY AND METHODOLOGY

2.1. The essence of the sick leave, the minimum and maximum size

The sick worker must confirm his/her absence from work. This is confirmed by a sick leave certificate. Social security legislation sets the minimum and maximum levels for sick and maternity leave. What are they like in 2020?

Minima sets Part 4 of Art. 19 of Law No. 1105.

If for the last 12 months before the insured event, the insured person has less than six months of insurance experience, then the amount:

– sick leaves are determined on the basis of the accrued salary from which the SSC is paid, but it cannot be greater than the amount of assistance calculated from the minimum salary set at the time of the insured event, i.e. in 2020 – 4723 UAH;

– Maternity leave - based on the accrued salary from which the ESA is paid, but:

a) not more than the amount of allowance calculated from twice the minimum wage established at the time of insured event occurrence: in 2020 – 9446 UAH;

b) Not less than the amount of allowance calculated from the minimum wage established at the time of insured event occurrence: in 2020 – 4723 UAH.

Maximum - the amount of temporary disability allowance (including care for a sick child or a sick family member) and maternity allowance per month should not exceed the maximum amount of the SSC accrual basis (Part 2 of Article 24, Part 2 of Article 2) 26 of Law No. 1105). In 2020, this amount equals 70845 UAH (4723 UAH x 15).

2.2. The sick leave calculation algorithm

The following data are required for sick leave calculations:

01. The number of days of disability. This is the number of calendar days that is written in the sick leave certificate. Insurance payments from the Social Insurance Fund are accrued for the period determined in calendar days (without deduction of holidays, weekends, vacation days, etc.).

02. Impact of Insurance Experience. If the length of service of an employee is less than 8 years, and the employee does not belong to the privileged categories of persons, then the average daily wage is reduced. The following part of the salary is taken into account in sick pay: if the length of service of an employee less than 3 years is 50% of the average daily wage, if the length of service of 3-5 years is 60%, if the length of experience of 5-8 years is 70%, and only when all the experience of more than 8 years is taken into account % of salary. The document certifying employee's length of service - Certificate OK-7.

03. The number of calendar days in the billing period. In most cases, they take the last 12 months. See Table 1 for all the options for determining the billing period:

Table 1 Determining the settlement period

Actual time spent paying the SSC	Accepted as a billing period
More than 12 calendar months	According to clauses 7, 25 of Order No. 1266: About 12 calendar months (full, from the first to the first day) preceding the month in which the insured event occurred.
Less than 12 calendar months	In accordance with paragraph 26 of Order No. 1266: calendar months actually worked (full, from the first to the first).
Less than a calendar month	In accordance with paragraph 27 of Order No. 1266: the actual time worked (calendar days) before the occurrence of the insured event.
The accident occurred on the first day of work, or for good reasons the employee did not have earnings	In accordance with paragraph 12 of Order No. 1266: there is no pay period, so we use the "Salary" field in the sick leave calculator, the value of which will be divided by the calculator by 30.44 to determine the average daily salary [if the salary or the rate for any reason is not set, use the minimum wage set on the day of the insured event in the calculation of sick leave].

04. Non-working days are excluded. What is considered to be valid reasons for which unused days are excluded from our billing period is stated in clause 4 of Order No. 1266. It:

1. Temporary disability,
2. Maternity leave,
3. Child care leave,
4. Leave without salaries.

But in practice, this list is not exhaustive. Here are three more cases that are recognized by government agencies.

1. The letters of the Ministry of Social Policy dated May 21, 2015 No. 319/18 / 99-15 and July 31, 2015 No. 445/18 / 99-15 indicate that a period that has not been worked out for good reasons can also include the period of military service of the insured person upon appeal during mobilization, for a special period. And in a letter dated 05/25/2016, No. 5.2-32-812, the FSS for Disability specified that the period of retaining for an employee who was called up for military service during conscription during mobilization, for a special period, average earnings from 03/18/2014 to 12/31/2014 .2015, which is compensated by the state budget, should be excluded from the billing period.
2. The letter of the Ministry of Social Policy No. 293/18/99-16 of September 6, 2016, states that the period of temporary disability of the insured person is also the period from the date of sending documents to MSEC and to the date of examination of the patient, which are indicated on the certificate of incapacity for work. That is, the calendar days of such a period are considered unworked for a valid reason of "temporary disability" and are subject to exclusion from the billing period.
3. The period of caring for a sick child, which continues after the expiration of the maximum period of the sick leave certificate, may be excluded from the billing

period. This period is confirmed by a certificate in the form No. 138/o. In the letter of the SSC for disability dated 05.25.2016, No. 5.2-32-812, it is stated that the calendar days confirmed by the indicated certificate are not taken into account in the calculation period when calculating the average salary for calculating temporary disability benefits as a period not worked out for a good reason.

05. Total earnings of the employee for the accounting period. Earnings include salaries and equivalent payments accrued by the SSC.

There is a limitation related to the maximum base for the calculation of the SSC (since in the case of salary above this maximum base, the SSC are not calculated, and the condition from the first paragraph of this paragraph is not fulfilled accordingly). And in fact, the maximum base is associated with two conditions, both of which need to be checked again and fulfilled:

1. In the case of salary above the maximum base of the SSC, we may include in the total earnings of the employee for the calculation of sick leave only part of the salary within the mentioned maximum base (monthly);
2. In accordance with paragraph 4 of Order No. 1266, the calculated average daily wage should not exceed the maximum amount of the ESI base (effective in the last month of the billing period, and in the absence of the billing period, we take the maximum salary of the month for which the accruals are made) for one calendar day, that is
 - a. Divide the maximum base of the SSCs by 30.44 days in the average month,
 - b. Then check that the average daily wage of the employee does not exceed the allowable maximum daily income received in the previous subparagraph 02.1.

06. If in the last 12 months the total length of service does not exceed 6 months

Pursuant to part four of Article 19 of the Law on Social Insurance and paragraph 29 of Order No. 1266, the amount of assistance for employees who have less than six months insurance (less than six months before the insured event) (according to the State Register of Compulsory State Insurance) is limited.

These payments are calculated as follows:

1. Calculate the average salary and the daily payment based on the available insurance experience (i.e. from 50 to 100% of the average salary);
2. The size of the minimum wage (which is valid at the time of the insured event) is divided by 30.44 (that is, by the average number of days in a month);
3. Compare the results of the calculations in the previous two points and take the lower of them.

Consider posting in accounting for the payment of employee's sick leave.

Table 2 Sick leave accounting, conducting of calculation and payment

No	The content of the business operation	Debit	Credit	Sum, UAH
01	Accrued temporary disability benefits:			
01.1	For the first five days of sickness at the expense of the employer	949	663	1000
01.2	At the expense of the Social Insurance Fund	378		1200
02	ERU accounted for 22% of sick leave costs	949	651	484
03	Withholding tax deducted from the amount of assistance:			
03.1	For the first five days of illness (1000,00 UAH. * 18%)			180
03.2	At the expense of the Social Insurance Fund (1200.00 UAH. * 18%)	663	641	216
04	Withdrawn military levy from aid amount:			
04.1	For the first 5 days of illness (1000,00 UAH. * 1,5%)			15
04.2	At the expense of the Social Insurance Fund (1200.00 UAH * 1.5%)	663	642	18
05	Funds received from the Social Insurance Fund	313	378	280
06	Payment of the SSC to the budget:	651	311	484
07	Payment of personal income tax from sick leave to the budget:			
07.1	For the first 5 days of illness		311	180
07.2	At the expense of the Social Insurance Fund	641	313	216
08	Payment of military fees from sick leave to the budget:			
08.1	For the first 5 days of illness		311	15
08.2	At the expense of the Social Insurance Fund	642	313	18
09	Payment of the medical treatment to the employee	663	301	1771

4. RESULTS AND DISCUSSION

Consider practical examples of sick leave accounting.

4.1. Standard sick leave accounting

Worker 1 was ill from 15/02/2020 to 26/02/2020. During the settlement period (February 2019 - January 2020) he was accrued 106,000 UAH of salary according to salary. The employee's length of service is 5 years 9 months (the percentage of sick leave payment is 70%). There were no days worked out for valid reasons in the billing period.

We determine the average daily wage:

$$106000 \text{ UAH} : 365 \text{ c.d.} = 290,41 \text{ UAH.}$$

We determine the amount of sick leave at the expense of the employer:

$$290,41 \text{ UAH} \times 5 \text{ c.d.} \times 70\% = 1016,44 \text{ UAH.}$$

We calculate the amount of sick leave at the expense of the Social Insurance Fund of Ukraine (hereinafter - the Fund):

$$290,41 \text{ UAH} \times 7 \text{ c.d.} \times 70\% = 1424,48 \text{ UAH}$$

Therefore, the total amount of assistance will be:

$$1016,44 \text{ UAH} + 1424,48 \text{ UAH} = 2440,92 \text{ UAH.}$$

4.2. Accounting of non-standard cases

4.2.1. Less than 12 calendar months worked

Employee 2, who was hired on 09.09.2018, was hospitalized for the care of a sick child under 14 years from 28/02/2019 to 14/03/2019 (15 days). During the accounting period, employees earned 36,000 UAH in salary according to their salary. The insurance period of the employee is 8 years 9 months, so the sick leave 100%. There were no days worked out for valid reasons in the billing period.

In this case, the estimated period will be from October 2018 to January 2019. If the insured person has been in an employment relationship for less than 12 calendar months at the last main place of work, the settlement period is determined for the actually worked calendar months (from 1 to 1 number).

The number of calendar days in the billing period is:

$$31 \text{ c.d.} + 30 \text{ c.d.} + 31 \text{ c.d.} + 31 \text{ c.d.} = 123 \text{ c.d.}$$

We determine the average daily wage:

$$36000 \text{ UAH: } 123 \text{ c.d.} = 292,68 \text{ UAH.}$$

Calculate the amount of sick leave:

$$292,68 \text{ UAH} \times 13 \text{ c.d.} \times 100\% = 4390,2 \text{ UAH.}$$

Temporary disability assistance for the care of a sick child under the age of 14 is paid to the insured person from the first day at the expense of the Fund for the period during which the child, according to the doctor's opinion, needs care, but not more than 14 c.d.

4.2.2. Insurance experience less than 6 months in the last 12 months

Employee 3 was hired on 06.11.2018 with a salary of 8600 UAH. He was ill 13 c.d. – from 18/03/2019 to 30/03/2019. The employee's length of service is 4 years, but since he had a break of about a year before employment, the length of service for the last 12 months before the occurrence of the insured event is less than 6 months. Earnings for the estimated period reach 25800 UAH. There were no days worked out for valid reasons in the billing period.

When paying for temporary disability, when the insurance period is less than 6 months during the last 12 months before the occurrence of the insured event, account should be taken of the limit established by part 4 of Art. 19 of Law No. 1105. That is, in such circumstances, the amount of temporary disability allowance may not exceed the amount of the monthly salary.

To determine the limit for the calendar day, it is necessary to divide the monthly amount of the salary by the average monthly number of calendar days - 30.44. So, let's make the necessary calculations.

The calculation period in our case is December 2018 - February 2019.

The number of calendar days in the billing period is:

$$31 \text{ c.d.} + 31 \text{ c.d.} + 28 \text{ c.d.} = 90 \text{ c.d.}$$

We determine the average daily wage:

$$25800 \text{ UAH: } 90 \text{ c.d.} = 286,67 \text{ UAH.}$$

We calculate the daily payment amount (taking into account 4 years of experience):

$$286,67 \text{ UAH} \times 60\% = 172,00 \text{ UAH}$$

Calculate the average daily wage from the calculation of the Ministry of Pay:

$$4173 \text{ UAH: } 30.44 \text{ c.d.} = 137,09 \text{ UAH.}$$

As the amount of the daily payment calculated according to the general rules (172,00 UAH) is higher than the average daily salary calculated taking into account the amount of the salary, the amount of the insurance payment is calculated using the amount of the daily payment calculated based on the amount of the salary.

To the amount of the daily payment, calculated from the calculation of the Ministry of Payments, the percentage, which depends on the length of service, does not apply.

We determine the amount of sick leave at the expense of the employer:

$$137,09 \text{ UAH} \times 5 \text{ c.d.} = 685,45 \text{ UAH}$$

We calculate the amount of sick leave at the expense of the Fund:

$$137,09 \text{ UAH} \times 8 \text{ c.d.} = 1096,72 \text{ UAH.}$$

The total amount of assistance will be:

$$685,45 \text{ UAH} + 1096,72 \text{ UAH} = 1782,17 \text{ UAH.}$$

4.2.3. The employee fell ill on the first working day

Employee 4 was hired on 21/01/2020, and on the first day, he became ill and was hospitalized until 27/01/2020 (7 days). His salary in accordance with the employment contract – 8200 UAH. The insurance period is 24 years (sick leave is paid at the rate of 100%).

If during the accounting period prior to the occurrence of the insured event the insured person had no earnings or insured event on the first day of work due to valid reasons, the average salary is determined on the basis of the tariff rate (salary) or a part thereof established on the date of the insured event occurrence. In this case, the average daily wage (income, cash) for 1 calendar day is determined by dividing the tariff rate (salary) by the average number of calendar days (30.44).

We determine the average daily wage:

$$8200 \text{ UAH} : 30,44 = 269,38 \text{ UAH.}$$

We calculate the amount of sick leave (the whole amount at the expense of the employer):

$$269,38 \text{ UAH} \times 7 \text{ c.d.} \times 100\% = 1885,66 \text{ UAH}$$

4.2.4. In the accounting period - annual leave and temporary disability

Employee 5 was ill from 25/04/2019 to 05/05/2019 (11 days). Employee salary - 8750 UAH. During the estimated period (April 2018 – March 2019), in addition to his salary, in July 2018 he has accrued vacation of 5209 UAH. The employee's length of service is 3 years and 3 months (60% is paid by the sick leave).

During the billing period:

- April 17-19, 2018 was a temporary disability;
- July 2-20, 2018 - annual leave;
- September 17-21, 2018 - temporary disability.

During the calculation of the average daily wage, the number of calendar days not worked out for good reasons (temporary disability, maternity leave, and maternity leave before reaching the age of 3 and 6 years (by a medical report), leave without saving wages) are not taken into account.

That is, in our example, the calculation does not include days of temporary disability of the employee (3 days of April and 5 days of September 2018) and, accordingly, payment for those days. As for leave, it is taken into account in the accounting period, and the amount of vacation leave is calculated in the average salary.

Julia Moroz, Maria Telovata, Svitlana Syrtseva, Tetyana Haiduchok, Iryna Babich and
Oleksandr Yurchenko

The determination of the number of calendar days worked in the billing period and the average daily salary for 1 calendar day: $8500 \times 27/30 + 8500 \times 2 + 3640$ (salary) $+ 5209$ (vacation) $+ 8500 + 8500 \times 25/30 + 8500 \times 6 = 100080$ UAH.

Average daily wage:

100080 UAH: 357 c.d. = 280,34 UAH.

The amount of sick leave we determine at the expense of the employer:

$280,34 \text{ UAH} \times 5 \text{ c.d.} \times 60\% = 841,02 \text{ UAH}$.

Calculate the amount of sick leave at the expense of the Fund:

$280,34 \text{ UAH} \times 6 \text{ c.d.} \times 60\% = 1009,22 \text{ UAH}$.

Therefore, the total amount of assistance will be:

$841,02 \text{ UAH} + 1009,22 \text{ UAH} = 1850,24 \text{ UAH}$.

4.2.5. Part-time

Employee 6 since 02/02/2020 was transferred to a part-time job – 4 hours per day for a 5-day workweek. 22/02/2020 the employee became ill and provided sick leave certificate for the period from 22/02/2020 to 26/02/2020 (5 days). During the accounting period, the employee was charged 74000 UAH. His length of service is 12 years and 5 months (sick leave pay is 100%). There were no days worked out for valid reasons in the billing period.

With the entry into force of 04/07/2015, the latest revision of the Order No. 1266 does not require calculating the average hourly wage for the calculation of sick leave, including the case of part-time work. Therefore, the calculation is carried out in the general manner, as in example 1.

We determine the average daily wage:

74000 UAH: 365 c.d. = 202,74 UAH.

We calculate the amount of sick leave (all at the expense of the employer):

$202,74 \text{ UAH} \times 5 \text{ c.d.} \times 100\% = 1013,7 \text{ UAH}$.

4.2.6. Sick leave accounting for downtime

Due to the introduced quarantine in connection with the pandemic of the coronavirus, the company was idle from March 12 to April 3 of the year.

Due to the introduction of quarantine during the coronavirus epidemic, the company stood idle from March 12 to April 03. Employee 6, who works in this workshop, fell ill from March 15 to March 26, 2019.

Regardless of whether the employee is temporarily disabled before the start of the downtime, during the downtime or after the end of the work, the sickness days due to illness or injury not related to an accident at work are generally paid.

6. CONCLUSION

Thus, in the socially-oriented economy of Ukraine, there is an increase in the amounts of financial support for temporary disability at the expense of the Social Insurance Fund. It is possible to provide employers and specialists of this Fund with prompt and reliable information on the accrued amount of temporary disability allowance, SSC accrual and its timely payment under the condition of a rational accounting system, where, first of all, the requirements of legal and regulatory support for all changes and compliance additions made at the present stage of development of the social policy of our country. The proposals made to strengthen the analytical accounting of compulsory state social insurance payments will be an informative source for the compilation of statistical and management decision-making reports.

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