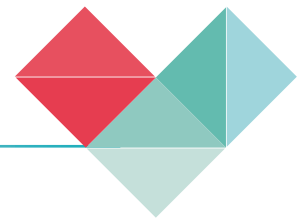




Information on **Labour Standards**



Annual Vacations



Part III of the *Canada Labour Code* (Labour Standards)

The following paragraphs about annual vacations with pay, based on Division IV of Part III of the *Canada Labour Code* and on the *Canada Labour Standards Regulations* are provided here. They will be of interest to employees and employers in industries under federal jurisdiction. Publication 1 – *Summary* of this series describes the types of businesses covered by the Code. It is available on the Government of Canada website at www.canada.ca/en/employment-social-development/services/labour-standards/reports.html.

1 Duration of vacation entitlement

The basic entitlement is two weeks of vacation for every completed “year of employment.” After five consecutive years of employment with the same employer, the entitlement increases to three weeks of vacation. After ten completed years, employees are entitled to four weeks of vacation.

2 “Year of employment”

The “year of employment” is the period beginning on the date an employee is hired, or on any anniversary of that date, and ending 12 consecutive months later. It may also be a calendar year or other period of 12 consecutive months as determined by the employer, in accordance with the *Canada Labour Standards Regulations* relating to an industrial establishment.

3 Importance of defining “year of employment”

First, an employee must complete a “year of employment” to be entitled to a vacation. Second, the amount of vacation pay for that vacation is based on the wages earned by the employee during that “year of employment”.

4 Calculating vacation pay

Vacation pay is calculated as a percentage of the gross wages an employee earns during the “year of employment.” Where the vacation entitlement is two weeks, vacation pay is four percent of earnings in the entitlement year. Where the entitlement is three weeks, the vacation pay is six percent of earnings. Where the employee is entitled to four weeks, vacation pay is eight percent of earnings.

5 Definition of “wages” for the purpose of annual vacation

The term “wages” includes every form of payment for work performed, but does not include tips and other gratuities. This is further defined in the [Vacation Pay \(IPG-012\)](#) guideline.

6 Timing of vacation

Normally, an employee may take vacation at the discretion of the employer or at a time mutually agreed to by the employer and employee. But, it must begin no later than 10 months after completion of the “year of employment” for which the employee became entitled to vacation.

In cases where the employer has chosen an employee’s vacation period, the employer must give at least two weeks’ notice of when the employee’s annual vacation is to begin.

7 When vacation pay becomes payable

Vacation pay is normally paid to the employee within 14 days prior to the commencement of a vacation. However, vacation pay may be paid during or immediately following vacation, if that is the established practice in the employee’s work place.

8 Employee’s entitlement upon termination of employment

The employer must “pay out” any vacation pay owed to the employee for any prior completed “year of employment.” In addition, the employee is entitled to vacation pay for the partially completed current year.

9 An employee wants to renounce to his annual vacation

An employee may, by written agreement with the employer, postpone or waive his or her entitlement to an annual vacation for a specified year of employment.

10 An employee wants to interrupt his annual vacation

An employee may interrupt his annual vacation in order to take another leave such as maternity-related reassignment, paternity, parental, compassionate care, critical illness, death or disappearance of a child, bereavement, reservist, sick and work-related illness or injury.

11 An employee wants to postpone his annual vacation

An employee may postpone his annual vacation in order to take other leave.

12 An employee wants to split his annual vacation

If the employee asks the employer in writing to split the annual vacation entitlement and if the employer grants the request in writing, annual vacation may be split. In this case, the employer must pay the prorated portion of the vacation pay applicable at each time leave is taken.

13 Impact of a leave of absence on annual vacation entitlements

If the leave is with pay, the employment status does not change and all benefits accumulate as if the employee was at work. The employee earns vacation pay and time during the leave period.

If the leave of absence is without pay, the employee's seniority continues to accumulate. The leave does not change the date on which the employee becomes eligible for an increase to six percent of wages and three weeks of vacation or to eight percent of wages and four weeks of vacation. Since the employee earns no wages during the leave period (period of absence), vacation pay is calculated only on the wages earned during the year of employment.

14 Cases where the vacation pay provisions of a collective agreement apply exclusively

The vacation pay provisions of the Code do not apply to employers and employees who are parties to a collective agreement that provides rights and benefits at least as favourable as those in the Code and where there is provision for a third party settlement in the collective agreement. The settlement of disagreements relating to vacation pay are governed exclusively by the collective agreement in these instances.

This document is provided for information purposes only. For interpretation and application purposes, please refer to Part III of the *Canada Labour Code* (Labour Standards), the *Canada Labour Standards Regulations*, and relevant amendments.

Information about these provisions may be obtained from the Labour Program by calling toll free at 1-800-641-4049, by visiting the website at www.canada.ca/en/employment-social-development/programs/employment-standards/federal-standards.html or by submitting your questions or comments through the Labour Program [Contact Us](#) form.

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It is also available upon request in multiple formats (large print, MP3, Braille, audio CD, e-text CD, or DAISY), by contacting 1 800 O-Canada (1-800-622-6232). By teletypewriter (TTY), call 1-800-926-9105.

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