

FACT SHEETDepartment of Labour
TE TARI MAHI

employees who take annual holidays in advance of entitlement

Employees can ask to take paid annual holidays in advance of becoming entitled to them – either because they have not completed 12 months of service, or because they have used all of their entitlement. In these circumstances, approval is at the discretion of the employer, unless a right to take annual holidays in advance is included in the relevant employment agreement.

The payment for holidays taken in advance is still based on the greater of the employee's ordinary weekly pay or average weekly earnings - see the fact sheet titled: Annual holidays – calculating "ordinary weekly pay" and "average weekly earnings")

To calculate average weekly earnings where the employee has less than 12 months' service, the gross earnings from starting work until the last pay period before the holiday are divided by the number of weeks worked.

To calculate average weekly earnings where the employee has been employed for more than 12 months but is taking annual holidays in advance of entitlement, the calculation covers the 12 months prior to the end of the last pay period before the holiday.

When an employer approves annual holidays in advance, the employee should be asked to agree in writing that the employer be able to reduce any final pay to recover from the employee the amount of any overpayment of holiday pay that might result from taking annual holidays in advance.

Further information & guidance

We welcome the opportunity to help you further. If you can't find an answer to your question, or you want further clarification, more detailed information or guidance on any matter covered here, please contact us. We value your query and will respond to you as quickly as possible.

Call us free on 0800 20 90 20 or visit our website at www.ers.dol.govt.nz.

The content of this document covers common problems. It will not answer every question and should not be used as a substitute for legislation or legal advice.

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