

**ATTENTION: Business, Finance, News Editors**

## **Vacation Policy Misperceptions Employers Need to Know**

### **Canadian Payroll Association Employment Standards Seminars Help Payroll Practitioners Stay Current and Compliant with Legislation**

**TORONTO (August 5, 2015)** -- Employers have the responsibility to ensure that employees receive their legislated vacation leave and pay - a responsibility they take seriously. Yet, their efforts could be undermined as the result of some common and potentially costly misconceptions related to vacation entitlement and pay.

“Misconceptions are far more dangerous than questions,” states Janet Spence, Manager, Compliance Services and Programs at The Canadian Payroll Association. “When you have questions, you need to seek answers. Unfortunately when someone makes decisions based on a misconception, they expose their organization to the potential risk of fines and penalties.”

“The goal of the Canadian Payroll Association is to help employers and payroll practitioners stay current and compliant with payroll-relevant legislation and regulatory requirements, to minimize costly mistakes,” explains Spence. “One benefit of belonging to our association is that members can get clarity on these misconceptions and learn where to find answers or get help.”

Most employers understand that they have an obligation to provide all employees with vacation whether they work full or part-time. They also know they have the discretion to approve or deny the timing of vacations based on business needs. However, they may also believe they have the rights outlined below, when they actually don't.

#### **Use it or Lose it**

A common misconception is that employers have the right to impose a “use it or lose it” policy on vacation entitlement. Minimum vacation entitlement is determined by the legislation in place in the jurisdiction where the employee works. When an employer chooses to exceed these minimum standards, it is referred to as a “greater benefit.” This is an important differentiator.

A use it or lose it policy is only allowed in certain jurisdictions, and where it is allowed it pertains only to the greater benefit. For example, if legislation requires that an employee gets two weeks of vacation, but the employer provides three weeks, the employer may be allowed to impose a policy where the employee loses the extra week if it is not taken in the required time frame.

#### **Recovering Vacation Overpayments**

Another error employers sometimes make is deducting vacation overpayments from the final pay when an employee terminates employment. If an employer has a policy that allows employees to take their vacation in advance (before it is earned), a written agreement should be in place whereby the employees acknowledge that if their employment ends before the vacation is



earned, they must repay the employer any unearned amounts. Some jurisdictions and/or collective agreements require the specific dollar amount of a deduction be authorized by the employee. Otherwise, the employer does not have the right to deduct overpaid vacation.

Having clearly defined policies and procedures assists payroll practitioners in the difficult job of managing vacations and other employment standards. But it's very important that those policies comply with current legislation. "It is a huge challenge to stay current considering there are more than 190 federal and provincial regulations with frequent changes," acknowledges Spence. "That's why our Professional Development seminars are so popular. We make it much easier to stay current. And that is still the best way to reduce compliance risk."

For information on the Canadian Payroll Association's Professional Development seminars on Employment Standards covering vacation pay and entitlements and other popular topics, payroll Certification Programs, and the Benefits of Membership visit [payroll.ca](http://payroll.ca).

**Employment Standards is offered in the following cities:**

**Calgary - Aug 13**

**Edmonton - Aug 20**

**Vancouver - Sept 3**

**Grande Prairie - Sept 25**

**London - Sept 30**

**Hamilton - Oct 16**

**Brampton - Oct 28**

**About the Canadian Payroll Association:**

Canada's 1.5 million employers rely on payroll practitioners to ensure the timely and accurate annual payment of \$865 billion in wages and taxable benefits, \$290 billion in statutory remittances to the federal and provincial governments, and \$163 billion in health and retirement benefits, while complying with more than 190 federal and provincial regulatory requirements. Since 1978, the Canadian Payroll Association (CPA) has annually influenced the payroll compliance practices and processes of over five hundred thousand organizational payrolls. As the authoritative source of Canadian payroll compliance knowledge, the CPA promotes payroll compliance through advocacy and education. For more information on the Association's [Professional Development Seminars](#), [Certification Programs](#), and the [Benefits of Membership](#) visit [payroll.ca](http://payroll.ca).

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