

BooksBetter

News & Information for Canadian QuickBooks Users | Edited by Arlene Nora Arlow | No. 9, June 2008

A Newsletter to Serve and Celebrate Serious QuickBooks ® Users

QUICKBOOKS 2008 RELEASES #4 and #5

QuickBooks 2008 R5 is now available. It includes the July 2008 tax tables.

Due to the issues with QuickBooks 2008, Intuit has released a full version of QuickBooks as an R4 installation CD. The Addventive Academy recommends contacting Intuit to request an R4 CD should you need to reinstall QuickBooks 2008 in the future.

You can manually download other QuickBooks updates at:
<http://support.intuit.ca/quickbooks/updates/>

Users who do not wish to load updates via the internet can receive them on CD for an extra charge. Call Intuit at 888-333-8580.

To extend the life of QuickBooks 2007 software without tax tables, call Intuit at 888-333-8580 and request that your software be extended.

VACATION PAY IN CANADA

This remainder of this edition is devoted entirely to the principles of "Vacation Pay" in Canada.

DISCLAIMER: *Employment standards are subject to continual change. Information provided here reflects available internet resources as of June 30, 2008. Not all relevant information is readily available via the internet. Although the information was reviewed for accuracy, the Addventive Academy does not claim to be a complete resource for payroll matters. The applicable provincial or territorial ministry or department should be contacted directly for final clarification.*

Vacation Pay is a legal entitlement for all employees in Canada. The employer ultimately has the final say regarding "when" an employee is permitted to take their annual vacation.

It is recommended to list Vac Pay separately on all pay stubs, even if the employee is paid salary. This prevents the employee from later disputing that they received their eligible Vacation Pay.

Some provinces or territories pay Vac Pay on overtime and general holiday/stat pay while others do not.

Not all sectors of labour are not subject to the same standards in a given jurisdiction. A few such examples of sectors that may be exempt from regular employment standards are farm workers, seasonal workers, construction workers, domestic workers, accountants, and (in Quebec) bank employees. In addition, Quebec employees in the clothing industry are provided an additional week of vacation entitlement beyond that which they would otherwise be eligible after one continuous year of employment.

A few jurisdictions allow for a pro-rated amount of vacation time entitlement where the vacation is taken prior to the entitlement/anniversary date.

Note that many narratives and payroll websites across Canada are not updated regularly.

Finally, it must be noted that "Severance Pay" and "Termination Pay" are not necessarily the same thing!

We were surprised at the differing standards and criteria across Canada. We hope you find the following information helpful and enlightening.

VACATION PAY “IN BRIEF”

PROVINCE or TERRITORY	Initial Vacation Period	Vac Pay %-age	Extend Vac Pay	Extended Vacation Period	Extended Vac Pay %-age
British Columbia	2 weeks	4%	After 5 th year	3 weeks	To 6 %
Alberta	2 weeks	4%	After 5 th year	3 weeks	To 6 %
Saskatchewan	3 weeks	3/52 of annual earnings	After 5 th year	4 weeks	4/52 of annual earnings
Manitoba	2 weeks	4%	After 5 th year	3 weeks	To 6 %
Ontario	2 weeks	4%	n/a	n/a	n/a
Quebec	2 weeks	4%	After 5 th year	3 weeks	To 6 %
New Brunswick	2 weeks	4%	After 8 th year	3 weeks	To 6 %
Nova Scotia	2 weeks	4%	After 8 th year	3 weeks	To 6 %
PEI	2 weeks	4%	n/a	n/a	n/a
Newfoundland	2 weeks	4%	After 15 th year	3 weeks	To 6 %
NWT	2 weeks	4%	After 6 th year	3 weeks	To 6 % after the 5 th year
Yukon	2 weeks	4%	n/a	n/a	n/a
Nunavut	2 weeks	4%	After 5 th year	3 weeks	To 6 %

PROVINCIAL SUMMARIES

British Columbia:

- 1) Vac Pay is calculated on basic wages, overtime pay, statutory holiday pay, commissions, incentive bonuses, termination pay and Vac Pay previously paid
- 2) Vacation must be taken within 1 year of entitlement each year
- 3) Sale of the business, approved leave and jury duty do not impact vacation entitlement
- 4) The vacation must be taken in a minimum of 1-week increments unless the employee requests shorter increments. An employee is not permitted to work for the employer through an annual vacation and be paid for this time as well as receive Vac Pay
- 5) Where a statutory holiday falls within the vacation period, the employee is entitled to Stat Pay for that day
- 6) Vac Pay must be paid at least 7 days prior to the vacation. Employers may pay Vac Pay on each cheque if agreed in writing by the employee and the employer. Employees who hand-harvest fruit or berry crops are not necessarily eligible for Vac Pay in addition to their piece-work rate
- 7) Where an employee quits, the employer must pay all outstanding wages and Vac Pay within 6 days. Where the employer terminates the employee, outstanding wages and Vac Pay must be paid within 48 hours
- 8) Employees who work for an employer for a full year are eligible for vacation. Persons employed less than 5 calendar days are not eligible for Vac Pay. An employer may use a common date for calculating the annual vacation entitlement of all employees so long as this does not result in a reduction of any employee's rights for vacation time or Vac Pay
- 9) The employer can elect to close the business for a prescribed period each year in order for the employees to take their vacation

Contact the Ministry of Labour and Citizens' Services for more information.

Alberta:

- 1) Vac Pay is calculated on basic wages, commissions, incentive bonuses, and Vac Pay previously paid. Vac Pay is not calculated on overtime pay, general holiday pay, termination pay or non-incentive bonuses. Where an employee is paid by monthly salary, the employee receives their regular rate of pay during their vacation period instead of a percentage of wages earned
- 2) Vacation must be taken within 1 year of entitlement each year. The employee must receive at least 2 weeks' written notice of the start date of their vacation
- 3) Sale of the business does not impact vacation entitlement
- 4) The vacation must be taken in one unbroken period unless the employee requests shorter, multiple increments
- 5) Where a general holiday falls within the vacation period, the employee is entitled to take off either the first scheduled working day after their vacation, or in agreement with the employer, another work day before the next annual vacation
- 6) If Vac Pay has not previously been paid out it must be paid at least 1 day before the employee's vacation if the employee requests it. Alternatively, Vac Pay must be paid no later than the next regular payday after the vacation begins. The employer may pay Vac Pay on each cheque
- 7) If an employee quits without giving proper termination notice or where neither the employee nor the employer are required to give termination notice, the employer must pay Vac Pay to the employee within 10 days after the date on which the notice would have expired if it had been given. Where proper termination notice is given by the employee or employer respectively, Vac Pay must be paid within 3 days of termination. Where the employer provides the correct notice an/or pay in lieu of notice, all wages are payable no later than 3 days after the last day of work
- 8) Employees who work for an employer for a full year are eligible for vacation. An employer may use a common anniversary date for calculating the annual vacation entitlement of all employees

Contact Alberta Employment and Immigration for more information.

Saskatchewan:

- 1) Vac Pay is calculated on basic wages, overtime pay, public holiday pay, commissions, incentive bonuses, and Vac Pay previously paid. Vac Pay is not calculated on termination pay nor severance pay
- 2) Vacation must be taken within 1 year of entitlement each year. The employee must receive at least 4 weeks' written notice of the start date of their vacation
- 3) Sale of the business or approved leave do not impact vacation entitlement
- 4) The vacation must be taken in an uninterrupted period unless the employee requests shorter increments in writing to the employer. Regardless, the employee cannot take vacation entitlement in periods of less than 1 week. An employer and an employee may enter into a written agreement whereby in the case of a shortage of labour, the employee does not take the annual vacation. Applicable Vac Pay shall still be paid within 12 months of the date of entitlement to the vacation. Where an employer does not permit the employee to take their vacation during the period for which they were notified in writing, the employer shall reimburse the employee for any monetary loss suffered by the employee for cancellation or postponement of the annual holiday
- 5) Where a public holiday falls within the vacation period, the employee is entitled to an additional day off at the end of the vacation entitlement with applicable pay and/or applicable Vac Pay
- 6) Vac Pay must be paid within the 14-day period prior to the start of the vacation
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 14 days of the effective date of termination
- 8) Employees who work for an employer for a full year are eligible for vacation. An employer may use a common date for calculating the annual vacation entitlement of all employees. Where an employer uses a "Common Anniversary Year", the employee earns 1.25 days of vacation days per month for that first year
- 9) Where approved in writing by the Director, the employer can elect to close the business for a prescribed period each year in order for the employees to take their vacation

Contact the Ministry of Advanced Education, Employment and Labour for more information.

Manitoba:

- 1) Vac Pay is calculated on basic wages, general holiday pay, commissions and incentive bonuses. Overtime wages, wages in lieu of notice and the previous year's vacation wages are not included
- 2) Vacation must be taken within 10 months of entitlement each year. Employers shall provide 15 days' notice of the date the vacation is to begin
- 3) Approved leave does not impact vacation entitlement
- 4) The vacation must be taken in a minimum of 1-week increments
- 5) Where a general holiday falls within the vacation period, the employee is entitled to an additional day off with applicable pay and/or applicable Vac Pay
- 6) Vac Pay is payable no later than the working day prior to the vacation. Employers may pay Vac Pay on each cheque
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 10 days of the termination
- 8) Employees who work for an employer for a full year are eligible for vacation. Employees who have not worked 95 percent of their regular working time are not entitled to time off for a vacation. Vac Pay for these employees is payable on their anniversary date or within 10 months of earning it. Employees whose earnings fluctuate because of commissions, piece work rates, or variable regular hours shall have their monetary entitlement calculated on their average weekly earnings for regular working time during six months immediately preceding the beginning of the vacation. An employer may use a common date for calculating the annual vacation entitlement of all employees
- 9) The employer can elect to close the business for a prescribed period each year in order for the employees to take their vacation

Contact the Employment Standards Branch for more information.

Ontario:

- 1) Vac Pay is calculated on basic wages, overtime pay, public holiday pay, commissions, incentive bonuses, termination pay and allowances for room and board. Vac Pay is not based on Vac Pay previously paid nor severance pay
- 2) Vacation must be taken within 10 months of entitlement each year
- 3) Lay-off, sickness, injury, sale of the business or approved leave do not impact vacation entitlement
- 4) The vacation must be taken in a minimum of 1-week increments unless both the employee and employer agree in writing to shorter increments. The employee may give up their vacation period if both the employer and the employee agree in writing and the Director so approves. Employees who give up their vacation period are entitled to applicable Vac Pay
- 5) Where a public holiday falls within the vacation period, the employee is entitled to public holiday pay and an additional day off taken within 3 months of the public holiday or, if the employee agrees in writing, taken within 12 months of the public holiday. An employee may agree in writing to work the public holiday that falls within their vacation period
- 6) Vac Pay must be paid in a lump-sum either before the vacation commences, or if the employee is paid by direct deposit or is not taking vacation in complete weeks, on or before the pay day for the period in which the vacation falls unless the employee agrees in writing to payment at some other time. When the vacation time is taken in periods of less than 1 week, the Vac Pay may be paid on or before the pay day for the period in which the vacation falls. If the employee agrees in writing, the Vac Pay may be paid on each cheque or on any frequency as arranged
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 7 days after the end of employment or on the next regular pay date
- 8) The Vacation Entitlement Year denotes the 12-month period of employment following the employee's hire date. The employer can select an Alternative Vacation Entitlement Year for all employees. Where the employer uses an Alternative Vacation Entitlement year, the period of vacation entitlement shall be pro-rated for the Stub Period. The Stub Period is the period between the date of hire and the beginning of the first Alternative Vacation Entitlement year, or the period between the end of the last Standard Vacation Entitlement year and the start of the first Alternative Vacation Entitlement year. An employer may use a common date for calculating the annual vacation entitlement of all employees

Contact the Ministry of Labour for more information.

Quebec:

- 1) Vac Pay is calculated on remuneration and benefits having a pecuniary value due for the work or services performed by the employee. This includes basic wages, overtime pay, statutory holiday pay, sick pay, commissions, incentive bonuses, Vac Pay previously paid and tips. Other remuneration may be applicable such as Director's fees, profit sharing, termination pay, severance pay and benefits
- 2) Vacation must be taken within 12 months of entitlement each year. The employer has complete discretion to set the dates for the vacation period. The employee must receive at least 4 weeks' written notice of the start date of their vacation
- 3) Sickness, accident, sale of the business or approved leave do not impact vacation entitlement
- 4) The vacation must be taken in an uninterrupted period unless the employee requests otherwise. Where vacation entitlement is at least 1 week, an employee may ask to have the vacation divided into two or more periods. The employer may refuse the request where the enterprise closes during the annual vacation or for a longer period
- 5) Where a statutory holiday or the National Holiday falls within the vacation period, the employee is entitled to a leave for that day as agreed to by the employer or a compensatory indemnity for that day as agreed to by the employer
- 6) Vac Pay must be paid in a single payment prior to the commencement of the vacation
- 7) Note: No reference to a specified time within which outstanding wages and outstanding Vac Pay are payable after termination was found
- 8) Where the employee has not worked a full Reference Year, the vacation period shall be pro-rated by crediting the employee with one day for each full and uninterrupted calendar month the employee has worked in the Reference Year. The "Reference Year" for vacation entitlement in Quebec is May 1st to April 30th. The employer can select an alternate 12-month reference year. An agreement or decree can be set for an alternate 12-month reference year
- 9) The employer can elect to close the business for a prescribed period each year in order for the employees to take their vacation
- 10) An employee entitled to 2 weeks' vacation can request an additional leave without pay to bring the vacation up to 3 weeks. The employer cannot refuse this leave. However, the employer has the discretion of when this additional week shall be taken. This additional leave cannot be divided

Contact Commission des normes du travail and Service des renseignements for more information.

New Brunswick:

- 1) Vac Pay is calculated on basic wages, overtime pay, commissions and incentive bonuses. Vac Pay is not based on public holiday pay nor Vac Pay previously paid
- 2) The employer must provide at least 1 week's notice of the start of the vacation
- 3) Note: No information was found regarding sale/transfer of the business
- 4) Note: No information was found regarding splitting the vacation into more than one period
- 5) Where a public holiday falls on the employee's vacation the employer shall - with the agreement of the employee - pay the employee his regular wages for the public holiday or designate a working day as the public holiday such that it is not later than the next vacation of the employee
- 6) Vac Pay must be paid at least 1 day before the vacation begins
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay no later than the next regular pay date following termination
- 8) Where the employee has not worked a full Vac Pay Year, the vacation period shall be pro-rated by 1 day for each full calendar month the employee has worked in the Vac Pay Year. The "Vac Pay Year" is July 1st to June 30th

Contact the Department of Post-Secondary Education, Training and Labour for more information.

Nova Scotia:

- 1) Vac Pay is calculated on basic wages, overtime pay, general holiday pay, commissions, incentive bonuses, termination pay, and the cash value of board and lodging. Vac Pay is not based on Vac Pay previously paid
- 2) Vacation must be taken within 10 months of entitlement each year. The employer must provide at least 1 week's notice of the start of the vacation
- 3) Note: No information was found regarding sale/transfer of the business
- 4) Where the employee qualifies for at least 2 weeks' vacation, the vacation period may be broken into two or more periods as long as one of those periods is at least 1 week in duration. Full time employees must take vacation leave
- 5) Where a general holiday falls on the employee's vacation the employee is still eligible for another day off with pay. The employer can decide whether this day off is the next scheduled work day at the end of the vacation period or whether the day is another day as agreed between the employer and the employee. The employee may work the holiday by substituting another day as the general holiday if the employer agrees and the employer receives approval from the Director
- 6) Vac Pay must be paid at least 1 day before the vacation begins. Where an employee is eligible to waive the vacation period, the employer must pay the Vac Pay no later than 1 month after the employee becomes eligible for the vacation. Employers may pay Vac Pay on each cheque if the employee is notified
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 10 days
- 8) Employees who work for an employer for a full year are eligible for vacation. If an employee works less than 90% of the regular working hours during a continuous twelve month period, the employee can waive, in writing, his/her vacation leave entitlement

Contact the Department of Labour and Workforce Development for more information.

Prince Edward Island:

- 1) Vac Pay is calculated on basic wages, overtime pay, general holiday pay, commissions, incentive bonuses, termination pay, and the cash value of board and lodging. Vac Pay is not based on Vac Pay previously paid
- 2) Vacation must be taken within 4 months of entitlement each year. The 4-month period may be altered if agreed by the employer and the employee. The employer must provide at least 1 week's notice of the start of the vacation
- 3) Note: No information was found regarding sale/transfer of the business
- 4) Where the employee qualifies for at least 2 weeks' vacation, the vacation period shall be in one continuous period
- 5) Where a paid holiday falls on the employee's vacation a day off with pay shall be provided at the end of the employee's vacation or another day agreed upon by the employer and the employee where that day is prior to the next annual vacation for that employee
- 6) Vac Pay must be paid at least 1 day before the vacation begins. Employers may pay Vac Pay on each cheque if the employee is notified. For seasonal employees, the employer may include Vac Pay in the hourly rate as long as the employee is notified
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay no later than the end of the next regular pay period following termination
- 8) Employees who work for an employer for a full year are eligible for vacation

Contact the Ministry of Communities, Cultural Affairs and Labour for more information.

Newfoundland:

- 1) Vac Pay is calculated on basic wages, overtime pay, holiday pay, commissions, incentive bonuses, termination pay and Vac Pay previously paid
- 2) Vacation must be taken within 10 months of entitlement each year. The employer must provide at least 2 week's notice of the start of the vacation unless the employer and the employee agree in writing to another notice
- 3) Note: No information was found regarding sale/transfer of the business
- 4) Where the employee qualifies for at least 2 weeks' vacation, the vacation period may be broken into two periods as long as each of those periods is at least 1 week in duration and the employee agrees to same. Where an employer cancels, or changes the dates of the employee's annual vacation after having given the required notice to the employee, the employer shall reimburse the employee for reasonable expenses incurred by the employee with respect to the cancelled or changed vacation that are not otherwise recoverable by the employee
- 5) Where a public holiday occurs during the period of an annual vacation, the period of the annual vacation shall be lengthened by 1 working day for the public holiday. Alternatively, the employer and employee may agree to set an alternate day as the replacement for the public holiday
- 6) Vac Pay must be paid at least 1 day before the vacation begins. Employers may pay Vac Pay on each cheque if the employee is notified
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 1 week of the end of employment
- 8) Employees who work at least 90% of the normal working hours in a 12-month period are eligible for vacation. Employees not meeting the 90% threshold are still entitled to 4% Vac Pay until the end of the 15th year at which time they are eligible for 6% Vac Pay. Such Vac Pay for these employees shall be paid within 1 week of the 12-month period. Persons employed less than 5 work days are not eligible for Vac Pay

Contact the Labour Relations Agency for more information.

Northwest Territories:

- 1) Vac Pay is calculated on basic wages, overtime pay, statutory holiday pay, commissions, incentive bonuses, termination pay and Vac Pay previously paid
- 2) Vacation must be taken within 6 months of entitlement each year
- 3) Sale of the business does not impact vacation entitlement
- 4) Note: No information was found regarding splitting the vacation into more than one period
- 5) Where a statutory holiday falls in the employee's vacation period, the employer must pay the wages to which the employee is entitled for the statutory holiday
- 6) Vac Pay must be paid at least 1 day prior to the vacation
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 10 days after termination
- 8) Employees who work for an employer for a full year are eligible for vacation

Contact the Department of Education, Culture and Employment for more information.

Yukon:

- 1) Vac Pay is calculated on basic wages, overtime pay, general holiday (stat) pay, commissions, incentive bonuses, termination pay, Vac Pay previously paid and travel allowances
- 2) Vacation must be taken within 10 months of entitlement each year.
- 3) Sale of the business does not impact vacation entitlement
- 4) Note: No information was found regarding splitting the vacation into more than one period. The employer and the employee may agree in writing that the employee will not take their annual vacation. Within 10 months of annual eligibility, the employer must pay applicable Vac Pay to an employee who agrees to not take their vacation
- 5) Where a general (statutory) holiday falls within the vacation period, the employee is entitled to general (statutory) holiday pay plus another day off with pay at the end of their vacation
- 6) Vac Pay must be paid at least 1 day prior to the vacation
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 7 days from the date of termination
- 8) Employees who work for an employer for a full year are eligible for vacation. Persons employed less than 14 days are not eligible for Vac Pay

Contact the Department of Community Services for more information.

Nunavut:

- 1) Vac Pay is calculated on basic wages, overtime pay, general holiday pay, commissions, incentive bonuses, termination pay and Vac Pay previously paid
- 2) Vacation must be taken within 10 months of entitlement each year
- 3) Sale of the business does not impact vacation entitlement
- 4) Note: No information was found regarding splitting the vacation into more than one period
- 5) Where a general holiday falls within the vacation period, the employee is entitled to general holiday pay plus another day off with pay that is no later than the next annual vacation of that employee. Such date shall be one convenient to the employer and the employee
- 6) Vac Pay must be paid at least 1 day prior to the vacation
- 7) Where employment is terminated, the employer must pay all outstanding wages and Vac Pay within 10 days after termination
- 8) Employees who work for an employer for a full year are eligible for vacation

Contact the Labour Standards Compliance Office Nunavut Department of Justice for more information.

FOR SELF-DISCOVERY

Although this PDF provided by HRSDC is very good, it was written in 2006 and is - in a few instances - out of date:

http://www.hrsdc.gc.ca/en/lp/spila/cli/eslc/annual_vacations_narrative.pdf

Internet references and resources for each province and territory can be found by searching for:

- Employment Standards Act (British Columbia, New Brunswick, Prince Edward Island, Yukon and Northwest Territories)
- Employment Standards Regulation (British Columbia)
- Labour Standards Act (Saskatchewan, Quebec and Newfoundland)
- Labour Standards Regulations (Saskatchewan)
- Employment Standards Code (Alberta and Manitoba)
- Employment Standards Act, 2000 (ESA) (Ontario)
- Labour Standards Code (Nova Scotia)
- Consolidation of Labour Standards Act (Nunavut)