

Vacations and Vacation Pay

Employees must receive at least 2 weeks of vacation per year for the first four years of employment, and a minimum of 3 weeks of vacation after the fifth consecutive year.

For each week of vacation, employees are entitled to 2% of the wages earned in that year, meaning that, employers may put vacation pay on every cheque, or they may choose to pay out at the time of the vacation leave.

How long is a vacation?

Employees must receive at least two weeks of vacation after each of the first four years of employment. After completing 5 years of work with the same employer, employees must receive a minimum of 3 weeks of vacation.

What are employees paid while on vacation?

Vacation pay is calculated based on the gross earnings in the previous year. Employees who are entitled to two weeks of vacation receive 4% of their gross wages as vacation pay and employees with three weeks' vacation receive 6%.

What happens when employees complete 5 years of service with the same employer?

Employees are entitled to 2 weeks vacation leave, after each year of service, for the first 4 years. After 5 consecutive years with the same employer, employees are entitled to 3 weeks vacation leave.

In the 5th year of employment, employees earn 4% of their total annual income as vacation pay. However, as soon as they have completed their 5th year, they are entitled to 3 weeks of vacation and 6% on the prior year's earnings. This means that after employees complete the 5th year of service, employers must pay an additional 2% on those same earnings.

It is important to note, that if the employee's employment ends within the 5th year, prior to its completion, then they would be paid out any vacation pay at 4%.

| <i>Calendar Year of Employment</i> | <i>Year of Employment</i> | <i>Vacation Pay Rate</i> |
|------------------------------------|---------------------------|--------------------------|
| January – December 2015 | 1 | 4% |
| January – December 2016 | 2 | 4% |
| January – December 2017 | 3 | 4% |

| | | |
|-------------------------|---|----|
| January – December 2018 | 4 | 4% |
| January – December 2019 | 5 | 6% |
| January – December 2020 | 6 | 6% |

Example scenario:

An employee earned \$40,000 in 2019 and would be paid vacation wages of $\$40,000 \times 4\% = \$1,600$.

In January 2020, the employee completes five consecutive years of service.

The employer must pay an additional 2% as the employee is entitled to 6% after 5 years of employment.

In this case, $\$40,000 \times 2\% = \800 which is owed to the employee in 2020.

When must the additional 2% on year five’s earnings be paid?

Employers decide when vacation pay is to be paid. However, it must be paid no later than the last day of work before the vacation and within 10 months of earning it.

Can employers give more vacation?

For each week of vacation, employees earn 2% of their gross wages. Under *The Employment Standards Code*, the minimum amount of vacation does not increase beyond 3 weeks of vacation after 5 years of service. Employers can, and often do, give employees more vacation than is required by law.

What is included in gross wages for vacation pay?

Gross wages include all regular wages and any general holiday pay. Regular wages include hours paid as commission, salary, hourly, bonuses tied to productivity, and any other wages paid as compensation for the regular hours of work.

Overtime wages, wages in lieu of notice, and the previous year's vacation wages are not included in the calculation.

When are employees paid their vacation pay?

Employers decide when vacation pay is to be paid. However, it must be paid no later than the last day of work before the vacation and within 10 months of earning it.

Can employers put vacation pay on every cheque?

Employers may put vacation pay on every cheque. Employees are still entitled to take time off as vacation, but because it has already been paid, they do not receive any additional vacation pay while they are off.

When do employees start earning vacation time and pay?

All employees start earning vacation time and pay from their first day of work for an employer.

When can employees take their vacation?

Employees are eligible for vacation once they have completed one year of work and must take their vacation within 10 months of it being earned. Employees and their employers can agree on when vacation will be taken.

If an employer and employee cannot agree on when the vacation will be taken, the employer sets the vacation date. The employer must give the employee 15 days' notice before the vacation is to be taken and cannot divide the vacation into periods shorter than one week. Employers can choose to schedule their employees' vacations as part of an annual shut down.

What if a general holiday falls during employees' vacations?

General holidays are not counted as a vacation day. If a general holiday falls during an employee's vacation, the employee receives another day of vacation and general holiday wages for the day of the general holiday. See the [General Holiday](#) page for more information.

How do unpaid leaves affect vacations and vacation pay?

During a legislated or approved leave, employment is considered continuous. The time employees are away on leave counts toward their years of service when determining how much vacation they are entitled to. Employees who return from leave are entitled to their full vacation time because they are still employed while on the leave.

Vacation pay for employees who have taken a leave remains the same as for other employees, 4% of gross wages for 2 weeks vacation and 6% for those who have earned 3 weeks vacation. If they were not earning wages while on the leave, the amount earned as vacation pay will be lower than it would have been otherwise.

See the page on [Unpaid Leaves](#) for more general information, or the pages on [Maternity Leave](#), [Parental Leave](#), and [Compassionate Care Leave](#) for more specific details.

What are deemed to be hours of work when calculating overtime?

Employees whose hours of work are greater than 8 hours a day and 40 hours a week are entitled to overtime wages of 1 ½ times their regular wage rate.

General holidays are deemed to be hours of work for the purposes of calculating overtime.

Employers are not required to include vacation leave or paid sick time in an employee's hours of work when determining entitlement to overtime wages.

What if employment ends before employees take their vacation?

When employment ends, employees must be paid within 10 working days from the last day worked, all of the vacation pay that has been earned. Since vacation pay is earned from the first day of work, employees who have not yet completed one year of service are paid the portion they earned from the day they started with the employer.

Can vacation be used as notice of termination?

Employers cannot use vacation for the notice period when terminating employment.

When employees are terminating employment, they may use vacation for the notice period if the employer agrees. Employees are entitled to all outstanding vacation pay when their employment ends. See the [Termination of Employment](#) fact sheet for more information.

How are years of service determined for seasonal employees?

The employment of employees who work in a seasonal industry is deemed to be continuous if they return to work with the same employer each season. Each consecutive season they return adds one more year of service. Employees are entitled to 3 weeks vacation and vacation wages at 6% of their total gross earnings after 5 years of service (seasons) with the same employer.

Can employers establish a common anniversary date for earning vacation, for all employees?

Employers can choose to have a common anniversary date so all employees receive their new vacation entitlements at the same time. Because all employees earn vacation pay from their first day of work, new employees will receive the portion they earned from the day they started and the common anniversary date. For example: if an employer establishes July 1 as the common anniversary and new employees starts work on January

1, new employees will have worked ½ a year on the common anniversary date. These employees must receive ½ of their vacation time and 4% of their earnings up to July 1 as vacation pay.

For more information contact Employment Standards:

Phone: 204-945-3352 or toll free in Canada 1-800-821-4307

Fax: 204-948-3046

Website: www.manitoba.ca/labour/standards

This is a general overview and the information used is subject to change. For detailed information, please refer to current legislation including The Employment Standards Code, The Construction Industry Wages Act , The Worker Recruitment and Protection Act, or contact Employment Standards.

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