



# HOLIDAY ABOVE STATUTORY



## EMPLOYER TAX

n/a

## EMPLOYEE TAX

No direct tax implications for employee

## COST TO EMPLOYER

$n/260 \times \text{salary}$  where n is number of days above statutory

## What is Holiday Above Statutory?

Holiday above statutory is where an employer provides more paid holiday per year than the statutory leave entitlement. The statutory entitlement for a full time employee is 5.6 weeks, or 28 days including the 8 Bank Holidays each year in the UK.

## How Does it Work?

Excluding Bank Holidays, this means that the statutory minimum is 20 days per annum.

Employers will generally either start at 20 days and add further days based on an employee's length of service with the business, or their job level within the business.

An alternative strategy would be to provide all staff with the same amount of holiday regardless of service or grade. A typical amount might be 25 days.

Some employers allow their employees to 'buy' or 'sell' holiday in order to fund other benefits, or improve their take home pay, or indeed to take more time off.

Some employers have even experimented with a 'voluntary' holiday policy whereby employees take as much holiday as they feel they need. The theory here being that their performance will still be closely monitored by the business and if it falls short of the required standards their job could be at risk.

Note: be careful not to discriminate against anyone when designing your holiday policy. You can't discriminate on around any 'protected characteristics' such as age, sex, disability or sexual orientation.

## Why is it Valuable?

Holiday time is highly valued by employees as it gives people a chance to take a break, recharge their batteries and focus on non-work related activities. This should bring people back to work refreshed, more focused and with more energy.

Having a holiday entitlement helps to keep morale and productivity at a high level. Each employer needs to decide on how far beyond the minimum it wants

## What does it cost?

The cost of a working day can easily be calculated using the ' $1/260 \times \text{salary}$ ', where the 260 equates to the number of working days in a year excluding weekends and bank holidays.

So, if someone earns £25,000 per annum, the cost of an extra day of holiday is  $1/260 \times £25,000 = £96.15$ .



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