

Calculation of holiday allowance

The employer must continue to pay the employee during the annual paid leave period. The holiday allowance must enable the employee to rest during his or her legal leave “without any drop in his or her standard of living.” The aim is to ensure that an employee on leave receives an allowance which “fully compensates his or her salary,” i.e. an allowance that corresponds to the salary s/he would have received by working normally.

In order to achieve this directive, Article L 233-14 of the Labour Code has provided a specific method for calculating the allowance payable for each day of leave: the employee is entitled to an allowance equal to the **average daily salary of the three months immediately prior to the leave**. For salaries which are fixed in terms of a percentage of the turnover or are subject to wide variations, the average salary of the previous 12 months serves as a basis for calculating the holiday allowance.

The holiday allowance is therefore based on the average daily salary, established from the gross monthly salary, including overtime and ancillary perquisites. Non-periodic benefits, such as gratuities, 13th month or bonuses are not taken into account when calculating this average.

It is worth noting that this specific calculation method has no impact on salaries where the gross total pay remains unchanged from one month to the next. The salary received remains the same, whether there are leave periods or not.

Conversely, this “average of the last 3 months” influences the holiday allowance for employees whose pay varies from month to month because of periodic perquisites and supplements.

Depending on the stance of the Inspectorate of Labour and Mines, this particular calculation method applies also to the:

- Compensatory rest granted when a public holiday falls on a non-working business day or a Sunday;
- Compensatory rest granted for overtime;
- Compensatory rest granted for work on Sunday;
- Additional leave granted to employees whose work does not allow for 44 hours of uninterrupted rest per week;
- Extraordinary rest granted to employees who have to take time off work for certain personal reasons;
- Leave for personal reasons granted to employees who have to care of a sick child under 18.



Consequently, particular attention must be given to leave taken by employees whose remuneration changes from month to month. In order to apply this specific calculation method correctly, the employer must make the company's various stakeholders duly aware. Employees on the payroll must be informed in detail about **all** leave time, irrespective of its nature.

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