

December calculation of holiday allowances for employees simplified as from now on

Each employee which during the calendar year has reduced his average working hours will receive a December calculation in December. Henceforth this December calculation looks a lot simpler. As from this year you should no longer pay advanced holiday allowances for the next year.

Special rule

A 'December calculation' occurs as soon as an employee reduces his working hours in the course of the year. A limitation and/or temporary reduction of the number of working hours or a partly suspension of the labour agreement during the year (e.g. part-time time credit, part-time parental leave) are sufficient for a December calculation. In a number of cases no December calculation should be made, but a full and complete holiday allowance reckoning (including the end year allowance in the calculation basis), namely with full-time time credit, full-time career suspension or military service.

The December calculation exists/existed out of two parts: a compensation for the holiday allowance (single and double) which the employee potentially lacked since he worked less; and the 'advanced holiday allowance' (single and double) or a prepayment of the holiday allowance destined for the holidays which will be taken the next year.

Payment of the advanced holiday allowance abolished

Since 1 January 2014 the December calculation is not longer to include the 'advanced holiday allowance'. The holiday allowance for employees who reduce their working hours will henceforth be calculated based on the working regime in which the employee is employed at the time he takes his holidays, with a reckoning at the end of the holiday year of the non-taken holidays based on the salary and the working hours of the holiday year.

The employer will as from now on pay the employee only the single holiday allowance for non-taken holidays and the double holiday allowance. The payment is made with the payment of December of the holiday year.

Advantages of the new regime for employees and employers

The complicated scheme of the December calculation was introduced in 2007 for budget reasons. If the total holiday allowances were to be paid earlier, also the social security contributions and professional withholding tax were due earlier.

Employees reducing their working hours during the year are no longer confronted with a settlement of the advanced holiday allowance. Employees often did not realize that they would receive almost no holiday allowance the next year, since both the single as double holiday allowance were paid (in advance) in December of the holiday year.

Also for employers the modification of the December calculation is a (financial) godsend. As employer you should in case of reduction of the working hours no longer prefinance the holiday allowance and this extra charge disappears.