



## Workers' Rights Act 2019 - Vacation Leave



### Introduction

As we approach the implementation date of 24<sup>th</sup> October 2024, we want to ensure that you are informed and prepared for the vacation leave that the workers would be entitled to. Have you been making the proper accounting provisions? Discover how this provision may impact businesses and how employers can best organise their departments to accommodate and compensate their staff accordingly.



### Overview

As per Workers' Rights Act 2019, PART V – *GENERAL CONDITIONS OF EMPLOYMENT*, Sub-Part IV – Other Conditions of Employment, Section B – Entitlement to leaves, No. 47  
Vacation leave:

- (1) Subject to subsection (2), a worker, other than a migrant worker, who remains in continuous employment with the same employer for a period of at least 5 consecutive years shall be entitled to vacation leave of not more than 30 days, whether taken consecutively or otherwise, for every period of 5 consecutive years, to be spent abroad, locally or partly abroad and partly locally.
- (2) Any subsequent eligibility period of 5 consecutive years shall be computed after the worker resumes work after the vacation leave under subsection (1).
- (3) The vacation leave under subsection (1) shall be with pay and such pay shall, in case the worker opts to spend the vacation wholly or partly abroad, be effected at least 7 working days before the worker proceeds abroad.
- (4) The vacation leave under this section shall be deemed to constitute attendance at work and shall not be cumulative.
- (5) For the purpose of subsection (1), the computation of the period of 5 consecutive years shall start as from the date of the commencement of this Act.



### Eligibility

Who is eligible?

- A worker whose basic wage or salary is at a rate which does not exceed Rs 600,000 in a year (including part-time workers).
- Not applicable to expatriates/employees earning more than Rs 50,000 a month and job contractors.
- The calculation of this period of 5 consecutive years starts only after 24<sup>th</sup> October 2019 (the date when the law was applied). The Vacation leave will apply as from 24<sup>th</sup> October 2024.



### Recommendations

- After 5 years of consecutive employment with the same employer, effective after 24<sup>th</sup> October 2024, a worker is entitled to a vacation leave of 30 days for the purpose of rest, relaxation, and attendance to personal obligations, among others.
- **We would encourage employers to speak to their auditor to ensure that a provision for vacation leave in the financial accounts is warranted.**
- Do you think it is material enough to put it in your accounts?



### Process

What are employers going to do about it?

Organise your workflow, so eligible employees can take vacation without any disruption. How would this affect your day-to-day running of business? Are you considering payment of vacation leave?

- Consult with auditors regarding this treatment in financial accounts.
- If you need our services: This provision is considered as long-term employee benefit in IAS 19 and we would be more than happy to help you to account for it in your IAS 19 reports.

Contact us well in advance so that we can place this exercise together with the Retirement Benefit Obligation calculations. Get in touch with your usual contact person at Swan Actuarial Services Ltd or email us on [actuarial.services@swanforlife.com](mailto:actuarial.services@swanforlife.com)