

Cashing out of untaken annual leave



Cashing out annual leave means an employee receives payment instead of taking time off work.

Entitlements

Category A employees are entitled to forgo an entitlement to take an amount of annual leave credited provided:

- the employer receives a written election to forgo the amount of annual leave and the employer authorises the request
- a separate written agreement is entered into between the parties confirming the amount of annual leave to be cashed out
- the employee receives payment in lieu of the amount of annual leave that is no less than the employee's basic rate of pay (expressed as an hourly rate) at the time the election is made.

Employees are not entitled to forgo an amount of credited annual leave that would result in the employee's remaining accrued entitlement to annual leave being less than four weeks.

National Employment Standards

Certain rules apply when cashing out annual leave:

- an employee needs to have at least four weeks' annual leave remaining
- a written agreement needs to be made each time annual leave is cashed out
- an employer cannot force or pressure an employee to cash out annual leave
- the payment for cashed out annual leave has to be the same as what the employee would have been paid if they took the leave.

References

- *Victorian Catholic Education Multi Enterprise Agreement 2013* (clause 25.10)

Legislation

- Fair Work Ombudsman