



ANNUAL HOLIDAYS WITH PAY GUIDE



REPUBLIC OF CYPRUS



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Annual Holidays with Pay Guide

Introduction

The Annual Holidays with Pay Law was enacted on the 3rd of March 1967 and entered into force on the 1st of August 1967. The main objective of the Law is to:

- secure annual leave with pay to all employees, and
- provide the means for better utilization of the annual holidays of the employees, especially those with low income.

Coverage

The Annual Holidays with Pay Law covers all persons employed in the private and the public sectors, including apprentices.

Duration of leave

Each employee that has worked 48 weeks within one year is entitled to an annual leave with pay of four weeks. Employees, who work 5 days a week, are entitled to annual leave of 20 working days, whereas employees who work 6 days a week, to annual leave of 24 working days.

Temporary absence from work due to an accident, sickness, maternity, parental leave or leave on grounds of force majeure, is considered as a working period.

If the employee had worked for a period less than 48 weeks within the year, the annual leave of four weeks is reduced accordingly.

The right of employees to annual leave for more than four weeks under any other law, agreement or custom, is safeguarded by the Annual Holidays with Pay Law.

Days that are not considered as days of annual leave

The following days are not considered as annual leave days:

- a. public holidays provided by law, established practice or agreement;
- b. maternity leave, parental leave or leave on grounds of force majeure;
- c. days of incapacity for work due to an accident or sickness;
- d. days of strike or lock-out; and
- e. any period of notice for termination of employment under the Termination of Employment Law.

Payment during annual leave

An employed person's wages or salary during his annual leave is either paid directly by his employer or out of the Central Holiday Fund, established for this purpose under the law and to which employers are obliged to pay contributions.

Payment of wages or salary during the annual leave directly by the employer

If an employer provides annual leave with pay to his employees, under more favorable terms than those provided by the Annual Holiday with Pay Law, the employer may apply for exception from obligation to pay contributions to the Central Holiday Fund. In such a case he is obliged to pay the employees the normal wage or salary for the period of leave.

The application for getting an exemption from the obligation to contribute to the Central Holiday Fund can be obtained from any Social Insurance District Office or Citizen Service Center.

An employer exempted from the obligation to contribute to the Central Holiday Fund who

terminates the employment of an employee, is obliged to pay him annual leave or the equivalent wage/salary in lieu of such leave.

Payment from the Central Holiday Fund

An employer, who has not been exempted from the obligation to contribute to the Annual Holiday Fund, is obliged to pay contributions to the Central Holiday Fund. Payment of annual leave of employees is made out of the Central Holiday Fund.

Rate of contribution to the Central Holiday Fund

The employer's contribution to the Central Holiday Fund depends on the duration of leave the employee is entitled to. For 20 working days leave, in case of five-day working week, or 24 working days, for a six-day working week, the contribution payable by the employer is 8% on the earnings of the employee subject to a maximum amount which is normally fixed every year. The earnings include the basic salary, the cost of living allowance, commissions, the 13th/14th salary or 53rd/56th week, overtime pay, shift allowance, service allowance and in general any remuneration the employee receives.

The contribution is assessed on gross earnings, before deduction of any taxation, contributions etc.

If the employee is entitled to annual leave of more than four weeks, the contribution of the employer increases accordingly, as shown in Tables I and II.

Amount of payment out of the Central Holiday Fund

The amount payable to every employee out of the Central Holiday Fund is equal to the corresponding contributions paid by the employer/employers during the previous year, even if the leave was not consecutive. However, in order to receive payment for his annual leave, he ought to take nine (9) consecutive days of leave. If the employee worked less than 48 weeks within the previous year, the period of leave must include at least four (4) consecutive days.

An employee, who worked for less than 13 weeks within the previous year, is not entitled to any payment out of the Central Holiday Fund.

Accumulation of leave

The annual leave may be accumulated, for a period of two years, after agreement between the employer and the employee. In such case, employees are paid their leave simultaneously for both years from the Central Holiday Fund.

Procedure to be followed

For the payment of annual holidays employees should submit an application form duly completed stating his account number (IBAN number) in which the payment will be made every year. The application forms can be obtained from any Social Insurance District Office, Citizen Service Centre or through the internet and should be submitted to any Social Insurance District Office or Citizen Service Centre.

It is noted that the relevant application form must be completed and submitted by the claimant only the first time he applies for payment. Employees who are paid from the Central Holiday Fund are responsible for informing the Social Insurance Services in case of change of their account details.

Method of payment

Holiday payment is made through bank transfer.

Employment during the period of leave

Employees, who work during their annual leave, for their regular employer or for any other employer, are committing an offense and may be obliged to refund the whole or part of the amount they received as holiday payment to the Central Holiday Fund.

Transfer of the entitlement to holiday payment

In case of death of an employee who is entitled to holiday payment out of the Central Holiday Fund, the right for such payment is transferred to the surviving spouse, or other person, approved by the Director of Social Insurance Services, according to the case.

Inspection

Social Insurance Inspectors have the right to inspect each employer in order to secure compliance with the provisions of Annual Holidays with Pay Law.

Inspection includes, among others, examination of the record of earnings book and any other record concerning the employment of the employees, the earnings of the employees and the payment of the contributions.

Failure by any employer to pay contributions or to comply with the obligations arising under the provisions of the Annual Holiday with Pay Law is an offense liable to a fine or to imprisonment up to one year, or both.

Other holiday benefits

The Central Holiday Fund, since 1972, subject to the approval of the Council of Ministers provides for the subsidisation of accommodation of employees, members of the Fund, to mountain and seaside hotels in Cyprus. Moreover, since 1980 subject to the approval of the Council of Ministers, the Central Holiday Fund provides for the subsidisation of the maintenance costs and the cost of establishment and extension of the holiday camps of Trade Unions.

Industrial Disputes Court

Any dispute arising from the application of the Annual Holiday with Pay Law, is resolved by the Industrial Disputes Court.

The Industrial Disputes Court comprises of the chairman, who is legally qualified and appointed by the Supreme Council of Judicature and of two members who represent the employers' and the employees' organisations, respectively. The members are nominated by the President of the Court, from a list prepared by the Minister of Labour and Social Insurance, in consultation with the employers' and the employees' organisations.

TABLE I

RATE OF CONTRIBUTION TO THE CENTRAL HOLIDAY FUND
FOR EMPLOYEES WORKING ON A FIVE-DAY PER WEEK BASIS

| Days of leave | Rate of contribution (%) | Days of leave | Rate of contribution (%) |
|---------------|--------------------------|---------------|--------------------------|
| 20 | 8 | 31 | 12.5 |
| 21 | 8.5 | 32-33 | 13 |
| 22-23 | 9 | 34 | 13.5 |
| 24 | 9.5 | 35 | 14 |
| 25 | 10 | 36 | 14.5 |
| 26 | 10.5 | 37-38 | 15 |
| 27-28 | 11 | 39 | 15.5 |
| 29 | 11.5 | 40 | 16 |
| 30 | 12 | | |

The rate of contribution for leave longer than 40 days is increased accordingly.

TABLE II

RATE OF CONTRIBUTION TO THE CENTRAL HOLIDAY FUND
FOR EMPLOYEES WORKING ON A SIX-DAY PER WEEK BASIS

| Days of leave | Rate of contribution (%) | Days of leave | Rate of contribution (%) |
|---------------|--------------------------|---------------|--------------------------|
| 24 | 8 | 37-38 | 12.5 |
| 25-26 | 8.5 | 39 | 13 |
| 27 | 9 | 40-41 | 13.5 |
| 28-29 | 9.5 | 42 | 14 |
| 30 | 10 | 43-44 | 14.5 |
| 31-32 | 10.5 | 45 | 15 |
| 33 | 11 | 46-47 | 15.5 |
| 34-35 | 11.5 | 48 | 16 |
| 36 | 12 | | |

The rate of contribution for leave longer than 48 days is increased accordingly.

For more information you can visit the Social Insurance Services' website
www.mlsi.gov.cy/sid

or contact the telephones below:

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|--|-----------------|--|----------|
| Head Offices: | 22401600 | | |
| Social Insurance District Office of Lefkosia: | 22409710 | Citizens' Service Centre Lefkosia: | 22446686 |
| Social Insurance Office of Agios Andreas (Lefkosia): | 22878085 | Citizens' Service Centre Lemesos: | 25829129 |
| Social Insurance District Office of Lemesos: | 25804319 | Citizens' Service Centre Larnaka: | 24815555 |
| Social Insurance District Office of Larnaka: | 24805201 | Citizens' Service Centre Pafos: | 26822400 |
| Social Insurance District Office of Pafos: | 26821242 | Citizens' Service Centre Ammochostos: | 23300300 |
| Social Insurance Office of Polis Chrysochou: | 26321532 | Citizens' Service Centre Polis Chrysochou: | 26821888 |
| Social Insurance Office of Ammochostos: | 23816550 | Citizens' Service Centre Pelendri: | 25813400 |

