

Holiday Pay Policy

We operate the holiday allowance at 12.07% of an employee's taxable salary; this is calculated as the gross invoice value less Employers NI, our margin and any levy payment and can be referred to as the Gross Pay. Payments can then be received in one of two ways;

ROLLED UP HOLIDAY PAY

By default, we roll up holiday pay at 12.07% of the gross payment / taxable salary each period and this is detailed on your payslip and repaid to you each time we make a payment to you, as an employee. This means you need to be aware that there will be no retained holiday pay available when you do take annual leave.

Rolled Up Holiday Pay Example:

Gross Invoice Value: £10,000.00 (£500.00 per day over 20 days per month)

LESS Employers NI: £1,107.06

LESS Margin: £95.00

LESS Levy Payment: £43.77

Taxable Salary: £8,754.17

Holiday Pay: $£8,754.17 / 1.1207 = £7,811.34$

$£8,754.17 - £7,811.34 = \mathbf{£942.82}$

Repaid Holiday Pay: £942.82

Employees NI: £496.74

PAYE: £2,459.40

NET Income: £5,798.03

ACCRUED HOLIDAY PAY

Alternatively, holiday allowance can be accrued or retained in a holiday pot for you, the employee. You are able to see any holiday that you have accrued via our online platform, and then reclaim it as and when you take holiday. This can be reclaimed up to the amount available in the "holiday pot". If you choose this option, then holiday pay is taxed at the point it is retained, and not at the point it is repaid. You will be required to submit a 0 hours timesheet for the relevant holiday period, and then click through to the holiday tile when you are logged into our online portal to make the relevant claim request.

Accrued Holiday Pay Example:

Gross Invoice Value: £10,000.00 (£500.00 per day over 20 days per month)

LESS Employers NI: £1,107.06

LESS Margin: £95.00

LESS Levy Payment: £43.77

Taxable Salary: £8,754.17

Accrued Holiday Pay: $£8,754.17 / 1.1207 = £7,811.34$

£8,754.17 - £7,811.34 = **£942.82**

Employees NI: £496.74

PAYE: £2,459.40

NET Income: £4,855.21

Holiday Pay Clause within the Contract of Employment

- 1.1. Unless otherwise notified to you in relation to (and for the duration of) a specific Client Assignment, your annual paid leave entitlement is 5.6 weeks per year. You are paid a percentage of 12.07% in addition to your remuneration as set out in clause 3, on a weekly or monthly basis, which represents payment of your entitlement to paid annual leave. This is paid each week / month with your wages. This means that you will receive payment in advance for the time you eventually take off as holiday each week and you will not receive payment when you are on holiday, this is referred to as 'rolled-up' holiday pay and basically ensures that you receive your full holiday entitlement each period with your wages, it forms part of your taxable pay but is identified separately on your payslip to clearly show you the amount of holiday pay received. If you would prefer to have your holiday pay when you take annual leave, we will accrue 12.07% in addition to your wages which we will pay out to you when you inform us that you are on leave. Please contact us at info@clarityumbrella.co.uk if you would prefer to receive your holiday pay in this way and haven't already informed us.