

## **managing your annual leave liability**

How many of your staff are stockpiling their annual leave? Having a large annual leave liability leads to more than just an increase in sick and stress leave claims. It's also a financial liability for your business.

One in four Australian employees has over 25 days of accrued annual leave. Sometimes people are waiting until their partner is available to take leave, or they feel they can't afford to take leave. But increasingly, leave stockpiling is being used as an insurance policy against feelings of uncertainty about the current economic situation.

### **The cost of annual leave**

Accrued leave leads to increased costs of leave in line with salary increases. It also puts your company at a tax disadvantage. Accrued leave appears as a liability on your balance sheets but cannot be claimed as a tax deduction until it is actually paid out.

There is another hidden cost of annual leave that is a real issue in business – the cost of risk. Because employee fraud is more likely to be detected when people are on leave, annual leave accrual also poses a risk management issue for all businesses.

### **The benefits of actively promoting a culture of annual leave**

But the most important reason to actively encourage your staff to take annual leave is work/life balance. Organisations that promote a positive work/life balance are more likely to have a great reputation and a higher staff retention rate – and keep the best and brightest talents on board.

Of course, forcing staff to use annual leave creates resentment. Different people have different barriers to taking leave so you will need to be flexible and work out a compromise solution to taking annual leave.

A combination of holidays and short breaks is effective for most people and helps employees spend their leave enjoying themselves and recharging their batteries rather than “recovering”.

#### **head office:**

Level 3, 53 Walker Street  
North Sydney NSW 2060

#### **postal address:**

PO Box 411  
North Sydney NSW 2059

**p:** 1300 784 122  
**f:** 1300 785 133

**e:** [info@myaccounts.biz](mailto:info@myaccounts.biz)  
**w:** [www.myaccounts.biz](http://www.myaccounts.biz)