

# New Holiday Act

## - what does this mean for us?

From 1 September 2020, the new holiday system will enter into effect, and just like it currently works, you will earn 25 holiday days per year. The only new thing you have to get used to is that you will be entitled to take your holidays as you earn them.



## The three most important things you need to know about the new holiday system

1. The holiday year is from 1 September to 31 August the following year.
2. You have 16 months to use the holiday days you have earned – from 1 September to 31 December the year after (the holiday period).
3. You can take your holidays as you earn them.



### Your holiday from last year

The holiday that you earned in 2018 can be used from May 2019 to April 2020. Just as always.

Earning holiday  
Current system

1 January - 31 December

The following year

1 May - 30 April

Taking the holiday  
Current system



### The holiday that you will earn in 2019

In 2019, however, it is only in the first eight months that you earn holiday that you can use the following year.

In other words, from 1 January to 31 August 2019 you will earn the holiday that you can use from 1 May to 31 August 2020.

Earning holiday  
Current system

1 January - 31 August 2019

1 May - 31 August 2020

Using holiday earned under  
the current system



### Freezing period

From 1 September 2019 to 31 August 2020, the holidays and holiday pay that you earn will be “frozen” in Lønmodtagernes Feriemidler (a fund managing the holiday pay) until you reach the state retirement age. This is to prevent you from being able to use 2 x 25 holiday days in the same year.

The frozen funds will become a new form of pension for you. They will be paid to Lønmodtagernes Feriemidler, which will then disburse the funds to you when you reach the state retirement age.

# Questions and answers about the new Holiday Act

Although the new Holiday Act does not enter into force until 1 September 2020, even now there are many questions. Here, we have collected some of them, so that you can get the answers you need about the new Holiday Act.

## Why does the new holiday year not match the calendar year?

The new holiday system takes into account how we have traditionally taken our holidays in Denmark:

- In the autumn, you earn the holiday you need for your winter holiday.



1 week is earned in autumn



1 week is taken in winter

- In the winter and spring, you earn the holiday you need for your summer holiday.



3 weeks are earned in winter and spring



3 weeks are taken in summer

- During the summer, you earn the holiday you need for your autumn holiday.



1 week is earned in summer



1 week is taken in autumn



## What happens to my remaining holiday when we transition to simultaneous holidays?

If you have unspent holiday days once we transition to simultaneous holidays on 1 September 2020, the days will automatically be transferred to the new holiday system. That is to say, you do not lose your holiday even if you do not have the chance to take it.

## What happens with the 5th holiday week?

You can still make arrangements with your employer to transfer the 5th holiday week to the next holiday period. You can also still ask to have it paid out when the holiday year ends if your employer allows it.

## What happens to my extra holiday entitlements (feriefridage)?

The right to extra holiday entitlements (or the 6th holiday week) is not part of the Holiday Act. It is negotiated in collective agreements and contracts.

Therefore, we will only know what happens to the 6th holiday week once the collective agreements are renegotiated.

If you have negotiated extra holiday entitlements in your employment contract or subsequently during your employment, the terms for the extra holiday entitlements will be stated in the contract or an appendix.

## I have heard that I might not have enough holiday days for the summer of 2020. Is this correct?

It is correct that there has been a focus on ensuring that you should already now be considering how many holiday days you want to take in the summer of 2020. As a general rule, you will have earned 16.7 holiday days that you can take from 1 May to 30 September 2020.

If you usually take 3 weeks of holiday, the 16.7 days will be sufficient. Therefore you do not have to worry about your 2020 summer holiday.

## Simultaneous holiday facts

### Payment of holiday pay

You can take your holiday and have your holiday pay paid out as you earn holidays.

### Holiday in advance

If you have not earned enough days for your holiday, you might be able to make an agreement with your employer. The days will be subsequently set off against the holiday days that you earn.



# Questions and answers about the new Holiday Act

## What are fund holiday days (fondsferiedage)?

Fund holiday days are only relevant for those of you who are new to the labour market or returning to it in 2019. If you have earned less than 8.4 holiday days in 2019 and you are employed from 1 September to 31 December 2019, you can apply to use some of the holidays that would otherwise have been frozen (fund holiday days).

This is to allow you to have 3 weeks of summer holiday in 2020.

The holiday days that you earn from 1 January 2020 to 31 August 2020 will be frozen in the same manner as the other salaried employees' holiday days and allowances. Then from 1 September 2020, you can use your holidays as you earn them.

## Can I still take my autumn holiday?

If you want to take your annual autumn holiday in October 2020, right when the new Holiday Act has entered into force, this is still possible. This is because you have the opportunity to spend some of the holidays that were earned and transferred from the previous holiday system. You can also agree with your employer that you will take your holiday "in advance", i.e. before you have earned your holiday days.

## Will I be taxed on the funds that are frozen?

Whether the holiday funds that are frozen are taxed depends on how you normally get your holiday pay disbursed:

- **If you have your holiday pay disbursed by FerieKonto:** You will be taxed on the frozen holiday pay as you earn it - as was the case previously. You therefore do not need to pay tax on them when they are disbursed from Lønmodtagernes Feriemidler.
- **If your employer disburses your holiday pay:** In this case, there will be a change. This is because, from 1 September 2019, you will only be taxed on earned holiday pay once it is disbursed. This means that you will only pay tax on the frozen holiday pay when it is disbursed from Lønmodtagernes Feriemidler.
- **If you have paid holidays:** You will only be taxed on the frozen holiday pay when it is disbursed.

## What happens to the holiday pay that is frozen - i.e., the holiday pay I will earn but will now not get disbursed?

The frozen holiday pay will be transferred to the fund called Lønmodtagernes Feriemidler. The fund will ensure that your funds generate interest and that you will receive them when you reach the state retirement age.

## What you need to do yourself

In 2021, you will receive a letter from Lønmodtagernes Feriemidler stating how much holiday pay you have earned during the 'freezing' period. The holiday pay will be calculated for everyone as a holiday allowance, with 12.5% of the salary for the period 1 September 2019 to 31 December 2020.

When you receive your statement, you must verify that it is correct. If you do not agree with it, you must contact your employer.

Your frozen holiday pay will be disbursed to you automatically by Lønmodtagernes Feriemidler when you reach the state retirement age. You can also apply to have the funds disbursed if you leave the labour market earlier, for example if you move abroad. If you die before the funds are disbursed, they shall be paid to your estate.

