

# Holiday Pay and Time Off: Common Questions and Answers

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Holiday pay and time off can be a confusing topic for HR and benefits managers. If you haven't reviewed your company's policy regarding time off and holiday pay, you should definitely do so at your earliest convenience. In the interim, the following Q&As can help you address some common issues:

## **Do I have to provide employees time off for a holiday?**

Although not generally required to do so by federal or state law, many employers choose to grant employees time off for certain holidays or to close the business altogether on those days. However, companies that employ 15 or more employees are subject to federal religious nondiscrimination laws, and may need to allow employees time off for religious observance. Also, be sure to consult your state's nondiscrimination laws, as they may apply to employers of fewer than 15 employees.

## **Do I have to pay my employees if the business is closed for a holiday?**

Federal law and most state laws do not require employers to pay employees if time off for holidays is granted. Whether employees are paid for holidays is generally a matter of company policy. However, you must be careful when it comes to employees that are exempt from the wage and overtime provisions of the federal Fair Labor Standards Act. As a general rule, if an exempt employee performs any work during a workweek, he or she must be paid his or her full salary amount, regardless of the number of days or hours worked in that week.

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## **What about employees scheduled to work on a holiday if the business remains open?**

When an employee works on holidays, the granting of extra compensation above and beyond the regular rate of pay is generally a matter of company policy. Of course, you also must comply with any specific state law requirements regarding holiday pay. Although some companies pay employees at a special rate (such as time-and-a-half) for holiday shifts, an employee is generally only entitled to his or her regular pay, plus any overtime.

## **Why is my written policy important?**

When there is a dispute, states will typically enforce an employer's written policy regarding holiday pay. That's why it's so important to draft and follow a company policy, and to apply the rules consistently and fairly to all employees. For questions about the specific requirements in your state, contact your state labor department or a knowledgeable employment law attorney.

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