

# IAS 19: Increasing Vacation Pay Entitlements

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## Extract, IFRS Discussion Group Report on Meeting – November 25, 2009

The guidance on short-term employee benefits in IAS 19 *Employee Benefits* includes specific references to vacation pay, but the guidance is only applicable to amounts due to be settled within twelve months of the end of the reporting period. Some organizations have vacation policies providing for an additional vacation allotment after a specified period of service, (for example, one extra week of vacation per year after the completion of ten years of service). The guidance in IAS 19 does address long-term employee benefits that are not due within twelve months of the period, but this guidance does not mention vacation pay.

IDG members held divergent views regarding whether an obligation for incremental vacation pay should be accrued during the period prior to the date an employee becomes entitled to receive it. IDG members requested that AcSB staff undertake additional research to see how other jurisdictions have approached this issue, including consulting with other national standard setters.