

Holidays...Paying a Premium is a Choice for Employers, Not a Requirement

Whenever one of the major holidays rolls around questions always seem to arise about paying employees for working on the holiday. *Although state and federal laws recognize certain days as “holidays,” there is no law that requires private sector employers to provide a premium rate of pay for work on those days.* These holidays are days that government offices are closed and do not provide services as they normally would. Some private sector employers do choose to offer premium pay for work performed on designated holidays as an incentive benefit to their employees. But it is not required by law and if offered would be a matter between the employer and the employee.

Non-Exempt Employees

You have no legal obligation to pay your employees any differently for work on a “holiday” than you do for any other day of the year. You can choose to pay your employees even though they don’t work on the “holiday,” but you are not required by law to do so. Moreover, if you operate a business that is open on a “holiday,” you might choose to pay your employees more for working on that particular day, but any extra money you choose to pay your employees would be within your discretion since it is not required by either state or federal law.

Exempt Employees

In the case of a “holiday,” where the employer chooses to close the business for a day during the workweek, the employer still must pay exempt employees¹ their full salary for the workweek without deduction for the “holiday.” Thus, in the vast majority of situations, a “holiday” will have no impact on the wages paid to your exempt employees. You also must remember that, as a general rule, if your exempt employee works any part of a workweek, you must pay that individual his/her full salary for the entire workweek.

¹ Exempt employees are employees who, because of their positional duties and responsibilities and level of decision-making authority, are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA).

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