

# Long service leave: What you need to know

Extra leave can be a pretty exciting prospect, even if you love heading to work each day.

And if you've worked for a company for several years, you may be entitled to long service leave.

Here's how long service leave works in Australia.

## **What is long service leave?**

Long service leave is an extra period of paid leave you may be eligible for once you've worked at a company for a certain number of years. Depending on your employment and the state or territory you're in, it could be once you've worked there for five, seven or 10 years.

If you're entitled to long service leave, you'll get an extra period of paid leave on top of annual leave, as long as you've worked there for a minimum amount of time.

"Generally, the leave accrues at a certain period of service, and then continues to accrue on a pro rata basis for the remainder of employment," says Andrew Jewell, Principal Lawyer at McDonald Murholme in Melbourne.

## **Who is entitled to long service leave?**

Most full-time and part-time employees are eligible for long service leave.

In some states and territories, casual employees are entitled to long service leave too.

"All employees who reach the minimum service requirement will qualify for long service leave, which includes casual employees as well as any permanent employees," Jewell says.

## How entitlements vary around the country

Your long service leave entitlements will depend on the state or territory you're working in, and the legislation, award or enterprise agreement there.

Laws in each state and territory will set out how long you need to work for an organisation before you get long service leave, and how much leave you get.

For example, in Victoria, you'll be eligible for long service leave after seven years.

In NSW, you're entitled to 2 months' paid leave if you've been with the same employer for 10 years. This will be paid at your ordinary gross weekly wage.

In NSW there is also a pro-rata entitlement after 5 years if you resign as a result of illness, incapacity, or "domestic or other pressing necessity".

The [Fair Work Ombudsman](#) has links to different long service leave entitlements for each state and territory.

## How long service leave is calculated and paid out

Long service leave is calculated as a fraction of total service. For instance, in Victoria it's calculated as 1/60th of total service, or 13 weeks for each 15 years of service.

Long service leave can be taken as leave, so you just need to apply for leave as you normally would.

If you don't take it as leave, you can be paid a lump sum at the end of your employment there.

## What happens if you're fired or made redundant

In some states, pro rata long service leave will only be paid in limited circumstances, and not if you've been dismissed for serious misconduct.

But in Victoria, for instance, the reason for the termination of employment does not affect payment of long service leave, Jewell says.

## How long service leave is taxed

When you're paid long service leave, it will be taxed as income, so you'll pay tax according to your marginal tax rate, Jewell says.

"Long service leave is generally taxed as income and therefore at the employee's marginal rate, which means tax can be high if long service leave is paid as a lump sum," he says.

However, Jewell says that if your employment ceases because you're made redundant, the leave is taxed at a flat rate of 32%.

## **Long service leave around the country**

- Federal public servants: 3 months on full pay after 10 years' continuous service.
- ACT: 6.066 weeks on full pay after each period of 7 years' continuous service.
- NSW: 2 months' leave after 10 years' continuous service. One month's leave for each subsequent 5 years of continuous service.
- NT: 13 weeks on full pay after each period of 10 years' continuous service.
- Queensland: 8.6667 weeks on full pay after each period of 10 years' continuous service.
- South Australia: 13 weeks on full pay after each period of 10 years' continuous service.
- Tasmania: 8+2/3 weeks on full pay for the first 10 years of continuous service and 4+1/3 weeks for every subsequent 5 years of continuous service.
- Victoria: One week for each 60 weeks of continuous employment, and can be taken after 7 years' continuous service.
- Western Australia: 8.6667 weeks on full pay after each period of 10 years' continuous service.

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