

## **ANNEXURE H**

**(Clause 16.29 of the Main Collective)**

### **CALCULATING LEAVE PAY for COMMISSION EARNERS**

In terms of legislative changes employees' Leave Pay MUST be calculated on their TOTAL Remuneration which, in the case of commission-earners, INCLUDES Commission Earnings. We should therefore like to inform YOU that the National Offices of UASA (the Union) and EOHCB (the Employers' Organisation) recently negotiated and **AGREED** that an Average Personal Services Commission of **20%** (based on commission earned during the preceding 12 months) **ALSO** be used when calculating **LEAVE PAY** for Commission-Earners, **in addition** to the current normal Leave Pay (calculated on the Basic Salary). **This is effective on the entire industry on a NATIONAL basis with effect from the 1<sup>st</sup> March 2006.**

***NOTE: PSC (Personal Services Commission) means Commission paid to Employees for services rendered and does NOT include Retail Commission.***

**In order to assist Employers with these Calculations we list some Examples hereunder:**

#### **EXAMPLE ON LEAVE PAY CALCULATION:**

##### **Step 1:**

Add up last twelve months commission earned (before normal deductions):

##### **Example:**

|              |   |                 |
|--------------|---|-----------------|
| May 05       | - | R3015-00        |
| June 05      | - | R4500-00        |
| July 05      | - | R3000-00        |
| August 05    | - | R2500-00        |
| September 05 | - | R2700-00        |
| October 05   | - | R4250-00        |
| November 05  | - | R2000-00        |
| December 05  | - | R 350-00        |
| January 06   | - | R1500-00        |
| February 06  | - | R1600-00        |
| March 06     | - | R1750-00        |
| April 06     |   | <u>R5000-00</u> |
| Total:       |   | R32165-00       |

##### **Step 2:**

Total R32 165-00 ÷ 12 = R2680-42 (Average)

##### **Step 3:**

Average R2680-42 X 20% = R536-09

##### **Step 4:**

R536-09 ÷ 26 = R20-62 (Daily rate)

##### **Step 5:**

R20-62 (Daily rate) X 18 (Amount of days leave) = R371-16

R371-16 amount of leave pay payable on commission.

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**Step 6:**

Calculation on basic salary:

Basic:  $R4439-00 \div 26 = R170-73$  (Daily rate)

$R170-73 \times 18$  (Amount of days leave) =  $R3073-14$

**R3073-14 amount of leave payable on basic.**

**Step 7:**

Add the commission calculation: R 371-16 and

The basic salary calculation: R3073-14

**TOTAL LEAVE AMOUNT TO BE PAID: R3444-30**

If they take 7 days or less and it will not affect their commission for the month then you only pay them on the basic salary.

Even if they don't earn a basic you **MUST** still do the calculation on the prescribed basic salary.