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Variable wage components: AWS, bonus, variable pay

The variable portion of your wages can include the 13th month bonus or Annual Wage Supplement (AWS), bonus and variable payments. These payments are not compulsory, unless they are in your contract.

Annual Wage Supplement (AWS)

The AWS is also called the “13th month payment”. It is a single annual payment on top of an employee's total annual wage.

AWS is not compulsory. Payment depends on what is in your employment contract or collective agreement. Employers are encouraged to give their employees AWS to reward them for contributing to the company's performance.

Your employer can negotiate a lower amount of AWS if business results are exceptionally poor for the year.

Limits on AWS

Your employer cannot pay AWS of more than **1 month's salary** if they did not pay any AWS before 26 August 1988.

Bonus

A bonus is a one-time payment to reward employees for their contributions to the company. It is usually offered at the end of the year.

Bonus payments are not compulsory, unless specified in the employment contract or collective agreement.

Variable payment

A variable payment is an incentive payment to increase productivity or reward employees for their contributions.

Variable payments are not compulsory, unless specified in the employment contract or collective agreement.



Related questions

If I've worked for a company for less than 12 months, am I entitled to an AWS, or 13th month bonus?

Can the AWS or 13th month bonus be decreased?

What is a productivity incentive payment?

Could allowances be considered productivity incentive payments, and be excluded from the gross rate of pay?

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If I've worked for a company for less than 12 months, am I entitled to an AWS, or 13th month bonus?

An **Annual Wage Supplement (AWS)**, or "13th month payment", is **not compulsory**, and depends on your employment contract, or the collective agreement between union and company.

This also applies if you've left your job right before, or around the time that the AWS is paid.

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Can the AWS or 13th month bonus be decreased?

Yes. If business results have been exceptionally poor, an employer can negotiate a lower amount of Annual Wage Supplement (AWS) with its employees or the trade union.

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What is a productivity incentive payment?

A productivity incentive payment is a **variable payment**, made as an incentive to increase productivity or reward employees for their contributions.

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Could allowances be considered productivity incentive payments, and be excluded from the gross rate of pay?

Gross rate of pay is defined as the **total amount of money including allowances**, payable for one month's work. However, it excludes:

- Additional payments (overtime, bonus, [AWS](#)).
- Reimbursement of special expenses incurred during the course of employment.
- Productivity incentive payments.
- Travel, food and housing allowances.

Therefore, if the allowance is specifically designed to increase productivity or reward employees for their contributions, it could be excluded from the gross rate of pay.

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Is commission considered a productivity incentive payment?

If you're an employee who earns commission, it depends on whether the commission is part of your regular remuneration. If so, it should be part of your **basic rate of pay**, which does not include productivity incentive payments.

Note: If your contract **involves commission**, how and when the commission is paid depends on what is in your employment contract or existing policies or practices.

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Is the probation period included when calculating my AWS eligibility?

The **Annual Wage Supplement (AWS)**, or '13th month payment' is not compulsory under the Employment Act.

Its specific terms depend on your employment contract, or on the the collective agreement between union and company.

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Am I entitled to AWS and how is it calculated?

Annual Wage Supplement (AWS), or "13th month payment", is a variable payment agreed between employees and employers, according to the terms of the:

- Employment contract
- Company's employment handbook
- Collective agreement (if the company is unionised)

Progressive employers provide AWS to reward employees based on the company's financial performance for the year. Providing a bonus to employees can boost morale, increasing productivity and loyalty.

AWS is not required by law. Your entitlement to AWS and how it is calculated, including pro-ration, would depend on the terms of your contract with your company.

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Who is responsible for the salaries of workmen employed by a sub-contractor?

The main contractor (or principal) is **jointly and severally** responsible, together with the sub-contractor, for the salary of **workmen** employed by the sub-contractor.

However, the main contractor is not liable for more than the salary earned in 1 month.

Workmen who want to **lodge a claim** for unpaid salary must do so within 60 days from when the salary was due.

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