

# #GlobalBenefitsBulletin Highlights

*This document is intended for general information purposes only and should not be construed as advice or opinions on any specific facts or circumstances. The comments in this summary are based upon Aon's preliminary analysis of publicly available information. The content of this document is made available on an "as is" basis, without warranty of any kind. Aon disclaims any legal liability to any person or organization for loss or damage caused by or resulting from any reliance placed on that content. Aon reserves all rights to the content of this document.*

## RESPOND



Talent

**Austria** : Further harmonization of entitlements for blue and white-collar workers



Talent

**Denmark** : Holiday Act transition



Talent

**Finland** : New payroll reporting system



Retirement

**South Korea** : Minimum funding levels to rise



Talent

**UK** : General Data Protection Regulation

## NOTE



Talent

**Chile** : New measure increases annual leave



Talent

**New Zealand** : Stricter payroll filing rules introduced



Talent

**EU/US** : Agreement on insurance and reinsurance



Talent

**New Zealand** : New law features ESS incentives



Talent

**India** : Fixed-term contracts to be allowed for all sectors

## WATCH



Health

**Australia** : Health insurance reform legislation



Retirement

**Hong Kong** : MPF offset removal plan



Talent

**Bermuda** : Bill would expand payroll recordkeeping duties



Talent

**Poland** : Legislation would limit fixed-term contracts



Talent

**Brazil** : Ruling on tax treatment of stock options



Talent

**Puerto Rico** : Governor's response to oversight board



Health

**Canada** : House of Commons Committee Recommends National Pharmacare



Health

**Switzerland** : Health care cost containment plans



Retirement

**China** : Pilot soon for tax-deferred pension scheme



Talent

**UK/EU** : MAC report on EEA worker status after Brexit



Talent

**EU** : Posted worker directive revision advances



Talent

**Vietnam** : Social security coverage to be mandatory for foreign workers

## Key Updates

### Austria

#### RESPOND

Further harmonization of entitlements for blue and white-collar workers



Talent

The government has made significant progress in harmonizing the treatment of white- and blue-collar workers. Termination notice periods for blue-collar workers are set in collective bargaining agreements and can be as little as one day but from January 1, 2021, they will have the same schedule of notice periods as white-collar workers, ranging from six weeks to five months. In addition, the sick pay regime for blue-collar workers will be extended to white-collar workers from July 1, 2018. This will entail cutting the vesting period for eight weeks sick leave at full pay from five years to two. Also, the entitlement of blue-collar workers to brief paid absences on personal grounds has typically been subject to restrictions under collective bargaining. From July 1, 2018, they will benefit from the broader terms already in place for white-collar workers.

### Australia

#### WATCH

Health insurance reform legislation



Health

The Health Minister has introduced Private Health Insurance Legislation Amendment Bill 2018 under which:

- People would be able to add mental health coverage to their health insurance policies without a two-month waiting period.
- Hospital insurance premiums for people age 18-29 could be discounted up to 10%, but the discount would phase out by age 40.
- The Health Ombudsman's role would be strengthened.
- Travel and accommodation benefits could be included in health insurance policies for people in remote regions.
- Consumers would have the option of purchasing policies with lower premiums, but higher deductibles.

Link

<https://goo.gl/MiKTeb>  
<https://goo.gl/V8m9kZ>

## Bermuda

### WATCH

Bill would expand payroll recordkeeping duties



Talent

Payroll Tax Amendment Act 2018 would require employers to keep records for payroll tax purposes of a comprehensive range of types of remuneration and details of how they were calculated (Section 20). A laundry list of payments and benefits in kind (BIK), some more explicitly defined than in the Payroll Tax Act, concludes with "any other benefit of any kind whatsoever, whether provided in cash or otherwise than in cash." It also proposes tax relief for employers of disabled persons. The bill has had its first reading and the entry into force would be retroactive to April 1, 2018.

Link

<https://goo.gl/TMihK9>

## Brazil

### WATCH

Ruling on tax treatment of stock options



Talent

The Superior Court of the Administrative Council for Fiscal Appeals (Carf) reversed a lower court's ruling in determining that stock options are "disguised salary" subject to a 20% social security levy. This reflects the Revenue Service's position and the outcome of most cases on this issue, but there may be an appeal on grounds that any capital gains from voluntarily purchased stock options involved some risk so they do not fit the definition of salary.

## Canada

### WATCH

#### House of Commons Committee Recommends National Pharmacare



Health

The House of Commons Standing Committee on Health released its Pharmacare Now: Prescription medication coverage for all Canadians report on April 18, 2018. The Committee recommends establishing a universal single payer public prescription drug coverage program under Canada Health Act. Private sector stakeholders, including private drug plan sponsors, with are consulted in the coming months.

Aon will monitor the national pharmacare debate closely and will ensure that employer concerns are represented where practicable.

Link

<https://goo.gl/7m1vDv>

## Chile

### NOTE

#### New measure increases annual leave



Talent

Congress has overwhelmingly approved legislation that raises the annual leave entitlement from 15 days to 20 and grants an additional five days per year to workers in certain remote areas. This was to have been offset by trimming the annual holidays from 15 to 11, but only one holiday was removed for the final version. The new Labor Minister is preparing a measure that would delete all four of the originally targeted holidays. This law also grants employees working on election day a two-hour leave to vote.

## China

### WATCH

#### Pilot soon for tax-deferred pension scheme



Retirement

The pilot program for a long-awaited tax deferred pension insurance scheme is once again being reported as imminent by officials of the China Insurance Regulatory Commission (CIRC). It would broadly follow the US 401(k) model for retirement savings schemes with no tax until benefits are withdrawn. The rules have been finalized and implementing regulations are near completion. The pilot will launch in Shanghai with the scheme open to any insurers that meet a variety of eligibility criteria including technological capabilities, investment management experience, and capital adequacy.

## Denmark

### RESPOND

#### Holiday Act transition



Talent

The Holiday Act has passed and will come into force on September 1, 2020, with a transition period starting on January 1, 2019. Among the highlights:

- One's annual leave may be taken within a 16-month period.
- Up to four weeks of leave may be transferred to the following leave period.
- New hires may take paid leave during their first year of employment.
- During the transition period, 25 days of holiday pay will be placed in a holiday fund that may only be tapped when the workers leave employment..

## European Union

### WATCH

#### Posted worker directive revision advances



Talent

The EU Council and the European Parliament have reached a "provisional" agreement on entitling posted workers to equal pay for equal work. All pay provisions of host country laws and relevant regional and sectoral collective agreements would apply. Travel, board, and accommodation costs for posted workers (accommodation standards would be maintained) would be borne by employers and could not be docked from worker pay. The maximum posting would be 12 months with a six-month extension possible. The draft directive still needs to be approved by the European Council and pass a plenary vote in Parliament.

Link

<https://goo.gl/UwLnRK>

## European Union/United States

### NOTE

#### Agreement on insurance and reinsurance



Talent

The European Council has adopted without debate the EU/US agreement on insurance and reinsurance. This bilateral agreement coordinates supervision and regulation of the insurance and reinsurance sectors between these two jurisdictions. US insurers operating in the EU and EU insurers operating in the US will generally be subject to their home supervisory authority, not their host's. Local presence and collateral requirements for foreign reinsurers will be phased out and protocols will be set for exchange of information.

Link

<https://goo.gl/A4SYdS>

## Finland

### RESPOND

New payroll reporting system



Talent

Finland's Tax Authority, VERO, has reported that a new salary data reporting system introduced under the Income Information System Act will launch in January 2019. The income register, which will be able to interface with most payroll systems (Companies can apply for exemption if this poses a hardship.), will consolidate and simplify reporting requirements, allowing more accurate reporting in real time (If there is a lag, it may be no more than five days).

Link

<https://goo.gl/1wkB3X>  
<https://goo.gl/5zK8q3>

## Hong Kong

### WATCH

MPF offset removal plan



Retirement

The Secretary for Labour and Welfare has previewed a plan to remove the Mandatory Provident Fund (MPF) offset under which employers are able to finance severance and long-service payments with MPF funds. The government would earmark HK \$17.2B (US \$2.2B) to subsidize the new employer obligation, which is estimated at 1% of payroll, for the first 12 years. The benefits would not change and employer MPF contributions would not be reduced. The minister expects the Legislative Council to approve the measure in 2020 and plans to implement no later than 2022.

Link

<https://goo.gl/unmWpw>



## India

### NOTE

Fixed-term contracts to be allowed for all sectors



Talent

The government has now delivered on its plan to extend fixed-term contracts to all sectors with Industrial Employment (Standing Orders) Central (Amendment) Rules, 2018. Prior to this, it was limited to the apparel sector. Wages, allowances, and other benefits for these workers may not be lower than those for permanent staff. The final draft includes the clarification that permanent contracts may not be converted to fixed-term. The notification was effective March 16, 2018.

Link

<https://goo.gl/aeGqTA>

## New Zealand

### NOTE

Stricter payroll filing rules introduced



Talent

The Inland Revenue Department has issued an electronic filing guide that will require employer disclosure of compensation and payroll deduction data on a real-time basis rather than once a month. For those employers that are required to file electronically, filings must be made within two days of payment from April 1, 2019.

Link

<https://goo.gl/YKr5c1>

## New Zealand

### NOTE

New law features ESS incentives



Talent

Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Bill has cleared Parliament and received Royal Assent. It is most notable for setting a clearer and more appealing tax regime for employee share schemes (ESS). Shares will be valued for tax purposes only after they have vested and the maximum share grant value will rise from \$2,340 over three years to \$5,000 per year. The law went into effect on March 29 and the requirement to disclose ESS payments not subject to PAYE in the employer monthly schedule started on April 1.

Link

<https://goo.gl/RX1MGD>  
<https://goo.gl/dFuzmL>

## Poland

### WATCH

Legislation would limit fixed-term contracts



Talent

The Labour Law Codification Committee's package of draft Labour Code amendments has had additional press coverage, primarily on some provisions that would curb the use of fixed-term contracts. Workers on these contracts would be entitled to much the same protections as permanent workers. Fixed-term contracts would only be allowed when:

- A permanent worker has a period of absence.
- The arrangement accommodates the worker's needs.
- Workforce needs are in flux.
- Employers have some other "objective" reason to choose a fixed-term contract.

Stakeholders charge that the wording for the final bullet is too vague.

In addition:

- The maximum fixed-term contract would be 1,080 days.
- Trial periods would be capped at 18 months.
- Seasonal work contracts would be limited to 150 days.
- Students and people over age 60 could have a freelance posting for up to 20 hours per week for one year.
- Bonuses would be capped at 20% of pay.
- People should have the option to telework "occasionally."
- An employment contract could prohibit "moonlighting" at another job, but that would require supplemental pay.

## Puerto Rico

### WATCH

#### Governor's response to oversight board



Talent

The Governor's revision of the New Fiscal Plan for Puerto Rico leaves out some of the tough measures requested by the Financial Oversight and Management Board:

- Reductions averaging 10% to state pensions of over \$1,000 per month have been rejected.
- Vacation and sick pay entitlements would not be aligned with the U.S., but the Governor has introduced legislation cutting the minimum for each from 15 days per year to seven, effective January 1, 2019. Maternity leave would not be reduced.
- Under this legislation, the Christmas bonus would become optional three years after the law is signed.
- Also from that date, Puerto Rico would become an employment at will jurisdiction.
- The minimum wage would rise from \$7.25 per hour to \$8.25.
- A variety of training programs and a hiring incentive are previewed.
- There would be a work requirement for beneficiaries of the Nutrition Assistant Program (NAP) ages 18-50.

Each page of the document is labeled DRAFT SUBMISSION – SUBJECT TO MATERIAL CHANGE. The oversight board has demanded a revision and the governor will prepare one, but he insists that the pension and labor austerity measures will not be accepted.

Link

<https://goo.gl/Lt32ZT>

## South Korea

### RESPOND

Minimum funding levels to rise



Retirement

A Presidential Decree that gradually raised the minimum funding level for defined benefit plans under the Employee Retirement Benefits Security Act from 2012 has been extended by an Ordinance of the Ministry of Employment and Labor:

- The 80% standard policy reserve set to start from 2017 will continue through December 31, 2018.
- The rate will rise to 90% for January 1, 2019 through December 31, 2020.
- It will settle at 100% from January 1, 2021.

Plans funded at less than 95% of their current funding target must carry out a three-year recovery plan.

## Switzerland

### WATCH

Health care cost containment plans



Health

The Federal Council has agreed to a set of measures to slow inflation in the health system. Among the highlights:

- As medical inflation hits certain thresholds, the deductible for insured adults would rise in tranches of CHF 50 (US \$52).
- A "binding ceiling" on medical charges is under consideration.
- Refinements of drug utilization could include a reference price system for medicine.
- All health providers would publish quality data and medical billing would be more detailed.

In addition, innovative pilot projects will be encouraged. There will be a public consultation in fall 2018 and more proposals will arrive in 2019.

Link

<https://goo.gl/qRJBA8>

## United Kingdom/European Union

### WATCH

MAC report on EEA worker status after Brexit



Talent

The Migration Advisory Committee's (MAC) EEA workers in the UK labour market: interim update advised the Home Office that UK employers and their European Economic Area (EEA) employees are bracing for an EEA worker exodus from the UK after Brexit. As the UK has benefited from free movement of workers, the administration is urged to maintain a migration policy hospitable to EEA workers. MAC noted that the Tier 2 points-based system is not well-suited to the roles that EEA nationals are now playing in the UK workforce.

Meanwhile, Parliament's European Union Committee has published Brexit: reciprocal healthcare which warns that, if left unattended, the reciprocal health care arrangement with the EU, including the entitlement of British nationals to the European Health Insurance Card (EHIC), could be a casualty of Brexit. As leaving the EU entails losing the rules on free movement of workers, the government is advised to give more thought to how it can salvage the aspects of that arrangement that it wants to keep.

Link

<https://goo.gl/3UbqW5>

<https://goo.gl/UQ8tv7>

<https://goo.gl/BTpAXi>

## United Kingdom

### RESPOND

#### General Data Protection Regulation



Talent

The GDPR comes into force on May 25, 2018. As well as tighter requirements for obtaining consent to process personal data, there will be greater emphasis on the documentation that organizations must keep to demonstrate their accountability, policies, registers, and controls, together with stronger sanctions for breaches.

The Information Commissioner's Office, the body primarily responsible for ensuring compliance, has published guidance on a number of areas which is available in the links provided.

Companies and trustees should ensure that processes are compliant.

Link

<https://goo.gl/hsyp9Q>  
<https://goo.gl/YD2Hyc>

## Vietnam

### WATCH

#### Social security coverage to be mandatory for foreign workers




Talent


The issue of mandatory social security participation for foreign workers is back in the press. An imminent draft decree will reportedly require foreign workers to participate in short-term insurance schemes including sickness, maternity, and workers' compensation plans. Compulsory state pension and "death insurance coverage" for this population is expected in the 2020-2022 range.

## Other Notable Updates

Area	Country	Date	Name
 Health	Colombia	4/5	EPS transfers eased
	India	4/5	IRDAI notice on health insurance discrimination against genetic disorders
 Retirement	Bahrain	4/12	Pension credits may be purchased
	China	4/5	Guidance on individual retirement accounts
	India	4/12	EPF contribution waiver for new hires
	Latvia	4/5	Second-pillar reform package
	Russia	4/5	New rules on fiduciary responsibility and fees for NPFs
	Turkey	4/12	New asset manager limits under BES
	UK	4/26	Pensions Regulator's annual funding statement
	UK	4/26	Pension transfers advice - new rules and guidance
 Risk	India	4/12	New broker regulations
	India	4/26	GST exemption for some reinsurers
 Talent	Africa	4/5	Agreement on free movement of workers
	Argentina	4/5	Privacy, occupational safety measures adopted
	Australia	4/5	Global Talent Scheme
	Australia	4/12	Domestic violence leave ruling
	Australia	4/12	Disclosure requirements for bargaining representatives
	Australia	4/26	Ruling clarifies redundancy pay exception
	Austria	4/12	Ruling on maternity leave benefit calculation
	Bahrain	4/12	Higher hurdle for residence permits

Area	Country	Date	Name
 Talent	Bahrain	4/12	Flexi-work permit
	Brazil	4/12	Ruling on non-compete clauses
	Brazil	4/26	Ruling removes traffic accidents from work accident calculation
	Bulgaria	4/5	Adoption leave measure passed
	Cambodia	4/12	New public holiday added
	Chile	4/12	Tech visa program launched
	Chile	4/12	Ruling against non-union collective bargaining
	Colombia	4/12	Pre-pension "stability rights" for private sector
	Denmark	4/5	Stock option disclosure requirements expand
	Ecuador	4/12	Constitutional Court ruling
	Ecuador	4/12	Foreign worker disclosure rules
	EU	4/26	Workplace chemical limits set
	EU/Denmark	4/12	Derogation from VAT directive for Danish car tax
	France	4/5	Unemployment benefit scheme enforcement measures
	India	4/12	Gratuity law comes into force
	India	4/26	Seconded employees do not constitute PE
	Israel	4/5	Work week shortened
	Israel	4/12	Tips will be subject to levies
	Kazakhstan	4/5	Work permits lengthened
	Netherlands	4/26	Reduced permit application fees
	Poland	4/26	Electronic submission of sick leave certificates to be compulsory
	Puerto Rico	4/5	Ruling confirms scope of an acquisition
	Romania	4/12	Senate approves another public holiday measure
	Slovakia	4/5	New rules for Labour Market Test
	South Africa	4/12	VAT rises
	UAE	4/12	Rules for part-time employment
	Ukraine	4/12	Tax treatment of per diem expenses on foreign business trips
	Ukraine	4/26	Tax treatment of holiday vouchers



Area	Country	Date	Name
 Talent	US	4/12	Regulatory Update: U.S. Department of Labor Disability Claims Procedure Rules
	US	4/26	DOL Issues Three New Wage and Hour Opinion Letters
	US	4/26	IRS Issues FAQs for Employers on Paid FMLA Tax Credit

## Contacts

If you have questions please contact your Aon Hewitt representative or send a note to [Country.Profiles@aonhewitt.com](mailto:Country.Profiles@aonhewitt.com).

*Additional information on the above, plus other updates can be found in  
Greater Insight which is updated & emailed on a weekly basis  
[Click here to access to Greater Insight Login Page](#)*