

# #GlobalBenefitsBulletin Highlights

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## RESPOND



Retirement

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Talent

**China** : Employer housing fund contributions to be modified



Talent

**Japan** : Diet enacts working hours reform



Talent

**Netherlands** : Executive pay disclosure and review

## NOTE



Health

**Brazil** : New rules on deductibles and wellness incentives



Talent

**Seychelles** : Exempted emoluments under progressive income tax



Talent

**El Salvador** : New employer crèche responsibilities



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**South Korea** : Working hours guidance



Retirement

**Lithuania** : Second-pillar reform passed



Talent

**UAE** : Mandatory bank guarantee to end



Retirement

**Norway** : New pension solvency rules



Health

**Zambia** : National Health Insurance Bill passed

## WATCH



Talent

**Canada** : New Report on the Taxation of Benefit Plans



Talent

**Hungary** : Several fringe benefits may lose tax break



Retirement

**EU** : General approach on social security coordination



Health

**Saudi Arabia** : Health reform previewed



Talent

**EU** : Draft directive on work/life balance



Health

**South Africa** : Health reform bills published



Talent

**EU** : Bill on proportionality in professional qualifications passed

## Key Updates

### Belgium

#### RESPOND

Accelerated pension vesting



Retirement

Under a recent amendment to the Workplace Pensions Act (WAP) that cleared Parliament on June 21, 2018, workplace pension plans will no longer be allowed a one-year vesting period for employees newly affiliated to the plan. In addition, employee affiliation to the plan may no longer be deferred to age 25. This will apply to all employees from January 1, 2019 and will apply to new hires from the measure's entry into force which will be set out when it is published in the State Gazette. The new law transposes EU Directive 2014/50/EU.

Link

<https://goo.gl/fvYqoQ>

### Brazil

#### NOTE

New rules on deductibles and wellness incentives



Health

The National Health Agency (ANS) announced publication of Normative Resolution No. 433 which will allow copayments of up to 40% (can reach 60% if it is approved by union agreement) on some medical procedures. Deductibles and copayments should be exempted for over 250 procedures, primarily diagnostic testing, prenatal and neonatal exams, and treatment of chronic diseases. In addition, there will be new monthly and annual caps on copayments/deductibles, and insurers will be allowed to offer financial incentives for healthy behavior. The resolution comes into effect 180 days after its June 28, 2018 publication.

Link

<https://goo.gl/B8ttx6>  
<https://goo.gl/rm7Hxk>

## Canada

### WATCH

#### New Report on the Taxation of Benefit Plans



Talent

The Aon Bulletin on 'New Report on the Taxation of Benefit Plans' and information on 'Taxation of employer-provided health-benefits' is available in the links provided.

Link

<https://goo.gl/CEiCxa>  
<https://goo.gl/sWgLcE>

## China

### RESPOND

#### Employer housing fund contributions to be modified



Talent

The mandatory employer contribution to employee housing funds can now reach as high as 20% of a worker's salary. Under the interdepartmental Notice on Further Improving the Housing Fund Contribution Scheme to Reduce Enterprises' Costs, the rate will be three times the local average monthly salary, no higher than 12% of the worker's salary, but no lower than 5%. Enterprises contribution over 5% and experiencing financial hardship may negotiate with workers to reduce the rate, but still no lower than 5%. The implementing rules will be produced on a regional basis and the notice should fully come into force by April 30, 2020.

## El Salvador

### NOTE

New employer crèche responsibilities



Talent

Legislative Decree Number 20, the "Special Law for regulation and installation of crib rooms for the children of workers" was recently passed under instructions from the Supreme Court. It sets the terms under which employers will be required to provide day care facilities supervised by a "qualified person" for the small children of employees. The cost of constructing and furnishing these facilities will be tax deductible for employers. The measure will go into effect 24 months after publication in the Official Journal.

Link

<https://goo.gl/n5Uehk>

## European Union

### WATCH

General approach on social security coordination



Retirement

The European Council has agreed on a "general approach" to revision of regulations 883/2004 and 987/2009 on the coordination of social security systems. It would provide greater clarity on the treatment of posted workers and the coordination of long-term care benefits. Unemployment benefits could be exported to another state for the duration of one's eligibility and there would be stricter rules for aggregating unemployment benefit credit from periods of employment in more than one state. Parliament has suspended negotiation on coordination of social security until after it returns from summer recess on September 24th.

Link

<https://goo.gl/XBuu8e>

## European Union

### WATCH

#### Draft directive on work/life balance



Talent

The European Council has adopted a general approach to a draft directive on work/life balance. Among the highlights:

- A minimum 10 days paid paternity leave would be awarded to fathers or "secondary parents" with the compensation level set by the member state.
- At least two months of the minimum 4-month parental leave would be non-transferable.
- There would be a caregiver's leave with a minimum of 5 days and payment at the same level as sick leave recommended but not required.
- Carers would be among those entitled to flexible work arrangements and remote work would be added to the possible scenarios.
- There would be a non-legislative approach to protecting carers and parents from discrimination and dismissal.

This proposal will be reconciled with the European Parliament's position once it adopts one.

Link

<https://goo.gl/2Lzvqj>

## European Union

### WATCH

#### Bill on proportionality in professional qualifications passed



Talent

The European Parliament has passed legislation amending Directive 2005/36/EC to strengthen the principle of proportionality in the cross-border recognition of professional qualifications. This protection of mobile workers from employment discrimination will affect about 500 fields. The European Council is expected to adopt the measure this month, then give Member States two years to revise the relevant national laws.

Link

<https://goo.gl/jYLphj>  
<https://goo.gl/7doLru>

## Hungary

### WATCH

Several fringe benefits may lose tax break



Talent

The Finance Ministry has delivered T/625, a set of amendments to individual tax law, to Parliament. The ministry's primary aim is to cut taxes with an offsetting reduction and streamlining of tax breaks for fringe benefits:

- Most cash payments associated with a cafeteria benefit plan would lose their tax reductions but sub-accounts for accommodations and food would remain as would a modified version of the Szechenyi Holiday Card.
- Benefits to be taxable as income would include contributions to pension and health insurance schemes, mass transit subsidies, housing allowances, student loan relief, tickets to sporting events, holiday allowances, and pre-school benefits.
- Retired people who stay in the workforce would be exempt from social security contributions and pay a reduced income tax of 15%.
- Small gifts to employees would be limited to once a year and employee discounts on goods and services would no longer be tax-exempt.
- Employers hiring people under age 25, the disabled, and mothers of at least three children returning to the workforce would be eligible for tax benefits.

Employers would be at liberty to terminate cafeteria benefits without raising salaries, but with low (3.7%) unemployment already nudging wages up that is not expected to be a popular option.

Link

<https://goo.gl/ncc5KE>  
<https://goo.gl/qT1HyX>



## Japan

### RESPOND

Diet enacts working hours reform



Talent

The legislature has passed the bill on curbing excess overtime hours. The white-collar exemption from overtime restrictions will be limited to those professionals earning at least ¥10.75M (US \$97,000) per year. This population will be entitled to 104 days off per year. The overtime limits for the rest of the workforce will be 100 hours per month, 720 per year. The new law also requires equal treatment for regular and non-regular workers. The overtime caps come into effect on April 1, 2019 for large companies and April 1, 2020 for the rest, while the minimum days off for highly paid workers will come into effect for all from April 1, 2019. Equal pay rules come into force on April 1, 2020 for large companies and April 1, 2021 for smaller employers.

Link

<https://goo.gl/QRtUpU>

## Lithuania

### NOTE

Second-pillar reform passed



Retirement

The Seimas has given final approval to a set of measures amending the Law on Accumulation Pensions and the President has signed it. From January 1, 2019, workers under age 40 will be automatically enrolled in the second-pillar scheme with a window for opting out. The SoDra social insurance scheme will phase out the diversion of 2% to the second-pillar pension, while the member contribution will climb to 4% and the government will contribute 2%. Fees for pension accumulation companies will be capped at 0.8% next year, then 0.65% in 2020 and 0.50% from 2021. There is no longer a 2% mandatory employer contribution, but supplemental employer contributions will be tax-exempt.

Link

<https://goo.gl/2UCu9M>  
<https://goo.gl/V6c5HX>

## Netherlands

### RESPOND

#### Executive pay disclosure and review



Talent

The Senate has passed an amendment to the Works Councils Act that confirms the obligation of large company boards to meet annually with worker representatives to discuss director remuneration and pay differentials within the company. This is mandatory for companies with at least 100 workers and must be preceded by a report detailing the relevant data. The date of entry into force will be set in the forthcoming Royal Decree.

Link

<https://goo.gl/GTf874>

## Norway

### NOTE

#### New pension solvency rules



Retirement

The Ministry of Finance has released new solvency requirements for pension funds. They are modeled after the EU solvency requirements and the ministry noted that the vast majority of pension funds would easily pass the stress test. The Norwegian Association of Pension Funds (Pensjonskasseforeningen) has warned that the requirements are "unnecessary" and likely to compel more conservative investment strategies. The rules will come into effect on January 1, 2019, but will have over a decade to fully phase in.

Link

<https://goo.gl/HCDpy6>

## Saudi Arabia

### WATCH

Health reform previewed



Health

The Health Ministry has previewed a comprehensive health insurance scheme that it aims to launch in five years. It would compete with the private health insurance sector offering several advantages including coverage for the elderly, chronic conditions, dental care and transplants. It is expected that private health insurers would have to expand their coverage to compete in a transformed marketplace.

## Seychelles

### NOTE

Exempted emoluments under progressive income tax



Talent

The Progressive Income Tax (PIT) system that was introduced on June 1, 2018 stipulated that a number of emoluments are exempt from PIT. These include pensions, gratuity payments, 13th month salary, per diems, bonuses, overtime pay, severance pay, and uniform allowances. Any emoluments not listed are subject to PIT.

Link

<https://goo.gl/ikP8zZ>

## South Africa

### WATCH

#### Health reform bills published



Health

The Health Minister issued a press release announcing publication of the National Health Insurance Bill 2018 and related documents. This legislation would amend numerous existing laws to introduce sweeping reforms that would:

- eliminate co-payments
- stop using brokers in the medical scheme environment
- replace Prescribed Minimum Benefits (PMB) with comprehensive service benefits, a broader range of coverage including preventive care and diagnostic screening
- reassess the requirement for medical schemes to maintain large reserves
- create a mandatory registration process for medical schemes

There will now be a public consultation on this bill and the companion measure, Medical Schemes Amendment Bill.

The bulletin in the link below provides an overview of the Medical Scheme Amendment Bill and the National Health Insurance Bill.

Link

<https://goo.gl/h3FtF5>  
<https://goo.gl/u29WmH>

## South Korea

### NOTE

#### Working hours guidance



Talent

Shortly before the July 1 entry into force of the reduced working hours law, the administration agreed to a six-month transition period before enforcement of the new law. There is still pressure on the government to clarify and expand on existing guidance for compliance with the law. The Ministry of Employment and Labor (MOEL) is actively soliciting feedback from stakeholders and sharing best practices.

Link

<https://goo.gl/aCwRne>

## United Arab Emirates

### NOTE

Mandatory bank guarantee to end



Talent

The Cabinet has approved a set of measures to make visas more accessible. Most notably, the AED 3,000 mandatory bank guarantee to protect worker rights such as end-of-service benefit, vacation allowance, ticket home, compensation for work injuries and unpaid wages will be replaced by an AED 60 per year contribution to an insurance policy providing AED 20,000 in protection to acquired rights. The change will apply to current foreign workers but the date of entry into force has not yet been set. In addition, foreign workers who lose their jobs and are seeking a new one would be eligible for a six-month visa at no cost.

## Zambia

### NOTE

National Health Insurance Bill passed



Health

The President has now signed The National Health Insurance Act, 2018 into law. Employers will contribute to the universal health care scheme and will be responsible for delivering the employee contribution. The Health Ministry will set contribution rates, which will vary by benefit package. While the law has been enacted, the implementation timetable and establishment of scheme regulator, National Health Insurance Authority (NHIA), have not been set.

Link

<https://goo.gl/LtYG2q>

## Other Notable Updates

Area	Country	Date	Name
 Health	Barbados	07/19	Drug formulary transition
	Canada	07/19	Changes to the Quebec prescription drug insurance parameters effective July 1, 2018
	South Korea	07/12	Limits on dependent coverage
	US	07/05	DOL Releases Final AHP Regulation; Definition of "Employer"
	US	07/12	DOL Issues Final Rule for Expanded Association Health Plans
 Retirement	Brazil/US	07/12	Totalization agreement promulgated
	Canada	07/12	Budget Implementation Act receives Royal Assent
	Denmark	07/05	Longer residency requirement for state pension
	Denmark	07/05	Tax incentive for pension contributions
	Greece	07/19	Social tax discount clarified
	Kazakhstan	07/05	Basic pension rises
	Lithuania	07/19	Social security contribution changes
	Malaysia	07/19	EPF flexible voluntary contributions
	Turkmenistan	07/05	Pension payment switch bungled
	UK	07/05	Financial Guidance and Claims Act 2018
	UK	07/19	Ongoing Issues for Trustees - July 2018
 Talent	Australia	07/19	Developments in skilled foreign worker visas
	Brazil	07/19	Ruling on scope of outsourcing
	Burkina Faso	07/05	Definition of taxable remuneration broadened
	Cambodia	07/05	Employment Injury Scheme coverage expands
	Cambodia	07/12	Clarification on severance pay for fixed-term workers
	Canada	07/05	Biometric requirement for visas

Area	Country	Date	Name
 Talent	Canada	07/19	Employer responsibilities under Ontario smoking ban
	Denmark	07/12	Medical exams urged for night-shift staff
	EU/Spain	07/05	Ruling on contract worker dismissal
	EU/UK	07/12	"Settled status" guidance
	Gabon	07/05	Foreign worker inventory
	Greece	07/19	Tax exemptions on allowances
	Hong Kong	07/19	Final ruling on same-sex dependent spouses
	Israel	07/05	Paternity leave extension for multiple births
	Israel	07/05	Sabbath work exemptions broadened
	Israel	07/19	Long-Term Disability product standardization rules
	Norway	07/12	Ruling on status of travel time
	Oman	07/12	Foreign hiring freeze extended
	Peru	07/19	Paternity leave increases
	Poland	07/12	CCTV rules
	Russia	07/19	Immigration registration responsibilities shifted
	South Korea	07/12	New family leave, anti-discrimination measures
	South Korea	07/19	New hire subsidies
	Sweden	07/19	Tax break on union fees
	Vietnam	07/12	Staff liability exposure

## 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).

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