

#GlobalBenefitsBulletin Highlights

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Key Updates

Australia

WATCH

Consultation on super performance upgrade



Retirement

The Australian Prudential Regulatory Authority (APRA) has launched a consultation on proposed measures to improve member outcomes:

- A new prudential standard would oblige registrable superannuation entities (RSEs) licensees to annually assess member outcomes by a "broader range of measures."
- RSE licensees would have new guidance on strategic and business planning as well as outcomes assessment.
- RSE licensees would offer transparent processes for opting out with all insurance products.

Feedback is welcome through March 29, 2018. The revised measures are due in mid-2018 and would come into force on January 1, 2019.

Link

<https://goo.gl/CPFn1h>

Australia

WATCH

Health insurance reform proposals



Health

A Senate committee has issued its final report on health insurance reform. It has concluded that rises in premiums have coincided with higher copayments and more exclusions, thanks in great part to lack of transparency over increasingly complex products. A set of recommendations for greater transparency from health insurers and service providers includes proposals to:

- Create a searchable database of physician fees.
- Require intermediaries to disclose commissions from health insurers.
- Mandate detailed reporting on health insurance executive remuneration.

The committee also expressed concern about the growing use of public hospitals by private health insurance patients. This coincides with the release of the Australian Healthcare and Hospitals Association's (AHHA) Blueprint for a Post-2020 National Health Agreement, responding to a federal government invitation to weigh in on the medical economics debate. It recommends that health providers, both public and private sector to supply data, including patient outcomes, for databases accessible to consumers. It would also consolidate several federal health bodies into an independent national health authority.

Link

<https://goo.gl/pdWJJ5>
<https://goo.gl/jNCtYg>

Brazil

NOTE

New regulations for health insurance market



Health

The National Health Agency (ANS) has introduced regulations to stabilize the health insurance market by increasing the sharing of risk management and encouraging smaller, less financially secure providers to leave the market with minimum impact. The Special Program for Appropriate Scale will facilitate voluntary exit from the market for weaker carriers and ensure continuity of care for their patients. The rules came into effect on December 11.

The ANS also notified health plans that it was adding 18 new procedures to its basket of mandatory minimum coverage. These include a number of cancer treatments and a new drug for multiple sclerosis. The expansion came into effect on January 2.

Link

<https://goo.gl/ZetcgE>
<https://goo.gl/BrjDrM>

Brazil

NOTE

"Habitual overtime" falls within definition of salary for benefit calculations



Talent

The Superior Labour Court (TST), in a reversal of earlier rulings, has delivered a decision that could impact the calculation of severance fund contributions, vacation pay and 13th month bonuses for many workers. A broader definition of salary for use in these calculations was determined to include "habitual overtime," those overtime hours recurring with some consistency. The judgement is not retroactive.

China

NOTE

New work permit renewal rules



A requirement that work permit renewals be filed at least 30 days before expiration of the current permit has been on the books since April 1, 2017, but it has remained unenforced. The China State Administration of Foreign Affairs has now served notice that from February 28, 2018, the 30-day rule will be strictly enforced. Workers who fail to start the renewal process on time will face the far more onerous task of applying for a new work permit

Costa Rica

WATCH

Marriage equality ruling may be broad precedent for region



The Inter-American Court of Human Rights (IACHR) has ruled in favor of marriage equality in a case brought by the Costa Rican government. The President of Costa Rica has already committed to complying with the judgment. This could have much more than a ripple effect in South and Central America as 19 other nations have agreed to abide by IACHR decisions. Those that do not already fully recognize marriage equality include Barbados, Bolivia, Chile, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Suriname.

Link

<https://goo.gl/d3Mg9V>

Denmark

NOTE

Employer deductions simplified



Talent

Law No. 1684 of 2017 amends the Assessment Act with tax deductions effective January 1, 2018 but retroactive to the tax year 2008. Corporations may deduct from their taxable income the occupational wage expenses of employees, directors' fees, and "professional expenses associated with employment or directorship." This replaces a more complicated regime under which not all of these expenses were deductible. Taxpayers have until July 1, 2018 to apply to tax authorities for changes to earlier filings.

Link

<https://goo.gl/hFtzvY>

European Union

WATCH

Major gig economy ruling



Talent

The European Court of Justice determined in Case C-434/15 that an online platform pairing drivers with passengers fell under the definition of a transport service and was subject to member state regulation of transport services. The increased regulation is expected to include employee rights such as minimum wage and holiday pay for the drivers in some jurisdictions.

Link

<https://goo.gl/MDvptz>

European Union

WATCH

Draft directive on employment conditions



The European Commission has announced adoption of a new Directive for more transparent and predictable working conditions across the EU. It would expand the definition of employment in light of recent case law to include platform workers, on-call workers, domestic workers, and those with very short contracts. Among the new rights for these and all workers:

- The deadline for a written employment contract would be the first day of employment, up from the current two-month leeway. The basic terms of employment disclosed would include overtime premiums and training opportunities.
- Probationary periods would be capped at six months.
- A typical worker could not be barred from working with another employer.
- Workers with limited hours would be entitled to more "predictable" schedules.
- A typical workers would have a right to reasonable accommodation of requests for more "stable" employment and they would be owed a written response.
- Mandatory training would be provided at no cost.
- New processes for addressing grievances would be introduced.

The proposal will now be assessed by the European Parliament and the European Council.

Link

<https://goo.gl/eFXjoq>
<https://goo.gl/xdWuJq>

European Union

WATCH

Support for reprieve on central clearing exemption



The Member States in the European Council have reportedly voted for a temporary extension of the exemption from central clearing for pension funds under the European Market Infrastructure Regulation (EMIR). The proposal for a three-year extension follows a similar agreement in the European Commission. Parliament's Economic and Monetary Affairs Committee (ECON) is due to vote on EMIR in April and is under increasing pressure to either extend the exemption or make it permanent. Otherwise, the exemption will expire in August 2018.

France

NOTE

Mandatory training contributions



Talent

Decree No. 2017-1880 establishes the right of certain dismissed workers to 100 hours of employer-paid training. Workers who are terminated when they refuse to accept a change in the employment contract negotiated between the employer and employee representatives must now have at least 100 hours of training, at a cost of EUR 30 per hour, paid into their personal training account by their employer.

Link

<https://goo.gl/pGDxVi>

Iceland

RESPOND

Equal pay law



Talent

The Equal Pay Certification Bill was enacted in time for entry into force on January 1, 2018. Private-sector employers and government agencies will be required to submit to audits for equal pay certification on an annual basis. Those with a pay gap of 5% or more would be fined and ordered to correct it. The certification requirement will start on December 31, 2018 for enterprises with at least 250 workers and extend to those with at least 25 workers over the next two years. The new law also covers equal pay for equal work based on religion, ethnicity, nationality, or sexual orientation but it does permit disparity based on work experience, education, and level of responsibility.

Link

<https://goo.gl/5PVMQP>
<https://goo.gl/CBwL2S>

Ireland

WATCH

New bill would generally ban zero-hour contracts



Talent

The Minister for Employment and Social Protection has introduced Employment (Miscellaneous Provisions) Bill 2017 which would ban zero-hour contracts "in most circumstances." Exceptions would be for "genuine casual work", including coverage in emergencies or short absences. Within five days of starting work, an employee would receive a document setting out the basic terms of employment, including approximate daily and weekly hours, as well as compensation and the duration of the assignment. Misstating the facts or failure to deliver the document could result in "criminal prosecution." Workers who consistently work longer hours than set out in their employment contracts would be entitled to have the contracts revised accordingly.

Link

<https://goo.gl/HhKvF>

Malaysia

NOTE

VHIS to be mandatory for migrant workers



Health

The Health Minister has divulged that the Voluntary Health Insurance Scheme (VHIS) due to launch in mid-2018 will be mandatory for foreign workers from the first stage of its implementation. The nonprofit VHIS is being introduced as an affordable competitor to the private health insurance market and, while it will be voluntary for all but migrant workers, the minister noted that it "could offer targeted assistance to select groups."

Malaysia

RESPOND

EIS passage, interim arrangement



Talent

The government released the implementing regulations in time for Employment Insurance System Act 2018 to come into effect on January 1, 2018. While full implementation is deferred to January 1, 2019, the employer and employee (age 18-60) contributions of 0.2% of monthly wages (up to RM 4,000) each into the EIS fund starts this month. From the start of February, the Social Security Organization (Socso) will operate an interim program under which it delivers benefit payments to workers who lose their jobs in 2018. Up to RM 600 per month will be payable for up to three months in 2018. From 2019, the EIS will pay a six-month benefit starting at 80% of covered wages and sliding down to 30% for the final two months. There will also be a training allowance of up to RM 20 per day and a re-employment bonus for those who return to work before exhausting the benefit (25% of what they would have earned if they had continued to claim).

Link

<https://goo.gl/3Cn8yA>

Philippines

NOTE

Tax reform measures



Talent

The Finance Department has noted the President's signing of Tax Reform for Acceleration and Inclusion (TRAIN) Act, which introduces some changes to personal income tax law from January 1, 2018:

- The Fringe Benefits Tax (FBT) rate has risen from 32% to 35% and the gross-up factor for valuing fringe benefits is now 65%.
- The maximum exclusion from gross income for 13th month pay and other bonuses has risen from PHP 82,000 to PHP 90,000.
- Withholding tax rates are generally lower, with the first PHP 250,000 per year now tax-exempt.
- There is no longer a tax deduction on health insurance premiums for individual taxpayers.

This is the first package of tax reform; a second package is being drafted and is expected to be released in 2018.

Link

<https://goo.gl/D3NKG3>
<https://goo.gl/AfhpgS>

South Africa

WATCH

Consultation on labour reform bills



The Department of Labour has now posted a major set of labor reform bills and a public consultation concluded on January 10:

- The National Minimum Wage Bill would set out a range of minimum hourly wages covering all workers with no exceptions.
- The Labour Relations Act Bill would amend the Labour Relations Act to establish codes of good practice on collective bargaining and industrial action. Unions are pushing back against a measure that would let strikes be resolved by the binding decisions of an advisory arbitration panel helmed by an officer of the Commission for Conciliation, Mediation and Arbitration (CCMA).
- Basic Conditions of the Employment Amendment Bill would amend the Basic Conditions of Employment Act in support of the National Minimum Wage Act.

All three bills have good prospects for passage in the first quarter of this year.

Link

<https://goo.gl/5JZ1zo>
<https://goo.gl/JyjmKk>
<https://goo.gl/LYGdQH>

South Korea

WATCH

Bill would cut maximum workweek



Talent

Ruling and opposition party representatives on a parliamentary committee recently approved measures that would amend the labor law to cut maximum weekly hours from 68 to 52. The reduction would come in three stages:

- July 2018 for companies with at least 300 workers.
- January 2020 for those with 50-299.
- July 2021 for workforces of 5-49.

The bill has not advanced in the plenary because there are sharp divisions over whether to double the 50% premium for holiday work, which was unchanged in the committee version. The maximum 68-hour workweek is derived from combining an existing 52-hour cap supplemented by up to 16 weekend work hours per month. As the bill missed a December 23 deadline for passage, debate is suspended until next month. The Supreme Court is expected to rule in the coming months over whether weekend and holiday hours must count towards the 52-hour maximum workweek, so it may be settled by the court before final passage in Parliament.

South Korea

RESPOND

Cabinet approves labor measures



Talent

The Cabinet passed an assortment of labor measures in the closing days of 2017:

- Annual leave taken during one's first year of service may no longer be deducted from one's second year.
- Child care leave periods will count as days worked when calculating annual leave entitlement.
- Safeguards against workplace sexual harassment and protocols for employer response to complaints will be introduced.
- Six months after the measure is promulgated, an annual three-day leave for infertility treatment (only first day paid) will be introduced.
- To improve compliance with existing rules on hiring the disabled, employers will be required to conduct worker training to "improve perception" of disabled colleagues and to make more workplace accommodations for them.

Link

<https://goo.gl/ddqxDu>

Sweden

WATCH

Pension reform plan



Retirement

Parliament's pension committee, Pensionsgruppen, representing all the major parties, has agreed on a pension reform plan that would gradually raise the official retirement age for the state pension from 61 to 64, and increase the deferred retirement age from 67 to 69. The transition would stretch from 2018-2026. Under incentives for deferral, the actual retirement age is currently about 64.5. In addition:

- Consumer protections in the premium pension system (PPM) would include trimming the 850-fund market by about 300. This mirrors a Swedish Pensions Agency (Pensionsmyndigheten) plan that already has the government's approval and is slated to launch on July 1, 2018.
- The qualifying age for the means-tested guaranteed pension would rise from 65 to 66 by 2023 then be pegged to life expectancy from 2026
- There will be a review of the tax regime for occupational pensions.

Link

<https://goo.gl/zhicNe>
<https://goo.gl/15RAS8>

Taiwan

NOTE

Legislative Yuan passes labor law



Talent

The legislature has passed a set of Labor Standards Act amendments affecting working time:

- The maximum block of workdays that may be assigned without a full-day break is doubled to 12.
- Compensatory leave may be substituted for overtime premiums. Calculation of a leave period would factor in the percentage rate of the overtime premium and an employer may not coerce a worker to take compensatory leave.
- The minimum break between shifts is cut from 11 hours to eight.
- The monthly limit on overtime hours is up from 46 hours to 54, but the three-month total is capped at 138.
- People who come into work for part of a "flexible workday" will be paid by the hour rather than in four-hour blocks.
- Unused annual leave may be carried over to the next year.

The amendments will come into effect on March 1, 2018.

Link

<https://goo.gl/nzhZeH>

United States

RESPOND

Tax reform enacted



Retirement

On December 22, 2017, the "Tax Cuts and Jobs Act" was signed into law. The Act makes sweeping changes to corporate and personal income tax laws, generally effective starting with the 2018 tax law. Notable corporate tax provisions include a decrease in the headline income tax rate from 35% to 21% and the elimination or limitation of various deductions.

Many U.S. companies will see lower marginal tax rates starting in 2018, though companies will need to perform additional analysis to determine the precise impact on their own marginal tax rate. For benefit plan sponsors expecting a decrease in marginal tax rates, the new law provides an incentive to accelerate pension contributions or other benefit costs to the 2017 tax year to maximize associated tax deductions."

United States

NOTE

New Tax Reform Law Repeals ACA's Individual Health Insurance Mandate Penalty



Health

On December 22, 2017, President Donald Trump signed into law a budget reconciliation measure enacting the most sweeping changes to federal income tax law since the Tax Reform Act of 1986, following passage of the measure in the U.S. Senate on December 19, 2017, by a vote of 51–48, and in the U.S. House of Representatives on December 20, 2017, by a vote of 224–201.

Although the new tax law does not change the basic income tax treatment of most employer-provided health benefits under the Internal Revenue Code, the law effectively repeals the Affordable Care Act's (ACA's) tax penalty on an individual taxpayer who does not maintain health insurance coverage during the year. The new tax law also changes the income tax treatment of certain medical expenses and some employer-provided welfare benefit programs.

This Aon bulletin discusses:

- The change to the ACA's individual mandate;
- The impact on employers of the change to the individual mandate; and
- Other significant changes to employer-provided benefit programs under the new law.

The Aon bulletin is available in the link provided.

Link

<https://goo.gl/A98KGu>

United States

NOTE

Federal Judge Vacates EEOC's ADA and GINA Rules for Employer Wellness Plans Starting in 2019



Health

A federal district court has vacated the U.S. Equal Employment Opportunity Commission's (EEOC's) final regulations on permissible financial incentives for employee wellness programs under the Americans with Disabilities Act (ADA) and the Genetic Information Non-discrimination Act (GINA). The court's ruling is effective January 1, 2019.

The district court's ruling does not affect the wellness regulations under HIPAA, which are similar to the ADA and GINA regulations in some (but not all) respects. While the ADA and GINA rules on wellness program incentives remain in effect for 2018, employers will not be able to rely on these regulations when designing wellness programs for 2019. Once the ADA and GINA regulations are no longer effective, employers will face the challenge of designing ADA- and GINA-compliant wellness programs, which often include financial incentives for taking a health risk assessment or biometric screening, without definitive regulatory guidance on permissible financial incentives under these laws.

This bulletin:

- Provides background on the issue;
- Summarizes the court's most recent decision; and
- Describes the impact on employers.

The Aon bulletin is available in the link provided.

Link

<https://goo.gl/wiZns1>

Other Notable Updates

Area	Country	Date	Name
 Health	Egypt	1/11	Health insurance bill passed
	Iran	1/11	OTC drugs lose coverage
	Jordan	1/18	Free health insurance expanded to age 60 & up
	Kazakhstan	1/11	Changes in health system contributions
	Latvia	1/18	Universal health scheme
	Philippines	1/25	Philhealth premium hike
	Sierra Leone	1/11	Parliament approves social health insurance scheme
	Taiwan	1/18	NHI coverage wait waived for newborns
 Retirement	Argentina	1/11	Pension reform bill passed
	Argentina	1/18	Employer social security contributions altered
	Canada	1/18	Ontario's new funding framework
	Canada	1/18	Ontario pension reform bill receives Royal Assent
	Canada	1/18	Quebec final regulations on supplemental pension plans
	China	1/25	Comprehensive social coverage target
	Fiji	1/18	FNPF early withdrawal options
	Greece	1/18	Tax regime for group pension plan insurance annuities
	Hong Kong	1/25	Old age allowance adjustments rejected
	Ireland	1/25	New tax status for ARFs received abroad
	Kazakhstan	1/18	Social tax cut will be temporary
	Malaysia	1/18	EPF rate reduction ends
	Pakistan	1/25	Updated VPS rules
	Serbia	1/18	Maximum pension management fee cap cut
	UK	1/25	PPF final 2018/19 levy determination
	UK	1/25	Auto-enrollment thresholds for 2018/19

Area	Country	Date	Name
 Retirement	UK	1/25	Regulations on new regime for master trust schemes
	Uzbekistan	1/18	INPS contribution rises
 Risk	Finland	1/25	Inheritance tax break on life insurance scrapped
 Talent	Argentina	1/18	Workers Compensation New Law 27348
	Australia	1/18	ATO consultation on car benefits
	Brazil	1/11	Immigration law implementation hurdles
	Brazil	1/18	Ruling on profit-sharing plan negotiations
	Brazil	1/18	Ruling against employee consultation in layoffs
	Brazil	1/25	Workers' compensation levy under e-Social challenged
	Bulgaria	1/18	Unemployment benefits reduced
	Chile	1/11	Unions not necessary for collective bargaining
	Chile	1/25	New caregiver leave
	China	1/25	Long-term visas for highly skilled workers
	Colombia	1/18	New immigration rules
	Croatia	1/18	Minimum Wage Act amended
	Croatia	1/18	Tax regime for perks revised
	Cyprus	1/11	Transposition of ICT directive
	Denmark	1/18	Guidance on tax regime for insurance premiums
	Egypt	1/11	Law on formation of trade unions
	El Salvador	1/11	Tax exemption for year-end bonuses
	Gambia	1/11	Foreign workforce disclosure
	Germany	1/11	Ruling on minimum compensation for overtime and leaves
	Guyana	1/25	Vacation allowance regimes harmonize

Area	Country	Date	Name
 Talent	Hungary	1/18	Tax adjustments on perks, health coverage
	Indonesia	1/11	Colleague marriage ban ruled unconstitutional
	Kenya	1/11	Public holiday restored
	Mexico	1/18	Minimum wage hike
	Morocco	1/25	2018 Finance Law enacted
	Norway	1/11	EFTA endorses stock scheme for start-ups
	Panama	1/18	New work permit application process
	Romania	1/25	Expatriate minimum wage hike
	Russia	1/18	Fast track for skilled foreign workers
	Russia	1/25	Disabled worker accommodations
	Saudi Arabia	1/25	Foreign worker levy exemption
	Serbia	1/25	Income tax Law amendments
	Sierra Leone	1/11	Guidance on BIK valuation
	Slovenia	1/11	Tax breaks for bonuses and expatriates
	Spain	1/25	Tax package highlights
	UAE	1/18	New telecommuting rules
	UAE	1/25	Certificate of good conduct needed for visas
	Zimbabwe	1/18	Public holiday in honor of Mugabe gazetted

Contacts

If you have questions please contact your Aon Hewitt representative or send a note to 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
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