

#GlobalBenefitsBulletin Highlights

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Key



Retirement



Talent








Health



Risk

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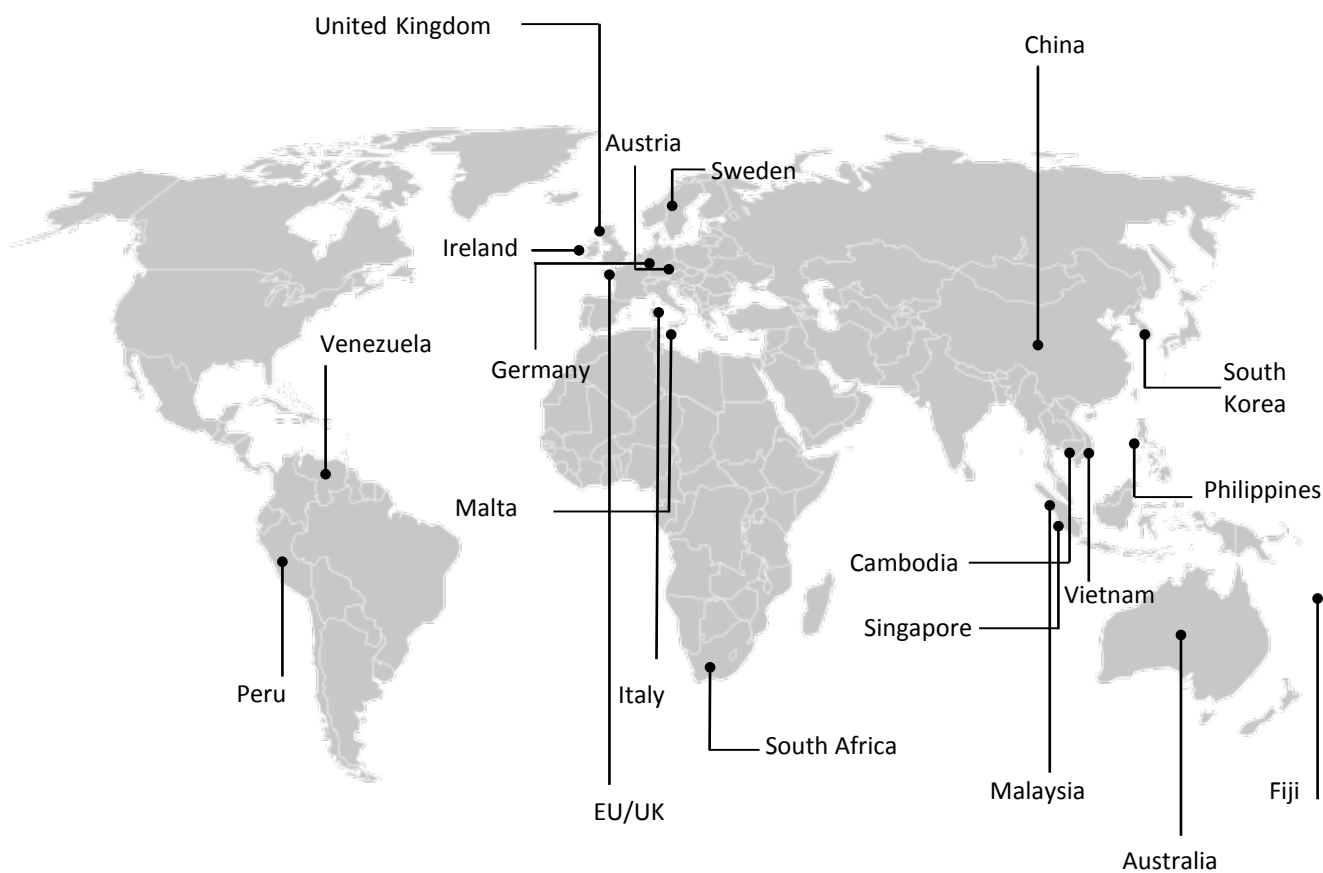


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Key Updates

Australia: Note



Skilling Australia Fund levy

The Skilling Australia Fund levy under [Migration Amendment \(Skilling Australians Fund\) Bill 2018](#) went into effect on August 12. For Subclass 482 Temporary Skills Shortage (TSS) visas, this levy to fund training for Australian will run \$1,200 per year for employers with turnover below \$10M and \$1,800 per year for those with turnover above \$10M for Subclass 186 Employer Nomination Schemes and Subclass 187 Regional Sponsored Migration Schemes, the rate is \$3,000 per application for companies with turnover below \$10M and \$5,000 per application for those with higher turnover. The Department of Home Affairs has provided details in an [FAQ](#).

Australia: Watch



Leave formula ruling

It has been standard practice under guidance from the Fair Work Ombudsman for employers to base the annual paid [personal/carer's leave](#) entitlement on a 7.6 hour workday, so the minimum 10 days leave typically translated to 76 hours. The Fair Work Commission recently determined that the 10-day leave entitlement should be based on one's own daily shift, so those working 12-hour shifts would be due up to 120 hours of sick leave per year. This decision could leave over a million workers eligible for back pay. The Federal Workplace Commissioner backs an employer plan to seek clarification on this matter in Federal Court.

Australia: Note



Health insurance reform bill passed

Private Health Insurance Legislation [Amendment Bill 2018](#) has now cleared both houses of Parliament. It will:

- *Allow higher deductibles - up to \$750 for individuals and \$1,500 for families - in exchange for lower premiums.
- *Permit hospital insurance premium discounts of up to 10% for people age 18-29.
- *Include the option of travel and accommodation benefits in health insurance policies for people who live in remote regions.
- *Waive the two-month waiting period for those who upgrade to health insurance policies with mental health coverage.

Most provisions will come into force the day after the law receives Royal Assent.

Key Updates

Australia: Note



Ruling on casual employment status

A recent Federal Court [decision](#) concluded that a long-term employee of a labour hire company had been misclassified as a casual employee and was owed compensation for paid annual leave entitlements when he was dismissed. The Fair Work Act stipulates that casual workers are not entitled to paid annual leave, but it does not provide a definition of casual worker. The ruling determined from a review of statutory instruments on casual worker status that the definition is one with “no firm advance commitment from the employer to continuing and indefinite work according to an agreed pattern of work” and that it was not legitimate for an industrial agreement to adopt a different definition. The case is likely to be a pivotal test case for casual employment in Australia.

Austria: Watch



Ruling backs intersex status

Stakeholders have been speculating about the ramifications of a recent Constitutional Court (VFGH) [decision](#) giving people the right to be logged in the civil register as a third gender rather than male or female. This will require adjustment in some rules that differentiate by sex such as the legal retirement age which is currently 65 for men and 60 for women, with a gradual transition to full harmonization in 2033.

Cambodia: Respond



Seniority payment introduced

A Labor Law amendment passed on July 11, 2018 replaces the “indemnity for dismissal” for workers on permanent contracts with a semi-annual “seniority payment.” Every six months, a worker will receive half of an annual entitlement to 15 days remuneration, broadly defined to include commissions and gratuities. Workers terminated at least a month after the last seniority payment are entitled to the full 7.5 day payment as if a full six months had been completed. The measure also sets a potentially higher ceiling for damages in an unfair termination. Implementing regulations will need to clarify several elements of this law, including whether workers on fixed-term contracts must receive seniority payments and whether workers hired before the law takes effect are entitled to them.

Key Updates

China: Note



Work permits waived for SAR, Taiwan residents

The State Council's [cancellation](#) of a range of "administrative licensing items" includes the waiver of work permit requirements for citizens of Hong Kong, Macau and Taiwan. This initiative to enhance free movement of workers will be accompanied by "enhanced supervision" of these populations. The Council has also asked the Ministry of Human Resources and Social Security to draft measures on labor rights, social security, employment services, and unemployment registration for these workers.

European Union: Watch



Draft PEPP rules clear committee

Parliament's Economic and Monetary Affairs Committee has adopted a [report](#) on the pan-European personal pension product (PEPP). Late additions include stronger consumer protections and a requirement that PEPP providers consider environmental, social, and governance factors in their investment decisions. PEPPs are distinguished by cross-border flexibility that would allow members to purchase products sold in other Member States and continue contributing when they move within the EU while providers would be allowed to sell PEPPs in other Member States. There will be a plenary vote in Parliament then negotiations with the European Council to reconcile the two drafts. A key difference between the two versions is Parliament's plan for a single tax exemption applicable throughout the EU.

European Union/United Kingdom: Watch



Minimum pension compensation in a bankruptcy

The European Court of Justice ruling in [case C-17/17](#) holds that [EU legislation](#) on the protection of employee entitlements in an employer insolvency requires that members of a defined benefit plan be guaranteed at least half of the accrued entitlement. While all Member State occupational pension compensation funds need to respond to this ruling, the UK's Pension Protection Fund (PPF) was the defendant in this case and has come under scrutiny for a policy that formally pays 90% of member pension entitlements, but may deliver well under 50% in certain circumstances.

Key Updates

Fiji: Respond



Family leave bill passed

The government has given [commencement notice](#) for [Employment Relations \(Budget Amendment\) Act 2018](#) [final draft not yet available at press time, but no mention of significant amendments] featuring introduction of a five-day paid paternity leave and extension of paid maternity leave from 84 to 98 days. There is also a five-day paid carers leave per year (no carryover) for caring for close family members. The relevant provisions of this law will come into effect on January 1, 2019.

Fiji: Note



Higher employer deductions for family leave and training expenses

The [Income Tax \(Employment Incentives\) \(Amendment\) Regulations 2018](#) of 31 July 2018 offers employers a 150% deduction for approved training expenses from August 1, 2018. From January 1, 2019, there will also be a 150% deduction for salary paid during paternity leave or family care leave (see also: the other Fiji item in this issue).

Germany: Watch



Third-gender recognition ruling

The Federal Constitutional Court (Bundesverfassungsgericht, BVerfG) has ruled that there must be a third-gender option for birth certificates. Parliament now has a December 31, 2018 deadline for passage of complying legislation. Stakeholders are speculating about implications for employment and benefits including gender-based benefit policies, job advertisement, workplace discrimination, and dress codes.

Key Updates

Ireland: Watch



Automatic enrolment consultation

The Department of Employment Affairs and Social Protection has opened "[A Strawman Public Consultation for an Automatic Enrolment Retirement Savings System for Ireland](#)"

- *Employers would be required to place all workers between ages 23 and 60, earning at least EUR 20,000, and not already in a pension plan, into the auto enrolment (AE) system.
- *Voluntary AE participation would be available to workers outside that age range and the self-employed.
- *A two-year rollout would start in 2022. Employers would contribute 6% of salary, employees 6%, and the state 2%.
- *Participants would choose from a menu of four AE providers and a range of investment funds. Their annual fees would be capped at 0.4%
- *Workers who opted out would pay a management fee and would be re-enrolled every three years.

Stakeholder feedback is welcome through November 4, 2018.

Italy: Respond



Dignity Decree passed

Parliament has ratified the new administration's Dignity Decree [Senate Act No. 741](#) by a narrow margin following a number of amendments. Among the provisions confirmed in the final draft:

- *The maximum period for a fixed-term contract is cut from three years to two years.
 - *Renewals allowed within that period are limited to four, down from five, and each is accompanied by a 0.5% increase in the employer social security contribution.
 - *Companies receiving state aid that relocate within the EU within five years of receipt must repay 100%. Those relocating outside the EU during that period will be fined 200-400%.
 - *Unfair dismissal will be more expensive, but earlier reports of the maximum compensation rising by 50% to 36 months' pay are not confirmed.
 - *An enterprise's fixed-term worker may not exceed 30% of the permanent contract population unless another ceiling is negotiated with employees.
-

Key Updates

Italy: Note



Dignity Decree-Law gazetted

Last month, the Official Gazette posted the [final draft](#) of the Dignity Decree Law, which cuts the duration of fixed-term contracts and introduces stiff penalties for companies that relocate after receiving state aid. It also raises the minimum payment in an unfair dismissal from four to six months' salary and the maximum from 24 to 36 months' pay. The Law went into effect on July 14th.

Malaysia: Respond



National minimum wage adopted

The Prime Minister's Office [announced](#) that the nation is adopting a standardized monthly minimum wage. From January 1, 2019, the minimum wage will have a modest rise from RM1,000 to RM1,050 (U.S. \$253.36) a month, but the exception allowing a lower minimum wage (currently RM920) for the states of Sabah and Sarawak will be eliminated.

Malta: Note



Guidance on annual leave

Legal Notice 271 of 2018 - [The Annual Leave National Standard Order](#) establishes that:

*Annual leave must continue to accrue while a worker is on maternity leave, sick leave or injury leave and the leave not taken in the calendar year it was earned may be carried over to the next calendar year.

*Any other established leave such as a national holiday that occurs during maternity, sick or injury leave will be subsequently credited to the worker.

*Leave must be arranged between the employer and employee. From January 1, 2019, up to 12 days of preset leave such as bridging holidays and temporary closures may be negotiated with workers, but they must be disclosed by January 31 of each year. Any subsequent modifications would have to be negotiated with workers.

The status of this notice is now uncertain as an Employment Ministry official has reportedly stated that it has been suspended, but there has been no formal notice. Stay tuned.

Key Updates

Peru: Note



Regulatory framework for Defined Contribution (DC) sector

The Superintendency of Banking and Insurance (SBS) has [published](#) Resolution [No. 2808-2018](#) on simplification, transparency, and market consolidation for the pension products in the Private Pension System (SPP). It goes into effect on October 1, 2018.

Philippines: Watch



Bill would increase maternity leave

The House of Representatives has [passed](#) House [Bill 4113](#), the 100-Day Expanded Maternity Leave Bill in its third and final reading. It would award workers 100 days maternity leave at full pay for up to four children with an option for an additional 30 days unpaid leave. There would be 60 days paid leave for a miscarriage. An official with the Social Security System (SSS) disclosed that an actuarial study forecasts the need for a P30-P48 hike in the monthly contribution to finance the increase. If the bill is passed in the Senate, the SSS will consult with social partners on the employer and employee shares of the contribution rise.

Philippines: Watch



Bill would double leave entitlement

In yet another unanimous vote on third and final reading, the House has [endorsed](#) HB 6770 which would amend the Labor Code to double the annual service incentive leave entitlement to 10 days. All workers with at least one year of service in enterprises with at least 10 employees would be eligible, but those already provided at least 10 days of annual leave would not be granted an additional five days.

Key Updates

Singapore: Watch



Earning cap for entitlements may end

The Ministry of Manpower is drafting amendments to the Employment Act that would expand a number of entitlements to workers earning above the current threshold of S\$4,500 (US \$3,411) per month. These include:

- *Fourteen days paid sickness leave per year and up to 60 days for hospitalization.
- *Eleven annual paid holidays.
- *Child care leave.
- *Acquired rights in a change-in-control.
- *The right to challenge wrongful termination.

There is also a provision that would refer wrongful termination claims to Employment Claims Tribunals.

South Africa: Watch



Proposed changes to legislation governing the funding of Private Health Care, and the introduction of the National Health Insurance Bill

On June 21st, the Minister of Health introduced two new bills: the Medical Schemes Act Amendment Bill and the National Health Insurance Bill. The intention of the first bill is to improve access and affordability of medical schemes and to stabilize risk pools of the industry, but the content of the bill would seem to have exactly the opposite effect - undermining risk pools and posing major risks to the long term financial sustainability of medical schemes. All stakeholders were invited to comment on the proposed changes by 21 September, 2018. We now await government's response to the comments and look forward to the next iteration of the bill. The second bill - National Health Insurance Bill is to establish the fund for National Health Insurance but is lacking in detail and therefore further clarity is required which again, we hope will be provided in the next iteration of the bill. Aon has produced a [bulletin](#) on this legislation.

Key Updates

South Korea: Watch



Pension reform proposal

An interministerial pension reform proposal was broached on August 17. The retirement age would climb from 60 to 65, reaching the plateau for those born in 1969 or later, but an option to continue the rise to age 68 has not been ruled out. Debate is still underway over a proposal to raise the premium on monthly income from 9% to 13%. An earlier plan to cut the replacement ratio from 45% to 40% by 2028 would be scrapped. The minimum contribution period would be halved to five years.

Sweden: Respond



New payroll declaration requirements

The Tax Agency served [notice](#) on September 6 that employer payroll declarations for each individual employee will be required from January 1, 2019. The declarations must disclose all the wages paid for each month as well as the taxes and contributions levied on them. Prior to this notice, declaration requirements have been limited to those sectors most associated with a transient workforce such as construction and restaurants.

United Kingdom: Watch



"GMP equalisation" case update

Aon's commentary on the hearing of the "[GMP equalisation](#)" case.

Key Updates

United Kingdom/ European Union: Watch



Brexit updates affecting pensions

Guy Opperman, Under-Secretary of State for Pensions and Financial Inclusion, has [advised](#) Parliament that during an implementation period agreed between the UK and the EU and lasting to the end of 2020, "access to one another's markets will remain unchanged and on the current terms, ensuring continuity for consumers and businesses". He confirmed that UK and non-UK EU citizens will continue to be able to transfer their pensions to overseas schemes, and UK citizens will continue to be able to receive transfers from overseas schemes.

Meanwhile, HM Treasury has issued contingency [guidance](#) for the financial services sector in case no Brexit deal is attained. It states that "Unless the EU acts to maintain continuity, then UK financial services firms passporting into the EEA [European Economic Area] will lose the ability to do that at the point of exit," and discusses negotiation on allowing EEA entities to delegate asset management to the UK, bringing the UK into line with other "third countries." The UK's Financial Conduct Authority (FCA) and the Treasury back a [temporary permissions regime](#) for EEA firms operating in the UK.

Venezuela: Watch



Crypto currency peg for payroll and pensions

The government has adopted its "[petro](#)" crypto currency as a peg for its new "sovereign bolivar" currency. Salaries and pensions will now be tied to the value of the petrol-linked currency. The petro's launch has raised concerns about its availability and the market for it.

Vietnam: Watch




Greater flexibility for payroll system


The Deputy Minister of Labor has advised the business sector of plans to relax its payroll policy. Among the restrictions now under review:

- *The mandatory 5% gap between wage grades.
- *The requirement that trainee jobs pay 5-7% above the regional minimum wage.
- *The 5-7% bonus for those working under hazardous conditions.
- *The 2-300 hour annual cap on overtime (a draft revision to the Labor Code due for review in May 2019 proposes 400 hours, but there are legislators pushing for 600 hours).


Other Notable Updates

Area	Country	Date	Name
 Health	Australia	09/27	Health insurance sector prudential standards
	India	09/20	IRDAI trims optional medical coverage list
	India	09/27	September issue of Benefit Pulse
	Panama	09/27	Freeze on health insurance premium increases
	UAE	09/06	Generic drug requirement
	US	09/27	IRS Publishes FAQ on Employer Shared Responsibility Provisions and AHPs


 Retirement	Germany	09/13	New Mortality Tables
	India	09/20	Benefits Pulse
	Mexico	09/27	Universal pension planned
	Netherlands	09/27	Pension age hike confirmed
	Poland	09/20	PPK bill reaches Parliament
	Puerto Rico	09/27	Survivor benefit ruling
	Sweden	09/27	New PPM standards
	UK	09/06	High Court ruling - clarity for schemes closed to accrual
	UK	09/27	DWP confirms revised trustees' investment duties
	UK	09/27	Changes to trustees' investment duties
	UK	09/27	PPF compensation ruled inadequate
	UK	09/27	Transposition of the EU pensions Directive - Government update
	US	09/27	President Signs Executive Order Focusing on Retirement; Multiple Employer Plans

 Talent	Angola	09/27	Public holiday added
	Australia	09/06	Ruling against counting casual service towards redundancy pay
	Belgium	09/27	Broader definition of salary subject to social security contributions
	Brazil	09/20	Ruling expands outsourcing opportunities
	Canada	09/20	Employment Insurance - Working While on Claim

Other Notable Updates

Area	Country	Date	Name
 Talent	Chile	09/06	Non-union collective bargaining rights affirmed
	Denmark	09/06	Encryption required for personal data
	Denmark	09/13	Ruling on scope of no-alcohol policy
	Finland	09/06	Higher tax break on accommodations convenient to work
	France	09/27	Tax treatment of shift work meal allowances
	Germany	09/27	Strikebreaker premium ruling
	Kazakhstan	09/20	Work permits waived for cross-border workers
	Mauritius	09/27	Tax breaks increased
	Netherlands	09/27	Sub-minimum pay for disabled workers nixed
	Netherlands	09/27	Guidance on distinguishing between a discretionary perk and an acquired right
	New Zealand	09/20	Tax treatment of director fees
	Nigeria	09/27	National holiday introduced
	Peru	09/27	Tax regime for reverse mortgages
	Philippines	09/06	Employer fees for wage deduction schemes banned
	Poland	09/06	Union membership open to atypical workers
	Qatar	09/20	Exit permits no longer required
	Russia	09/06	Expat host responsibilities
	Russia	09/13	Exception found to cap on CEO pay
	Russia	09/20	Ruling on excess executive compensation
	Russia	09/27	Pre-bankruptcy payments declared invalid
	Slovakia	09/27	Insurance tax shifted
	Spain	09/06	Severance pay entitlement in employer relocation
	Switzerland	09/20	New residence permit requirements
	Taiwan	09/13	Tax treatment of meal allowances
	Turkey	09/27	Subsidy extended for compulsory internship program
	UK	09/06	New UK Corporate Governance Code

Other Notable Updates

Area	Country	Date	Name
 Talent	UK	09/06	Ruling on inclusion of overtime in holiday pay formula
	UK	09/27	Royal Assent for bereavement leave measure
	US	09/13	Tax treatment of expatriate tax services



Additional information 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](#)

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