



#GlobalBenefitsBulletin Highlights

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Key



Retirement



Talent



Health



Risk

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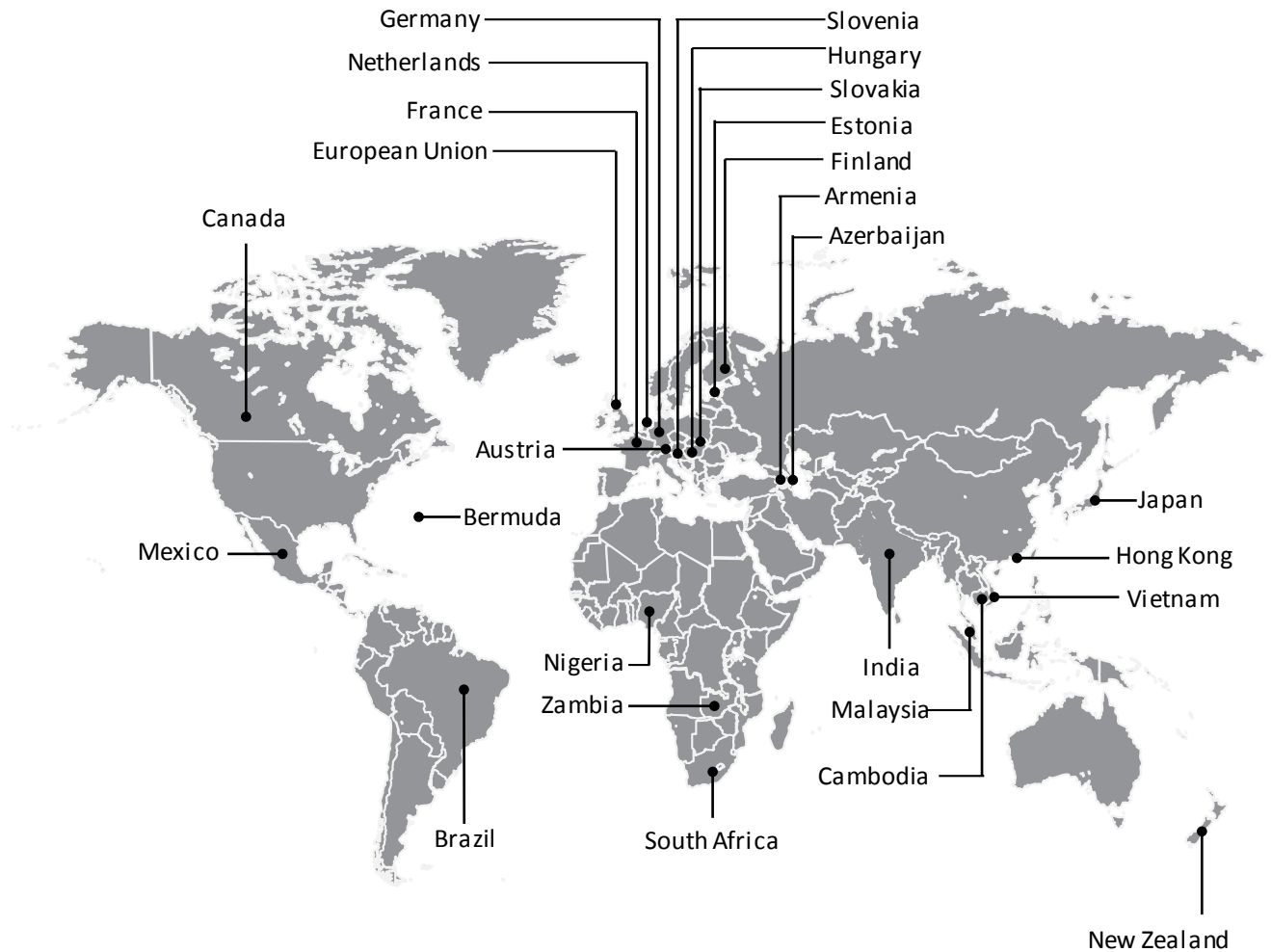
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Key Updates

Armenia: Note



Minimum wage hike

The National Assembly has passed a measure increasing the monthly minimum wage by 23.64% from 55,000 dram to 68,000 dram (U.S. \$142.65). The increase will take effect on January 1, 2020.

Austria: Note



Withholding obligation for employers without a Permanent Establishment (PE)

[Tax Amendment Act 2020](#) ends the withholding tax obligation waiver for employers without a permanent establishment (PE) in Austria. From January 1, 2020, those employers without a PE but with employees' subject to unlimited taxation in Austria must withhold tax from these employees and comply with the relevant disclosure and recordkeeping requirements. The documentation is required even if a double taxation convention exempts the worker from taxation in Austria.

Azerbaijan: Note



Compulsory health insurance contributions

The government is preparing to roll out its compulsory health insurance scheme gradually, from January 1, 2020 to December 2020. Employers and employees will each contribute 1% of the employee's salary up to 8,000 manats (\$4,706) to the scheme in 2020 and 2% in 2021. For salaries exceeding 8,000 manats, an additional 0.5% will be charged to both employees and employers. Contributions for pensioners, children, students, pregnant women and foreign nations will be subsidized.

Bermuda: Respond



Family leave enhancements include introduction of paternity leave

The Employment (Maternity Leave Extension and Paternity Leave) Amendment Act [2019](#) will come into effect on January 1, 2020. It introduces a five-day paid paternity leave and increases paid maternity leave from 8 weeks to 12.

Key Updates

Bermuda: Watch



National Pension Scheme (Occupational Pensions) Amendment Act

The Senate [approved](#) the National Pension Scheme (Occupational Pensions) Amendment Act 2019 in first reading following passage in the House. It would require foreign and self-employed workers to enroll in a registered pension plan. It also has measures providing for shorter plan vesting periods and permitting seniors to withdraw up to 25% of their pension savings in a lump sum after retirement.

Brazil: Note



Youth hiring incentives

The government has unveiled a set of tax subsidies for hiring young people. For new hires between ages 18 -29 on contracts of up to 24 months with salaries of up to 1.5 times the minimum wage:

- The 20% employer social security tax is waived.
- Employers are exempt from contributions to a vocational training fund.
- Employer severance indemnity fund contributions are cut from 8% to 2%.
- The fine for unjust dismissals is halved to 20% of an employee's severance fund balance.

These tax incentives are offered through December 2022 but may be accessed for no more than 20% of a company's workforce.

Cambodia: Respond



Social security reform

The Legislature has passed the Social Security Protection Law which will replace archaic state pension and health insurance systems plus ensure income security for the self-employed and private-sector workers when they experience "adversity" such as "unemployment, work-related accidents, disabilities and death". It will come into effect in February 2020.

Key Updates

Canada: Watch



Gig economy worker case

The Supreme Court has taken on what could prove a landmark case on employment classification of workers in the gig economy. It has started hearing arguments in a ride-sharing platform's attempt to overturn a lower court ruling that found its workers entitled to a minimum wage, vacation pay, and other benefits of employee status despite the claim that they are independent contractors.

Estonia: Watch



Second-pillar reform bill

Draft Bill [No. 108 SE](#), a package of tax measures supporting the second-pillar pension reform, is now before Parliament:

- It sets the terms under which second-pillar withdrawals would be tax-free.
- Tax-favored investment options would increase.
- There would be a 10% levy on pension fund transfers.
- The tax-exempt threshold for the third pillar would be adjusted annually.
- The terms of employer eligibility for the 13% social contribution tax rate would be altered.

If the bill is passed, entry into force would be on July 1, 2020.

European Union: Note



Cross-border merger amended

The European Council has [concluded](#) adoption of the Directive amending Directive (EU) 2017/1132 as regards cross-border conversions, mergers, and [divisions](#). "Stronger protections for employees" include bolstering the "inform and consent" requirements with a detailed report to employees and other stakeholders on the implications that this change would hold for them. The directive will come into force 20 days after publication in the Official Journal and Member States will be given 36 months to transpose it.

Key Updates

European Union: Watch



Advocate General's (AG) opinion on social security jurisdiction of cross-border workers

The European Court of Justice (ECJ) Advocate General's Opinion in Case [C-610/18](#) concluded that the employer for social security purposes is the "economic" employer rather than the "formal" employer. In this case, a Dutch company obtained services of lorry drivers from a Cypriot company for "an indefinite period" and the AG concluded that the workers are subject to Dutch social security legislation. A final, likely landmark, decision from the court is still several months away, but a large majority of AG opinions prove to be harbingers of the court's judgment.

Finland: Respond



Health contribution changes

The government has issued a [decree](#) concerning social security contributions for health care in 2020. The health insurance contribution rate for employers will be 1.34% (up from 0.77 % for 2019). The health insurance contribution rate for employees, reintroduced for 2020 following suspension in 2017, has two components (a health care component and a daily subsistence allowance component). Employees will pay a medical benefits contribution rate of .68% and a daily subsistence allowance contribution rate of 1.18% for those with annual salaries of at least 14,574 euros (U.S. \$16,108.42), down from 1.54% assessed on salaries of at least 14,282 euros. The daily allowance component will be 1.65% (up from 1.61%) for taxable pension income. The self-employed will pay a daily allowance of 0.15% (down from 0.23%).

France: Watch



Shortage list reform

The government has outlined plans for reform of the work and residence permit system. The Shortage Occupation List, the set of occupations for which local labor market testing is waived, was last updated in 2008. It would now be revised on an annual basis. In addition, residence permit fees would be cut, and the work permit application process would be streamlined in general and further expedited for qualifying companies. All this is being developed in tandem with the worker quota system, which is due for introduction next year.

Key Updates

Germany: Watch



Basic pension deal

The government announced that the ruling coalition has reached an agreement on the “Grundrente” (basic pension), a top-up to a minimum benefit level for low-income earners who have worked for at least 35 years. Low-earners who cared for children or other relatives would have the caregiving periods credited towards that 35-year threshold. To qualify for the additional payment, pensioners would have to undergo an income review. The proposed income cap is €1,250 per month for singles and €1,950 per month for couples. The plan also provides for:

- A decrease in the unemployment insurance contribution from 2.5% to 2.4% until the end of 2022;
- A reduction in the statutory health insurance contribution rate on occupational pensions from 14.6% to 7.3% beginning January 1, 2020 (subject to limits); and
- An increase of the annual subsidy for low-income earners from EUR 144 to EUR 288.

The plan, which still needs approval from lawmakers, would become effective on January 1, 2021.

Germany: Note



Ruling against dividend tax on foreign pension funds

The European Court of Justice Decision [C-641/17](#) settled a long-running dispute with its conclusion that the German tax regime for pensions violates EU rules on free movement of capital. Dividends paid to German pension funds are wholly or partially tax-exempt while foreign pension funds are charged 15% withholding on dividends. The German government did not have an immediate response, but affected foreign pension funds are already being advised to claim refunds from German tax authorities.

Germany: Note



Wage withholding system guidance

The Ministry of Finance has issued BMF Letter No. [2019/0972167](#) clarifying key elements of its electronic withholding tax system ([ELStAM](#)). It explains the use of employee ID numbers, the scope of exemptions to ELStAM, and the manual tax payment permitted during the transition period. The letter comes into effect on January 1, 2020.

Key Updates

Germany: Watch



Tax incentive for pension contributions

Bill No. [620/19](#), now before the upper house of Parliament, would provide a tax allowance in the statutory health insurance, creating a new tax incentive for occupational pension schemes. The tax relief is on up to EUR 159 per month in pension payments as well as one-off capital disbursements. The figure would be pegged to the social security reference value and indexed annually.

Germany: Note



Minimum wage for apprentices

Parliament has passed a measure establishing a nationwide minimum wage for apprentices (They were exempted when a national minimum wage was introduced in 2015). From January 1, 2020, first-year apprentices must be paid at least EUR 515 per month. That rate will climb to EUR 620 per month in 2023. This threshold may be reduced in sectoral collective bargaining.

Hong Kong: Note



Ruling on taxation of certain severance payments

The Court of Final Appeal has issued a [decision](#) concluding that severance payments not reflecting services rendered could not be taxed as income. At issue were the payment in lieu of a discretionary bonus and the gains from accelerated vesting of share options that were triggered by termination of employment.

Hungary: Watch



Proposal to reduce social security contributions

The Ministry of Finance has [delivered](#) a package of "economy protection and competitiveness improvement" [legislation](#) to the National Assembly. Most notably, four social security contributions would be merged into a single 18.5% "unified contribution" from July 1, 2020. Working pensioners would be fully exempt from these contributions and families with children would pay a lower rate. The minimum contribution base on social tax for enterprises would be cut from 150% of the minimum wage to 100% of the minimum wage.

Key Updates

India: Note



Ruling on contract worker status

The Supreme Court affirmed the definition of an “employee” in a case where contract laborers sought reinstatement after the company fired them. The Court applied a two-part test (“whether the principal employer pays the salary instead of the contractor and whether the principal employer controls and supervises the work of the employee”) used in earlier cases to determine that they were not **employees**. It found that the contractor, not the company (principal employer), paid the laborers and the principal employer exercised “secondary control” over them.

India: Watch



Draft Labour Code on Industrial Relations

The Union Cabinet passed the draft Labour Code on Industrial Relations and it will now go to Parliament. Among the highlights:

- It would permit companies to hire workers on fixed-term employment contracts, but they would receive all the statutory benefits (i.e., social security, wages) which regular employees receive performing the same work.
- A worker could be terminated after a fixed-term employment contract has ended without it being considered retrenchment.
- The definition of 'strike' would be amended to include 'mass casual leave'.
- There is a notice requirement of 14 days for strikes and lockouts. Also, during the conciliation process unions would not be allowed to strike.
- A union would be recognized as the only “negotiating union” if it has the support of at least 75% of workers on the “muster roll in an establishment”. If the threshold for support is not met, a negotiating council would be established.
- A procedure would be implemented for faster dispute settlement.

Japan: Watch



Proposal to extend pension coverage to more part-timers

The government is planning an expansion of its pension program to include more part-timers. Currently, employers with at least 501 employees must enroll employees who work at least 20 hours a week and receive monthly salaries of at least 88,000 yen into the kōsei nenkin program. New measures would require employers with at least 101 employees (in October 2022) and 51 (in October 2024) to include part-time employees in the plan.

Key Updates

Malaysia: Note



Fringe Benefits Tax (FBT) guidance

The Malaysian Inland Revenue Board Nov. 19 has posted a public ruling No. [5/2019](#) on the tax treatment of employee fringe benefits. Among the key clarifications:

- Fringe benefits are counted as part of gross compensation even if employees cannot convert them to cash.
- Employees may deduct employee fringe benefits tax expenses.
- The employer is required to withhold tax on fringe benefits.
- The cap on tax-exempt performance bonuses is 2,000 Malaysian ringgit (US \$480).

Mexico: Watch



Health reform legislation passed

Congress has passed legislation that will replace the Seguro Popular public health program with a centralized healthcare delivery system (Health Institute for Welfare (Instituto de Salud para el Bienestar: INSABI). It includes measures for eliminating patient copayments and ending residence-based access to health care. The legislation has been sent to the executive for promulgation, but Congress needs to clarify several key areas of the new bill such as funding and a consolidation of existing reimbursement lists.

Netherlands: Note



Contribution changes

The Ministry of Social Affairs and Employment has published a [notice](#) setting out the social tax contribution rates that will come into effect on January 1, 2020. There have been some notable changes:

- The 3.6% unemployment insurance contribution will be [split](#) into a "low rate" of 2.94% for workers with permanent contracts and a "high rate" of 7.94% for those without permanent contracts.
- The disability insurance contribution will rise from 6.46% to 6.77%.
- The wage base for social contributions will rise from 55,927 euros per year to 57,232 euros (U.S. \$63,415.92).

Key Updates

New Zealand: Watch



Consultation on protections for contract workers

The Ministry of Business, Innovation and Employment is holding the public consultation, [Better Protection for Contractors](#) to gather stakeholder feedback on bolstering the rights of contract workers. Issues include remedying misclassification of contract workers, refining the definition of employee, and setting "minimum rights and entitlements" for contract workers without altering their employment status. The consultation will run through February 14, 2020.

Nigeria: Respond



Agreement on minimum wage implementation

The government and labour unions have now reached an agreement on how to implement the minimum wage law signed by the President in April 2019. The sticking point had been the details of "consequential adjustments" to salaries above the new minimum wage, which increased from N18,000 to N30,000 (US\$83.31) per month.

Slovakia: Note



Extra vacation for young workers with children

The Act [Extending Paid Vacation to Young Employees With Children](#) amends the Labor Code to add a fifth week of annual paid vacation for private-sector employees under age 33 who care for a child "on a permanent basis." The current vacation entitlement is four weeks for those under age 33 and 5 weeks for 33 and up. The measure will come into force on January 1, 2020.

Key Updates

Slovenia: Note



Replacement rate equalization/Retirement deferral incentives

The National Assembly passed draft laws amending the Pension and Disability Insurance Act. Some notable provisions:

- The replacement rate for pension benefits will be the same for men and women (65% of salary). That rate is already in place for women and it will be effective in 2025 for men (up from 57.25%).
- Pensioners will gain an additional 1.36% for each child they have (up to three) if they do not retire early.
- Those who continue working will be paid their salaries and 40% of their pension entitlement for three years. Afterwards, the pension amount will decrease to 20% (the current percentage).
- Pensioners will receive an increase of 1.5% (now 1% every three months) in their pensions for every six months they continue to work and pay their contributions.

The Act will come into effect on January 1, 2020.

South Africa: Respond



New family leave entitlements

The '[Labour Laws Amendment Act, 2018](#)' went into effect on November 1, 2019. It established three new forms of family leave during which one is entitled to unemployment benefits.

A 10-consecutive day paternity leave has the broader definition of "second parent leave." Adoptive parents are also entitled to 10 consecutive days of parental leave and have the option of 10 consecutive weeks of adoption leave. Parents by surrogacy may take the 10 consecutive days of parental leave or 10 consecutive weeks of commissioning parental leave.

South Africa: Note



Ruling on tax treatment of liquidation payments

South Africa Revenue Service (SARS) has posted a Supreme Court of Appeal [Judgment](#) on the tax treatment of liquidation payments to employees. The Court determined that the company's liquidators made the correct decision in not withholding PAYE taxes from the workers' salary, leave, and severance payments on several grounds including that employee compensation is a higher priority in liquidation than PAYE taxes.

Key Updates

Vietnam: Respond



Labor reform measures passed

The National Assembly has adopted some key amendments to the [Labour Code](#). Under the main provisions:

- Normal working hours will not exceed eight hours per day or 48 hours per week.
- Employers may hire employees to work overtime when legal requirements are met.
- The retirement age for men will increase to 62 (up from 60) by 2028 and it will rise to 60 for women (up from 55) by 2035.
- Employees will receive one more nonworking public holiday immediately adjacent to the National Day on September 2.
- Workers will be permitted to form or join a trade union other than the Vietnam General Confederation of Labour.

It will come into effect in 2021.


Zambia: Note




Health insurance is mandatory for foreign nationals

Under STATUTORY INSTRUMENT [NO. 63 OF 2019](#), foreign nationals arriving in Zambia are now required to have valid health insurance or purchase local health insurance from the National Health Insurance Management Authority (NHIMA) upon entering the country.

Other Notable Updates

Area	Country	Date	Name
	India	12/5	Benefits Pulse November 2019
	United States of America	12/5	Centers for Medicare & Medicaid Services (CMS) Releases 2020 Medicare Premiums, Deductibles, and Coinsurance Amounts
	United States of America	12/5	Internal Revenue Service (IRS) Publishes Additional 2020 Benefit Limitations
	Zambia	12/5	National Health Insurance (NHI) implementation guidance

	Australia	12/19	Fee disclosure guidance
	Canada	12/12	Ontario Variable Benefits
	Ireland	12/19	Portability directive guidance
	Singapore	12/5	The Central Provident Fund (CPF) treatment of cash reimbursements revised
	South Africa	12/19	Conditions for Amalgamations and Transfers in terms of Section 14 of the Pension Funds Act
	United Kingdom	12/5	Pensions Regulator issues 'no-deal' Brexit guidance for cross-border schemes
	United States of America	12/5	Internal Revenue Service (IRS) 2020 Official Indexed Figures for Retirement Plans and Other Employee Benefit Plans

	Australia	12/19	Whistleblower policy guidance
	Australia	12/19	Guidance on tax status of emergency assistance
	Belarus	12/19	Guidance on tax treatment of business travel and training expenses
	Bulgaria	12/12	Reporting requirements eased
	Bulgaria	12/19	Pension, Minimum Wage Increase

Other Notable Updates

Area	Country	Date	Name
	Colombia	12/5	Degree validation progress streamlined
	Croatia	12/19	Tax break for younger workers
	Denmark	12/5	Anti-harassment resources
	Hungary	12/19	Tax exemption for travel insurance
	New Zealand	12/19	Employment relations bill passed
	Slovakia	12/19	Measure on housing benefit tax regime passed
	Sweden	12/5	Labor law modernization project
	Turkey	12/19	New commuting subsidy
	United Kingdom	12/5	Guidance on misuse of confidentiality agreements
	United States of America	12/5	Internal Revenue Service (IRS) Updates Guidance for Deductible Business, Charitable, Medical, and Moving Expenses
	Vietnam	12/12	Tax treatment of board member pay



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