

#GlobalBenefitsBulletin Highlights

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Key Updates

Australia	
RESPOND	STP expansion proposed
 Talent	The Australian Taxation Office has posted resources on its Single Touch Payroll (STP) system which it has announced will be required for all workplaces from July 1, 2019. STP, a mandatory process for reporting payroll data including tax and superannuation to the government, is already set to debut for employers with 20 or more staff on July 1, 2018 (the first year will be a transition with no penalties for noncompliance). The ATO has also drafted legislation on introducing this obligation for enterprises with 1-19 workers, effective July 1, 2019, but that has yet to get through Parliament.
Link	https://goo.gl/kdfPKn

Canada	
NOTE	TFWP rules stiffened
 Talent	Tougher requirements for the Labour Market Impact Assessment (LMIA) under the Temporary Foreign Worker Program (TFWP) were introduced on August 28, 2017: <ul style="list-style-type: none">• No provinces or territories are exempt from the requirement to post jobs on the federal government's Job Bank.• An employer must try the Job Match service before applying for an LMIA. Canadian workers ranking above a certain threshold on a five-star compatibility index must be invited to apply.• Employers must document at least two local recruitment efforts in addition to the Job Bank.
Link	https://goo.gl/p3qk7m https://goo.gl/EAECti

China

WATCH

Health sector stimulus



Health

The State Council has recently agreed on initiatives to support development of the health services sector. There would be a number of incentives to boost the sector. Most notably:

- Tax authorities have been tasked with investigating tax incentives for private health care and long-term care.
- A new regulatory system will be created for the sector.
- Staffing and resource shortages will be targeted. Responses will include fewer restrictions on foreign investment (which will also be encouraged in the pension insurance market), easier hiring of foreign professionals, and innovative remuneration policies.
- There will be pilot projects for various service models, including home health care and community care services.

Link

<https://goo.gl/4qbdgE>

European Union

WATCH

Posted Worker Directive revision proposed



Talent

France's President has won the endorsements of Austria and - reportedly - Germany for a proposal to modify the Posted Workers Directive. The two-year limit on postings would be halved to one year, the process would be more strictly controlled and a principle of equal work for equal pay would curb social dumping. He is campaigning for this in several other Member States and finding them generally open to discussion, but analysts warn that a revision would fail if it doesn't win over the two major holdouts, Poland and Hungary.

Link

<https://goo.gl/GsZqFW>
<https://goo.gl/FzwXZg>

France

WATCH

Labor law reform ordinances published



Talent

The Labor Ministry has issued a document summarizing 36 measures on which social partners had reached some level of accord this summer. Two of the top three unions agreed on a number of matters, but came out of negotiations with some ambivalence and the nation's second-largest union has called a national strike to protest the package. Among the key measures:

- Company-level collective bargaining would be able to supersede sectoral collective bargaining.
- Severance pay would rise from 20% of wages per year with the company to 25%.
- A cap on damages for unfair dismissals would range from three months' pay for two years of work to 20 months' pay for 30 years.
- It would be easier for multinationals to shutter unprofitable French operations without providing proof of global financial hardship.
- Enterprises with fewer than 50 workers could negotiate with elected workers' representatives in place of unions.

The Prime Minister has now posted five ordinances featuring these provisions and tripartite discussions will continue until September 22. On that date, the Cabinet is expected to approve the ordinances and enact it with immediate effect.

Link

<https://goo.gl/1ErznR>
<https://goo.gl/68zmF5>

India

NOTE

Perks are subject to GST



Talent

The Central Board of Excise and Customs (CBEC) have issued a clarification refuting earlier reports on the GST (Goods & Services Tax) treatment of fringe benefits. It states that a nonmonetary fringe benefit provided by an employer to an employee is subject to GST because it is a supply of goods or services. It notes that monetary payments to workers are subject to personal income tax, but not GST.

India

WATCH

NPS expansion efforts



Retirement

The chairman of the Pension Fund Regulatory and Development Authority (PFRDA) has previewed a formal government announcement that the age range of 18-60 for joining the National Pension System (NPS) will soon expand to 65. The maximum age for making contributions will remain 70. This is part of an initiative to ease transfer of assets from other funds into the NPS. He noted that the Central Board of Direct Taxes (CBDT) has not yet responded to his request for "blanket approval" of superannuation fund transfers to NPS and he urged stakeholders to continue applying to the CBDT for transfers themselves. His ultimate aim is to bring all pension schemes under NPS.

Indonesia

RESPOND

Wage reporting rules



Talent

A compensation disclosure deadline set under Government Regulation 78 of 2015 is fast approaching. By October 23, 2017, a wage structure document must set out the highest and lowest basic salaries in the enterprise and a wage scale report must give the salary range for each job level. Pay must also be differentiated by job title and years of service. Each employee must receive this information in writing. The implementing regulations are available in the link provided.

Link

<https://goo.gl/Rng85e>

Japan

WATCH

Working time reform bill



Talent

The Ministry of Health, Labor and Welfare has delivered a blueprint of its Realization of Work Style Reform legislation to the tripartite Labor Policy Council. The bill attempts to reconcile social partner differences on the issue of working time with revisions to several labor laws:

- The highly skilled professionals who would be exempt from overtime pay would have a minimum of 104 days off per year.
- All workers would have a minimum gap between leaving the workplace and returning to it for another shift.
- People in sales positions and new graduates just joining the workforce would not qualify for the overtime pay exemption.
- The standard maximum overtime would be 45 hours per month and 360 hours per year, but there would be allowances for 100 hours per month and 720 per year in extremely busy times.
- There are equal pay for equal work provisions covering part-timers and fixed-term workers.
- From April 2022, the overtime rate for over 60 hours per month for small and medium enterprises would double to the 50% now charged at large companies.

Link

<https://goo.gl/1ux4Je>

Malta

NOTE

Tax incentives for private pensions



Retirement

The Finance Ministry has introduced tax incentives for pension contributions that were first broached in the 2017 Budget. Employers may deduct up to EUR 2,000 per employee from taxable profits for contributions to the voluntary occupational pension. Employers contributing up to EUR 1,000 per year to an employee's pension will also qualify for a tax credit of up to EUR 150. That is a tax-exempt benefit for employees and they may also earn a tax credit of up to EUR 150 for contributions up to EUR 1,000 per year. The assets may be withdrawn as a lump sum with 30% tax relief between age 50 and 75. The tax relief applies for 2017.

Link

<https://goo.gl/UetNaD>

Nepal

WATCH

Parliament approves labour bill



Talent

The General Federation of Nepalese Trade Unions (GEFONT) hailed the legislature's adoption of worker friendly Labour Bill 2074-BS:

- Minimum standards for wages and benefits will be applied for all workers, including those contracted for casual work or task-based work.
- The retirement age will rise from 55 to 58.
- Workers may not be fired without cause.
- Strikes are allowed but only after dispute resolution is tried.
- Trainees and part-time workers will be covered by the social protection system without a vesting period.
- There will be 60 days maternity leave and another 38 unpaid.
- Workers may not be prevented from joining unions.
- A collective agreement is good for two years and carries over after two years if a replacement hasn't been negotiated yet.
- May Day and March 8 join the roster of public holidays.

The law awaits the President's signature.

Link

<https://goo.gl/nL5mbV>

Philippines

WATCH

Universal health bill clears House



Health

House Bill 5784, The Universal Health Coverage Act, has cleared its third and final reading in the House of Representatives. A scheme extending affordable health services to all citizens would convert PhilHealth to the Philippine Health Security Corporation (PHSC):

- Coverage would include preventive care, rehabilitation, pharmaceuticals, dental care, palliative care, and mental health services.
- Contribution rates are not yet set.
- The supplementary coverage from private health insurance (PHI) and Health Maintenance Organizations (HMOs) would be somewhat standardized to effectively complement the new scheme. HMOs and PHIs would have a three-year deadline to add coverage for pre-existing conditions, pregnancy, preventive care, and people above age 60.
- There would be fixed coinsurance rates for a comprehensive range of inpatient care. A basic package of inpatient health services would be available at no charge to the "non-contributory" (indigent) population and any others who opt out of the comprehensive plan.
- Outpatient care in private facilities would have a schedule of copayments, but it would be free in public facilities.
- Within three years of the scheme's launch, everyone would be assigned a primary care provider.

The bill's Senate Counterpart SB 1458 has had its first reading and a round of committee hearings.

Link

<https://goo.gl/Nx8ARr>
<https://goo.gl/DpJy81>

South Africa

NOTE

New health insurance coverage rules



Health

The Demarcation Regulations under the Long-Term Insurance Act and the Short-Term Insurance Act set out a number of requirements for medical schemes and health insurance policies. New rules improve consumer protection and set some coverage standards:

- Health insurers must charge the same premiums to all members of an employer group, but there is an exception for those who started a policy at age 65 or above.
- Gap plans offered by health insurers would be allowed a maximum three-month general waiting period for coverage or a 12-month period for a specific pre-existing condition.
- Gap cover policies may not exceed R 150,000 per year.
- Primary health care insurance products will be replaced by the Low-Cost Benefit Option (LCBO) scheme once the Department of Health has restored it, approximately spring 2019.
- Hospital cash plans will be subject to daily and lifetime limits.
- Top-up cover for when a policy holder has exceeded coverage limits will be illegal.

The regulations went into effect on April 1, 2017 for new policies, but existing health insurance products have a January 1, 2018 compliance deadline.

A recent client bulletin from Aon South Africa is available in the link provided.

Link

<https://goo.gl/L6VJMz>
<https://goo.gl/yf6EQ5>

South Africa

NOTE

Retirement fund default regulations take effect



Retirement

The Treasury has published the final Retirement Funds Default Regulations, effective September 1, 2017. Under these rules:

- All defined contribution plans must include an "appropriate, reasonably priced" default investment portfolio for members who do not select a fund.
- A default preservation strategy must give departing members of pension and provident funds the option of leaving their savings in the fund with fees no higher than those for active members. This would be a binding choice with the funds accessible only upon death or retirement.
- As the choice of a life annuity is irreversible, annuity purchase should be a "soft default." Funds should ask participants at the outset for their preference between living and life annuity. Members must be provided retirement benefits counselling before their final selection.

Any existing default arrangements must be brought into compliance by March 1, 2019.

Link

<https://goo.gl/Z8DQg5>

South Korea

WATCH

Salary definition expansion ruling



Talent

The Seoul Central District Court has ruled that regular bonuses and meal allowances should be included in the definition of basic salary that is used to calculate salary-linked allowances including pensions, severance pay, vacation payments, compensation for unused leave, and overtime pay. The decision will be appealed. There are 115 similar disputes already before district courts. The Finance Minister is now planning a labor law amendment that will clarify the definition of basic salary.

Sweden

WATCH

New pension solvency rules proposed



Retirement

The Financial Supervisory Authority (Finansinspektionen) has proposed new regulations on capital requirements for occupational pensions. One component would be a standard minimum capital requirement and the authority would be empowered to take away the licenses of those pension companies that fall below a certain threshold. The other would use a variation on the traffic light model to gauge a pension's risk exposure. When found "risk-sensitive," a pension fund would be asked to remedy the imbalance, but would have adequate time for a smooth recovery, and a strong fund that can handle some risk would not necessarily be dissuaded from pursuing higher gains. Many of the plan's details are not finalized.

Link

<https://goo.gl/vhR92y>

Switzerland

NOTE

Green light for pure DC 1e plans



Retirement

The 1e plan, a second-pillar pension with personal investment choices for people earning at least 4.5 times the maximum old age pension (AHV/AVS), was first introduced in 2006 but has seen little use. The Federal Council has now approved measures clarifying 1e schemes. If requisite legal conditions are met, they will qualify as pure defined contribution schemes in that members will no longer have a guarantee of accrued assets if their investments have lost money. Participants will have up to 10 investment options, at least one of which must be "low-risk." These changes will go into effect on October 1, 2017 and existing 1e plans will have until January 2019 to come into compliance.

Link

<https://goo.gl/EPQMmR>

Switzerland

NOTE

Client bulletin on 1e plans



Retirement

Aon Switzerland has produced a bulletin on amendments to the 1E scheme legislation which is available in the link provided.

Link

<https://goo.gl/wYg3gk>

United Kingdom

WATCH

New executive compensation disclosures planned



Talent

The Department for Business, Energy & Industrial Strategy has outlined a corporate governance reform agenda featuring tougher controls on executive remuneration:

- All listed companies would be required to disclose the ratio between top executive and average worker salary.
- 900 of the top listed companies would publish this ratio annually along with a justification of the gap.
- There would be a new public register for all listed companies where shareholders have registered "significant...opposition" to executive remuneration.
- A "comply or explain" amendment to the UK Corporate Governance Code would require either appointment of a director from the workforce, designation of a nonexecutive director and employee representative, or establishment of an employee advisory council.



The legislation is due over the next few months and the Corporate Governance Code amendment is expected by June 2018.

Link

<https://goo.gl/Be2veA>

Other Notable Updates

Area	Country	Date	Name
 Health	Bermuda	09/07	Health coverage shifts
	Canada	09/28	BC Medical Services Plan premiums to be reduced by 50% on January 1, 2018
	Georgia	09/07	Restrictions on universal health coverage
	Ghana	09/07	Tax break on imported drugs
	Lebanon	09/14	Retiree health insurance scheme
	Malaysia	09/07	Health insurer fees come under scrutiny
	Netherlands	09/21	New occupational safety law
	Peru	09/07	Pre-existing conditions law
	Russia	09/28	Health insurance waived for short visits
	South Korea	09/14	Health premium nudged upward
	Turkey	09/28	Medical malpractice indemnity pool
	UAE	09/14	Abu Dhabi health reform initiative
	Venezuela	09/28	Insurance premium surcharge
 Retirement	Australia	09/14	Super compliance controls strengthened
	Australia	09/14	Super sector consolidation plan
	Canada	09/14	Québec Member Funded Pension Plans
	Canada	09/14	Saskatchewan Limited Liability Plans
	India	09/07	EPF portability improved
	Indonesia	09/21	Pension investment menu expands
	Nigeria	09/14	Crackdown on early withdrawals
	South Africa	09/07	Another deferral for compulsory annuitization
	US	09/07	IRS Issues Model Plan Amendments for Pension Plans Offering Bifurcated Payment Options
	US	09/07	Final Pension Mortality Regulations Routed to Office of Management and Budget
	US	09/14	DOL Releases Notice Delaying Fiduciary Rule Exemptions Until July 2019
	US	09/14	IRS Further Extends Temporary Non-discrimination Relief for Closed Defined Benefit Plans Through 2018
	Mayotte	09/28	Social security contributions rise

Area	Country	Date	Name
	UK	09/28	Auto Enrollment DB transitional period
	UK/EU	09/28	Benefit increases to continue after Brexit
 Risk	Pakistan	09/14	New insurance policy renewal process
	Saudi Arabia	09/21	Life insurance to be VAT exempt
	Uganda	09/28	New regulatory framework for insurance sector
 Talent	Australia	09/21	Fines rise for Fair Work Act violations
	Austria	09/21	Hiring incentive introduced
	Austria	09/28	ICT transposition due soon
	Brazil	09/21	Ruling on taxation of reimbursement for expatriate pay
	Brazil	09/28	Ruling on taxation of profit-sharing schemes
	Cambodia	09/07	Labor reform agenda
	Croatia	09/14	Foreign employment law revised
	Croatia	09/21	Employee recordkeeping simplified
	Denmark	09/14	Tax incentive for select foreign workers improved
	EU	09/21	Landmark privacy ruling
	EU	09/28	Ruling on employment law jurisdiction for flight crews
	Finland	09/14	SC ruling on fixed-term contracts
	Germany	09/07	Parliament approves ICT bill
	Germany	09/14	Ruling on employee monitoring
	Germany	09/21	English translation of GDPR law
	Germany	09/21	Acquired rights entitlement denied
	Germany/EU	09/07	Tax regime discriminates against cross-border workers
	Israel	09/21	New severance pay formula
	Ivory Coast	09/07	Biometric cards required
	Japan	09/14	Child care leave extension
Kenya	09/28	Benefit tax guidance revised	

Area	Country	Date	Name
 Talent	Kuwait	09/07	Holidays added
	Latvia	09/07	Labor law amendments enacted
	Malaysia	09/14	New salary bands for expatriate employment passes
	Malta	09/14	Guidance on taxation of perquisites
	Mexico	09/14	Online compliance reporting system
	Mexico	09/14	Collaboration on lactation centers
	New Zealand	09/07	New occupational safety rules
	New Zealand	09/21	New skill bands for essential skills work visas
	Nigeria	09/28	Guidance on moving expenses
	Pakistan	09/21	Finance Act 2017 passed
	Paraguay	09/07	Family leave benefits expanded
	Portugal	09/21	New workplace harassment law
	Portugal	09/28	Boardroom gender quotas law
	Puerto Rico	09/07	Equal Pay Act
	South Korea	09/07	Maternity leave allowance to double
	Sweden	09/14	Tax exemption for certain stock awards
	Turkmenistan	09/28	Labor Code amendments enacted
	UK	09/28	Ruling on salary definition
	US	09/21	Federal Judge Invalidates Final Overtime Rule
	Vietnam	09/28	Work permit application portal

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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