

# #GlobalBenefitsBulletin Highlights

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Rule Guidance

## Key Updates

### Austria

#### NOTE

#### Worker participation fund



Talent

Parliament has recently approved legislation establishing a new Worker Participation Fund, Mitarbeiterbeteiligungsstiftung. From January 1, 2018, employers will be able to provide employees free or discounted company shares up to EUR 4,500 a year exempt from income tax and social security contributions provided they are issued to the Worker Participation Foundation and held there for the duration of one's employment at the company. To qualify, the scheme would have to grant shares to all employees or to a non-discriminatory subset; e.g., based on years of service rather than management status. Additional key details:

- This scheme is currently limited to companies that are not publicly traded, but stakeholders are urging the government to expand eligibility.
- Administrative costs of the foundation are not a taxable benefit-in-kind.
- The company may claim the value of the shares as a corporate income tax deduction.

The shares involved in the scheme are capped at 10% of shareholder voting rights.

Link

<https://goo.gl/SUasor>

## Cambodia

### WATCH

#### Social security reform agenda



Retirement

The Prime Minister has outlined the new Social Security System approved by the Council of Ministers last spring. The existing low-penetration social security program would be replaced by a broad-based system featuring a state pension for the private sector as well as health insurance, employment injury insurance, unemployment insurance, and disability insurance. During consultations late last year, the pension scheme was depicted as financed by employer and employee contributions of 5-7% each. Workers who had contributed at least 20 years would be able to claim benefits from age 63. The National Social Protection Policy Framework is slated for full implementation by 2025.

Link

<https://goo.gl/xCQBfT>

## Germany

### WATCH

#### Acquired rights decision



Talent

The Regional Labour Court, Baden-Wurtemberg, drew some attention with a novel interpretation of a European Court of Justice landmark case law prohibiting deterioration of a works agreement in a transfer of business. The case was brought by workers whose occupational pension scheme was replaced following a merger by the new employer's less favorable pension scheme. The Court interpreted the ECJ ruling as having narrow application and determined that a scheme broadly harmonized with the previous pension (the new employer had drawn up a social plan for the merger with its own works council) had met legitimate employee expectations. The case will now advance to the Federal Labour Court.

## France

### NOTE

FRPS regulations published



Retirement

The government has published a significant portion of the implementing regulations for the new *Fonds de Retraite Professionnelle Supplémentaire* (FRPS), occupational pensions that would qualify as Institutions for Occupational Retirement Provision (IORPS), but be exempt from the Solvency II rules. These regulations cover certification, "prudential management," and governance of FRPS. Additional regulations due soon will set out how the solvency rules differ from Solvency II. Legislation ratifying the April FRPS ordinance is still before Parliament.

Link

<https://goo.gl/dZgwU5>

## Gulf Cooperation Council

### WATCH

Medical insurance subject to VAT



Health

The six nations of the Gulf Cooperative Council agreed earlier this year to impose a 5% value-added tax in 2018 and to retain the option to keep medical services exempt. Guidance (sec. 2.20) issued last month by the UAE Finance Ministry indicated that the emirates will apply the VAT to most insurance premiums, including medical insurance, but that life insurance will be exempt. Medical services, medical equipment, and pharmaceuticals will be zero-rated in the UAE. Dubai has set a January 1, 2018 date for entry into force. Incidentally, Saudi Arabia, which is expected to also tax medical insurance premiums but exempt life insurance, also has a January 1 implementation date, but has not finalized its rules.

Link

<https://goo.gl/dQkfQp>

## India

### WATCH

#### Cabinet approves wage bill



Talent

A consolidation of numerous labour codes into four or five has now yielded its first legislation, the Labour Code on Wages Bill, which has been approved by the Cabinet and is slated to reach Parliament this month. Among the highlights:

- A nationwide minimum wage would now apply to all states and all sectors, but they would be allowed to set a higher minimum wage.
- A uniform definition of wages would include salary and allowances but not bonuses, perquisites, pension contributions, and gratuities.
- "Facilitators" would replace inspectors to monitor compliance and the state governments would establish authorities to hear wage disputes.
- A provision on equal work for equal pay specifies that there may be no salary discrimination against male, female, or transgender employees.
- Wages would be paid by bank transfer or check unless the government notifies an employer otherwise.
- Employers would keep a register of salary details and submit an annual report to the government

Link

<https://goo.gl/HXPbWx>

## Macau

### NOTE

#### Second-pillar scheme resources



Retirement

The Social Security Fund (FSS) recently met with the Macau Monetary Authority (AMCM) to settle jurisdiction issues for establishment of the non-mandatory central provident fund system. The FSS will supervise implementation and the AMCM will assume oversight of retirement fund products and the governance of fund management entities. The FSS has consulted with fund management entities on bylaws for the system and has previewed its online information platform.

Also, the FSS has created a resource page for the new system (#GBB June 22 2017), including a link to the law.

Link

<https://goo.gl/cwGcng>  
<https://goo.gl/WrPVu2>  
<https://goo.gl/aEvfS4>

## Malaysia

### RESPOND

#### New code of corporate governance



Talent

The Malaysia Securities Commission has issued a revised Malaysian Code on Corporate Governance with some notable provisions:

- Criteria and protocols for formulation of "fair and transparent" director and management remuneration policy are set out.
- Detailed remuneration disclosure is required for the top five senior managers and "encouraged" for all senior managers.
- The board of directors should be at least 30% female in large companies and that figure should be a goal for all.

Link

<https://goo.gl/oPMmGE>

## Malaysia

### WATCH

#### Unemployment insurance bill



Talent

The Human Resources Minister has submitted the Employment Insurance System Bill 2017 to Parliament. Workers who are laid off, have resigned with cause, or are in voluntary or mandatory separation schemes would qualify for a job search allowance. Those who retire are terminated for misconduct or conclude a fixed-term contract would not be entitled to the allowance. This allowance would be a tapering benefit:

- First month—80% of final salary, capped at RM 4,000.
- Second month—50%.
- Third and fourth month—40%.
- Fifth and sixth month—30%.

Other benefits in the scheme include a training allowance (25% of daily salary) and a re-employment allowance (25% of total remaining job search allowance) for those who get a new job early in the search period. There is also a reduced income allowance formula for those who lose one of multiple jobs. The bill appends a schedule of matching employer and employees' contributions which generally total between 1-2% of monthly salary and range from 10 sen to RM 19.75. Employers would be barred from cutting wages or existing benefits to offset this contribution. The bill's second reading was postponed for last-minute revisions and stakeholder consultations, but the Social Security Organization (SSO) still plans to begin implementation at the start of next year. The contributions are expected to start in January 2018 and delivery of benefits in January 2019.

## Nepal

### RESPOND

Social security bill passed



Retirement

Parliament has adopted the government's social security bill. Contributory schemes for those in the formal sector will include pensions, disability benefits, health insurance, accident insurance, maternity coverage, and unemployment insurance. Those who cannot afford to contribute will qualify for basic health care services and an unemployment allowance.

## Singapore

### NOTE

New rights for term contract workers



Talent

The Ministry of Manpower has collaborated with social partners on the Tripartite Standard on Employment of Term Contract Employees, voluntary guidelines for improving employment conditions for fixed-term contract workers. These best practices include leave entitlements, job training, and termination notice periods based on length of service. Additional tripartite standards for contract workers will arrive in the coming months. Participating employers—296 signed up before this first release—will be recognized by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) and authorized to include this designation in their recruitment and marketing materials.

Link

<https://goo.gl/yJPfTj>



## Uganda

### WATCH

#### NSSF reform bill revived



Retirement

The Retirements Benefits Sector Liberalization Bill, 2011 has been stalled in Parliament for several years, but a number of stakeholder organizations, including the Uganda Association of Insurance Brokers and the Actuarial Association of Uganda, have teamed up to push for passage. The bill would break the National Social Security Fund's (NSSF) monopoly on the pension sector by allowing private companies to compete with it. In addition:

- For both mandatory state pensions and voluntary occupational pensions, contributions and withdrawals would be tax-exempt, but interest income would be taxed.
- Social security eligibility would no longer be limited to companies with at least five workers.
- There would no longer be a benefit guarantee.
- People who had contributed at least 10 years would be able to withdraw up to 30% for home purchase.
- Occupational schemes would be more portable.

Link

<https://goo.gl/8XJCGB>

## United Kingdom

### RESPOND

#### Ruling on holiday pay formula



Talent

The Employment Appeal Tribunal has delivered a binding decision supporting a broader definition of salary for statutory holiday pay calculations. All payments for voluntary duties conducted "with sufficient regularity" outside of normal work shifts should be included in the equation. These include overtime, stand-by payments, call-out allowances, and related travel allowances. Previous case law had determined that payment for compulsory overtime must be factored into holiday pay. This case may be referred to the Court of Appeal.

Link

<https://goo.gl/6wxta7>

## United Kingdom

### WATCH

#### Brexit and cross-border pensions



Retirement

An important sidebar to all the benefits issues raised by the Brexit process is getting a higher profile from a major stakeholder. The Association of British Insurers (ABI) has shared an account of correspondence between the heads of the Prudential Regulatory Authority (PRA) and the Treasury Committee on the uncertain status of millions of cross-border pension and insurance contracts that the insurers may no longer be empowered to service. If they can no longer insure in a customer's jurisdiction, they will not be able to legally honor their obligations under existing contracts. The PRA has flagged this issue as a top concern.

Link

<https://goo.gl/qErydw>

### WATCH

#### DOL Publishes Second Set of FAQs on Transition Period Fiduciary Rule Guidance



Retirement

In early August, the Employee Benefits Security Administration of the Department of Labor (DOL) issued its second set of conflict of interest frequently asked questions (FAQs) related to transition period fiduciary rule relief and guidance for financial advisors, retirement plan sponsors, and individual workers and retirees. The DOL released the first set of FAQs and corresponding Field Assistance Bulletin (No. 2017-02) in May 2017.

On April 7, 2017, the DOL announced that the applicability dates in its fiduciary investment advice rule and related prohibited transaction exemptions would be delayed from April 10, 2017, to June 9, 2017, with certain provisions in the exemptions further delayed to January 1, 2018. As a result, on June 9, 2017, investment advice providers to retirement savers became fiduciaries, and the “impartial conduct standards” became requirements of the exemptions. Other exemption conditions that were scheduled to become applicable on April 10, 2017, were delayed to January 1, 2018, while the DOL conducts its ongoing examination of the fiduciary investment advice rule as directed by the president. On August 9, 2017, the DOL filed a notice in connection with an ongoing litigation advising of its intent to propose to extend the January 1, 2018 applicability date to July 1, 2019, which will permit additional time for examination of the rule.

The second set of FAQs discusses:




- Fiduciary rule and 408b-2 service provider disclosure regulations;
- Treatment of recommendations to contribute to a plan or IRA under the fiduciary investment advice rule; and
- Treatment of recommendations on increasing plan participation and contribution rates under the fiduciary investment advice rule.

The newest Conflict of Interest FAQs (Transition Period – Set 2, August 2017), (Transition Period – Set 1, May 2017) and the Field Assistance Bulletin No. 2017-02 are available in the links provided.

Link

<https://goo.gl/BPBYCj>  
<https://goo.gl/XfUj7x>  
<https://goo.gl/8ogu56>

## Other Notable Updates

Area	Country	Date	Name
 Health	Australia	08/10	Risk management for health insurers
	China	08/03	National reimbursement network for medical care
	Greece	08/17	Drug access improved
	Kuwait	08/31	Expatriate copayments set to rise
	Philippines	08/03	Philhealth admits foreign nationals
	Romania	08/17	Tax break for private medical subscription
	South Africa	08/10	Revised guide on medical tax credits
	South Africa	08/17	Ruling on MSA accounting
 Retirement	Canada	08/03	Multi-jurisdictional pension plan funding and asset allocation rules
	Canada	08/10	Federal PRPPs – Default Investment Options
	Canada	08/31	Nova Scotia temporary solvency funding relief
	India	08/10	Senior citizen's pension scheme
	India	08/17	EPFO disclosure requirements
	Latvia	08/17	Tax measures clear Parliament
	Poland	08/10	OFE reform delay
	Romania	08/10	Social security contribution shift
	Romania	08/17	Minimum threshold set for contributions
	UK/EU	08/31	Post Brexit social security coordination
	Zimbabwe	08/03	Rules for pension fund trustees
 Talent	Angola	08/10	Work permit cap removed
	Azerbaijan	08/31	Unemployment insurance law gazetted
	British Virgin Islands	08/10	Work permit exemptions clear Cabinet
	British Virgin Islands	08/31	New work permit fee schedule adopted

Area	Country	Date	Name
 Talent	Cyprus	08/03	Parliament adopts family leave package
	Czech Republic	08/03	Disability benefit rises/Social security report card
	Czech Republic	08/17	Immigration reform comes into effect
	Democratic Republic of Congo	08/17	Biometric work cards required
	EU	08/17	Workplace privacy guidance revised
	France	08/03	High-tech visas introduced
	France	08/17	Labour reform by decree measure advances
	Germany	08/03	Co-determination ruling
	Global	08/10	Insurance sector disclosure of climate-related risk
	Greece	08/17	Posted worker directive transposed
	Guatemala	08/31	Implementing rules due for part-timers
	India	08/03	New GST regime
	Israel	08/17	Changes to long-term disability insurance
	Japan	08/17	Permanent residency application process relaxed
	Kenya	08/03	Ruling on tax treatment of termination benefits
	Kenya	08/17	Early withdrawal penalties eased
	Macedonia	08/31	Minimum wage hike subsidized
	Malawi	08/10	New FBT rules
	Moldova	08/17	Payroll reporting consolidated
	Netherlands	08/03	Ruling on calculation for 183-day rule
	New Zealand	08/10	Pay equity guidance
	Nigeria	08/31	Local certification needed for foreign professionals
	Panama	08/31	Fine for exceeding foreign worker limits
	Poland	08/10	Employee protection measures
	Portugal	08/03	New process for determining employment status
	Qatar	08/31	Permanent residency cards
Romania	08/31	Labour Code amendments	
Russia	08/03	Civil defense training requirement expanded	

Area	Country	Date	Name
 Talent	Saudi Arabia	08/31	Saifi training program
	Singapore	08/03	New mediation bodies
	South Africa	08/03	Gig economy ruling
	South Africa	08/03	Ruling caps temporary employment services at three months
	Spain	08/03	New worker training regulations
	Sweden	08/10	Ruling on taxation of directors' fees
	Switzerland	08/10	ICT guidelines
	Tunisia	08/17	Sexual discrimination law adopted
	Turkey	08/31	Sunday holiday requirement repealed
	UK	08/10	EU withdrawal bill
	UK	08/10	Tribunal fees ruled illegal
	UK	08/31	UK government has published its Brexit related EU (Withdrawal) Bill
	Ukraine	08/31	Minimum wage for foreign workers
	Zimbabwe	08/31	Job protection measure ruled retroactive

## 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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