

GLOBALIZATION
PARTNERS

THE GLOBAL HIRING HANDBOOK

Your go-to guide to onboard
and manage talent in the top 20
countries for international expansion

GLOBALIZATION
PARTNERS
IS AN EMPLOYER
OF RECORD,
OPERATING IN OVER
187 COUNTRIES
AROUND THE
WORLD

Visit us at globalization-partners.com to learn more.



Welcome. What if people around the world, from every country, could work together effortlessly? What if location didn't limit collaboration? What if you didn't have to leap through payroll and legal hurdles every time your team wanted to hire a team member in a new country? What if borders weren't boundaries?

This is my vision: a world where the greatest companies can connect with the best talent, without regard to jurisdiction. A world where people connect across cultures through commerce and build our generations' greatest and truly global businesses – and have fun doing it.

That vision starts here, with you. HR professionals are often the leaders of change in the workplace. We want to equip you with the information you need to understand the team members you must support as your organization grows globally.

For that reason, we're pleased to present our 2020 HR Handbook for the top 20 global expansion countries. Consider this your go-to guide for hiring and managing employees around the world. And consider us your most up-to-date solution for global people management.

Globalization Partners' solution puts the world's talent at your fingertips, by enabling you to hire anyone, anywhere, without the complexity of figuring out the legal, HR or tax issues of every country. You identify the talent you want to hire, and we put your candidate on our payroll. Our aim is to lift the burden of global tax, HR and legal infrastructure from your shoulders to ours. With 96% client satisfaction ratings earned over nine years in business, we've proven our model works.

Picture hiring revenue team members throughout Asia, Europe, or any country they can imagine closing deals. Picture hiring your dream engineering team in Poland. Now, it's all possible.

Let's hire the world together.



Nicole Sahin
Founder & CEO,
Globalization Partners

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Egypt



Egypt

Did you know?

- ✓ The Egyptians invented the 365 day a year calendar.
- ✓ The most popular sport in Egypt is football.
- ✓ The official language is Arabic.
- ✓ Greater Cairo is the largest city in Africa and the Middle East.

Egypt is in northeast Africa with a small portion of the country on the Asian continent. The country borders the Mediterranean Sea and the Red Sea and controls the Suez Canal.

The famed Nile River cuts vertically across Egypt, flowing towards the Mediterranean. Because most of Egypt’s territory is desert, 96% of the population of 91 million lives either along the Nile or in the Nile Delta. Egypt’s GDP is USD 286 billion and growing at 3.8% annually. The unemployment rate is 12.7%. Egypt’s major exports are oil, chemicals, agricultural products, livestock, and textiles.

Egyptian culture is more patriarchal than some Western cultures, which in the workplace often translates into a working environment where the employer will be seen as a caretaker of employees. Finding a great leader in your local office is critical, and they will become a much valued member of your team.

Egyptian culture is also respectful, with a priority placed on politeness. Your team members may be less direct in communicating negative sentiment, so listen carefully, as they’ll avoid being overly direct so as not to offend you.

EMPLOYMENT CONTRACTS IN EGYPT

Fixed-term contracts are allowed for up to five years. Employees who continue to work after five years will be considered to have indefinite term contracts. It is legally required to put a written employment contract in place in Egypt, in triplicate and in Arabic. The contract should spell out the terms of the employee’s compensation, benefits, and termination requirements. An offer letter and employment contract in Egypt should always state the salary and any compensation amounts in Egyptian pounds rather than a foreign currency.

HOLIDAYS IN EGYPT

Egypt celebrates 12 national holidays:

- **Coptic Christmas Day** - January 7, 2020
- **Revolution Day** - January 25, 2020
- **Coptic Easter** - April 19, 2020
- **Sham el Messim** - April 20, 2020
- **Sinai Liberation Day** - April 25, 2020
- **Labour Day** - May 1, 2020
- **Eid Al Fitr** - May 23-26, 2020
- **National Day** - July 23, 2020
- **Eid Al Adha** - July 30 - August 3, 2020
- **Al Hijra** - August 19 - August 20, 2020
- **Armed Forces Day** - October 6, 2020
- **Milad Un Nabi** - October 28 - 29, 2020

BONUS IN EGYPT

Annual bonuses are common in Egypt.

WORKING HOURS IN EGYPT

In Egypt, the working hours are 40 hours a week, Sunday through Thursday.

VACATION IN EGYPT

Employees are generally entitled to 21 days of annual paid leave, once they have worked for 6 months. After 10 years of service, or upon reaching the age of 50, they are entitled to a month of paid leave. Employees who have worked for a consecutive five years are generally eligible for a one-time, one month’s paid leave for a religious pilgrimage.

SICK LEAVE IN EGYPT

Employees are generally entitled to up to 6 months of sick leave to be paid at between 75% and 100% of the employee’s regular wage.

TERMINATION/SEVERANCE IN EGYPT

Probation periods may not exceed three months and may not be renewed. AAn employer who wishes to terminate an employee must go before a committee with judicial powers at the Ministry of Manpower and Migration. The committee has 15 days to decide whether to grant the request.

The employer may then dismiss the employee, who retains the right to challenge the dismissal in court. Employees with less than 10 years of service are entitled to 60 days’ notice of termination. After 10 years, the employee is entitled to 90 days’ notice.

TAXES IN EGYPT

Employees and employers must contribute to social security, up to a limit of salary:

For salaries up to LE 700:

Employer - 26%

Employee - 14%

For salaries over LE 700 and up to LE 500:

Employer - 24%

Employee - 11%

Social security provides the following benefits: Pensions, Disability payments, Sickness payments, Maternity leave, Death allowances, Unemployment insurance.



Giza Plateau, Cairo

HEALTH INSURANCE IN EGYPT

Private companies must provide free healthcare for Egyptian employees through the Medical Insurance Plan of the Ministry of Social Insurance or privately.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Egypt to engage a small team would be incredibly time-consuming, expensive and complex.

Egyptian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices.

Globalization Partners makes it painless and easy to hire your team in Egypt. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team.

This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business. **If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Egypt, please contact us.**



Tourists on camels near the Great Pyramids of Giza, Egypt



France



France

Did you know?

- ✓ **The population of France is 67.2 million people.**
- ✓ **France is the world's most popular tourist destination.**
- ✓ **The Eiffel Tower was supposed to be a temporary installation.**

France is one of Europe's largest countries. It is bordered by six countries other nations: Germany, Belgium and Luxembourg to the northeast, Switzerland and Italy to the southeast and Spain to the southwest.

The United Kingdom borders France via the English Channel. France is considered the gateway to the rest of Europe because it is home to several large international airports, numerous ferry terminals and the French rail service. France has the second largest economy in the European Union after Germany.

Unemployment is at 8.5 percent. France's top exports range from machinery and transportation equipment to pharmaceuticals, chemicals, and plastics. The country is the second largest world exporter of services and farm products.

EMPLOYMENT CONTRACTS IN FRANCE

France has a strong trade union culture. A Collective Bargaining Agreement (CBA) is a written agreement entered between one or more trade unions representing employees, or one or more trade unions representing employers in a specific sector. The CBA typically governs individual and collective labour relations, working conditions, employee benefits, etc.

Wages should be clearly outlined within the employment agreement, and if a 13th month salary bonus is to be paid or is mandatory as part of the CBA, this must also be stated within the employment contract. It is legally required to put a strong employment contract in place in France, in French, which spells out the terms of the employee's

compensation, benefits, and termination requirements. An offer letter and employment contract in France should always state the salary and any compensation amounts in Euro rather than a foreign currency.

HOLIDAYS IN FRANCE

Only Labor Day/1st May Day is a compulsory public holiday, but in practice, all the holidays (10 days) are given to employees. The remainder of the holidays are granted by convention (collective agreement between the employers' and employees' unions) or by agreement of the employer. The people of France celebrate 10 national public holidays, including:

- **New Year's Day**, January 1, 2020
- **Easter Monday**, April 13, 2020
- **Labour Day/ 1st May Day**, May 1, 2020
- **WWII Victory Day**, May 8, 2020
- **Ascension Day**, May 21, 2020
- **Bastille Day**, July 14, 2020
- **Assumption of Mary**, August 15, 2020
- **All Saint's Day**, November 1, 2020
- **Armistice Day**, November 11, 2020
- **Christmas Day**, December 25, 2020

WORKING HOURS IN FRANCE

The length of the work week in France is typically 35 hours. Legally, employees must not work more than an average of 44 hours per week over a period of 12 consecutive weeks, and the workday may not exceed 10 hours or 48 hours during any given week, unless agreed to under a CBA.

Under the PEO CBA, the maximum overtime workable per year is 130 hours and the maximum workday is 35 hours.

When overtime is incurred on a normal workday, payment (or rest time in lieu) must be made with following pay increases:

- +25% an hour** for each of the first eight hours of overtime (from the 36th to the 43rd hour inclusive)
- +50% for each hour** after that.

However, it should be noted that many exceptions are allowed, especially under CBAs. Some managerial staff, for example, classified as "autonome" (i.e. autonomous – free to organize their schedule and workload) work more than 35 hours a week, but are given additional holiday days. All PEO staff must be "autonome" managerial-level staff. If their salary is above 50K€, there is a more flexible work time option than the default 35 hour/week schedule that includes RTT days. This avoids all tracking/payment of overtime hours. See more information in the vacation leave section below.

VACATION LEAVE IN FRANCE

All employees have a right to paid leave. Employees are entitled to five weeks of paid leave per year. This is prorated according to days worked. Some CBAs and companies have negotiated agreements for working more than the standard 35h week. In that case, the agreement will compensate the overtime with "reduction of working time" or RTT days, which can be anything between none (for a 35-hour schedule) and two RTT days per month, depending on each company's work time agreement.

The RTT days are calculated by taking the working days in the year and subtracting the contracted days. There is no law regulating how to prorate RTT days for employees starting mid-year, however all employees must be treated equally so there is a standard calculation Globalization Partners uses.



La Defense at sunset,
Paris, France

French law requires a Holiday accrual of 10% of total cost, paid out when the employee takes vacation (five weeks per year), with the balance paid at the end of the contract if there are any remaining.

SICK LEAVE IN FRANCE

Employees must provide the employer with a medical certificate from a doctor if they are absent from work due to illness or injury, even for one day, within 48 hours of the beginning of their absence. Without a medical certificate, it is unjustified leave. During a sick leave, the employment contract is suspended.

Unless repeated absences make it necessary to replace the sick employee with another employee under an indefinite term contract, the sick employee cannot be dismissed. Sick leave pay is determined by the collective bargaining agreement.

It should be noted that it is extremely rare for sick time to be utilized due to the extended vacation and RTT days provided to employees.

PARENTAL LEAVE IN FRANCE

Employees who have worked for at least one year before childbirth are entitled to parental leave, if they wish, and this right lasts until the child's third birthday. One parent can take up to two years, and the other parent the third year.

The parental leave can be full-time or part-time (minimum 16 hours/week worked). This leave must be requested by employees every year, at least one month before the end of maternity leave, or in case of a renewal or two months if not consecutive to maternity leave. It cannot be refused by employer. The employment contract is suspended during this time and the employer does not have to pay compensation

for time not worked. However, the employee can receive certain indemnities from the social security system. During maternity and paternity leave employees are entitled to a daily allowance from the social security authorities and, if there is no CBA applicable in the company, employers are not required to pay salary during maternity and paternity leave.

However, CBAs typically state the employee's salary must be paid in full if the employee has a certain length of continuous service (typically one year on the date of the child's birth).

Statutory Maternity Leave is as follows:

- **For a single birth** bringing the mother's number of children to three or more, maternity leave is 26 weeks, eight weeks before the expected due date and 18 weeks after the birth.
- **For the birth of twins**, maternity leave consists of 12 weeks before childbirth, and 22 weeks after childbirth. **For the birth of triplets or more**, maternity leave consists of 24 weeks before childbirth and 22 weeks after childbirth.
- **The relevant CBA can also grant additional maternity leave.**
- **Employees can choose to increase the proportion of maternity leave taken after childbirth**, decreasing the proportion taken before childbirth, if approved by a physician.

Male employees are granted three work days of leave on the birth of a child (paid by employer), and paternity leave of 11 consecutive calendar days (18 days if there are multiple births), which must be taken within the four months following the birth (paid by Social Security, sometimes with an employer add-on). Employees have the right to return to their original position after maternity leave and cannot be dismissed during pregnancy, maternity leave, or ten weeks after the end of maternity leave.

SEVERANCE PAY IN FRANCE

Employers should understand the benefits of probationary periods in France. If an employee is terminated while the probation period is in effect, your risk of a very high severance package is substantially reduced. The maximum length of a probationary period for indefinite contracts in France is three months for technicians and intermediate supervisors and four months for executive employees. The probationary period can be renewed once if the applicable CBA provides for it. For short term contracts, the notice period ranges from one day for a one-week contract to one month for a contract of six months or more. It cannot be renewed. The notice period for a termination in France depends on the employee's length of service. If termination occurs during the probation period, the severance payment will include the notice period only.

The notice period ranges from 24 hours to one month depending on the length of work at the company. If termination occurs after the probation period, there is a notice period as pre-determined by French law (between one to three months) and the collective bargaining agreement. For most CBAs it is a three-month notice period for a manager. France's termination process is complex and rigid, and typically takes about a month before the notice period commences. Employees who are dismissed or made redundant are entitled to pay in lieu of notice if they are not required to observe their notice period. There is no notice period for short-term contracts, but rather the employer is required to pay out the remainder of the contract until the planned end date. For this reason, it is extremely rare to have a short-term contract. Severance pay is awarded if the employer terminates an indefinite-term employment contract or the employee has the minimum length of service required by the Labour Code or applicable CBA (typically one year).

The amount of severance pay depends on the employee's length of service and the applicable CBA stipulations. Typically, the severance pay is calculated since an employee's average salary (often including bonuses) during the last year of employment, or last three months, whichever is higher. Employees receive statutory severance pay (i.e. 1/5 of monthly salary for each year of service for the first 10 years of service and 1/3 for each year above 10 years of service) if no CBA applies or the CBA rate is lower than the statutory amount. Employees with under one-year seniority are not entitled to any severance pay. The employee is owed any accrued vacation at termination. You can dismiss an employee for two reasons, economic and personal (performance or attitude).

For an indefinite-term employment contract to be dismissed, there must be real and serious grounds for dismissal, and there is a complex and time-consuming termination procedure that must be rigidly adhered to. In case of grave fault, no notice and no indemnity are due. In case of economic dismissal for someone with over one year of seniority, there is a special procedure whereby the employee will not serve notice but 21 days after the pre-dismissal meeting will directly be signed up with the unemployment services and will obtain higher benefits (75% of salary for one year) and better back-to-work support. The employer will have to pay the cost of employee's notice to the unemployment services to fund this.

France has an alternative to termination via dismissal: amicable termination. This allows you and the employee to agree upon a set of terms and conditions for an employee to leave amicably. While the minimum settlement required is equal to the amount provided in the case of a dismissal, typically this is increased to compensate for the fast processing time and reduced employer risk.

The simplified procedure for this type of termination takes five to six weeks, during which the employee must be paid. If the termination is at all complex, most lawyers suggest negotiating a severance package with the employee in order to settle out of court.

TAXES IN FRANCE

Income is taxed at a progressive tax rate in France depending on the income per "parts" in household (each adult counts as one, first two children as 0.5, then one per child). Net salary is paid before income tax. Income tax returns and payment is managed by the employee directly (returns in May, payment in September with pre-payments based on previous years in thirds or tenths). This is due to change in 2018, when pre-payments will be deducted from payroll.

The rates on income tax paid in 2017 (for income earned in 2016) are:

Average Income per part	Tax Rate
Up to €9,710	0%
Between €9,710 – €26,818	14%
Between €26,818 – €71,898	30%
Between €71,898 – €152,260	41%
Above €152,260	45%

Social security contributions for employer's amount to approximately 45% of the gross salary, while the employees' share amounts to about 22% (+/- 2% depending on the level of salary). Most of the social coverage in France is made up of contributions to funds which are fixed by law or the collective bargaining agreement and are thus common to all companies in the same branch. There are five components to compulsory coverage in France:

- 1. Social Security (URSSAF)
- 2. Unemployment (Pole Emploi)
- 3. Pension plan
- 4. Life & disability coverage
- 5. Health care coverage

SOCIAL SECURITY IN FRANCE

Health care costs: generally, refunds patients approx. 70% of most health care costs, or 100% in case of costly or long-term ailments.

Maternity and sickness pay: sick leave (50% of a capped salary from day four of sick leave onwards) and paternity (11 calendar days) and maternity leave (100% of capped salary for 16-26 weeks).

Disability insurance: to compensate for loss of income due to decreased ability to work. Amount of indemnity depends on level of disability.

Basic pension fund paid when 43 years have been worked or you reach 67 years (a little less if born before 1971) also paid to surviving spouse upon death (60% of spouse's pension).

Life insurance: three months capped salary paid out to heirs of deceased employee.

Work accidents: benefits for work-linked injury or sickness (100% of medical costs linked to injury/sickness and 100% capped pay during leave).

Family benefits are varied and include basic benefits for families with children, to offset childcare costs and

the costs incurred due to the arrival of a child, as well as benefits for special purposes.

Housing benefits paid out to support social housing and housing aid for low-income households. Spouses and children dependent of an employee or retired person are covered, if they are also French tax residents.

In a nutshell, if an employee's contract is terminated by the employer, he will get 57 % of his gross salary as unemployment benefits for up to two years (or three years if above 50 years old), based on one day worked = one day of benefits. The unemployment fund also provides a wide variety of financial aid and programs for employees creating a business, for training etc.

Above the basic pension plan provided by Social Security, all French employers must by law contribute to an additional private pension fund for their employees. Rates of contribution are determined by law and are the same for all employees in all companies but differ according to level of salary and cadre or non-cadre status. Someone who has worked a full career will be able to retire at 62 years with a pension of a little over 50% of his average salary.

Life and disability cover death, prolonged sick leave and disability risks. This is a small part of the contributions. Contrary to Social Security, Unemployment and Pension funds, the rates are not determined by law, but by CBA.

The rates (and consequently the coverage) determined by CBA are a minimum and each employer can choose to cover more (but all employees in one company have the same coverage, cannot be individualized).

EMPLOYEE BENEFITS IN FRANCE

The health care system in France is largely financed by government national health insurance and the country is considered to provide one of the best overall health care systems in the world.

The government generally refunds patients 70% of health care costs and 100% in the event of costly or long-term ailments. All residents must pay health insurance and the premiums are automatically deducted from employees' pay. As of January 1, 2016, it is mandatory for employers to provide a private health insurance that will complement the healthcare reimbursements of French Social Security. The amounts are determined by branch, through the applicable collective bargaining agreement (CBA).

- For example, under the SYNTEC CBA, which applies to all PEO, consulting & technology companies, **the employer is responsible for 50% (or €23.50)** of the base coverage of €47 per month in 2017 and the employee is responsible for the other 50%.
- **The cost includes coverage of dependent children**, however, it does not include coverage of an unemployed spouse or partner.
- **Employees can add higher levels of coverage and/or coverage of their spouse/partner** at a cost of up to €77 per month, which will be deducted from their net pay (the additional cost is the employee's sole responsibility).
- **Employees can refuse the coverage** if they were employed with the organization prior to January 1, 2016, if they are already covered by their spouse's compulsory coverage and can provide proof of this yearly, or if they are under a fixed-term employment contract not to exceed 12 months.

HOW WE CAN HELP

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in France. Why do that when you don't have to? Globalization Partners makes it easy to hire employees in France with minimal time and expense.

Our solution is to put your candidate on our locally compliant payroll, under our portage entity in France. This transforms the normal process of setting up and managing a company in France into a simple monthly invoice from our entity.

For all intents and purposes, the employee works for you, however, they're legally on our payroll. Engaging the employee through our already-existing local company enables you to skip the difficulty of creating a subsidiary and setting up a separate business in France – so that you, and your new team member, can instead focus on your business.

If you would like to discuss how Globalization Partners can help in France, please contact us.



Farandole en Avignon Provence



Germany



Germany

Did you know?

- ✓ There are over 2,100 castles in Germany.
- ✓ 1/3 of Germany is still covered in forests and wetlands.
- ✓ University is free to everyone.
- ✓ 64% of the roads in Germany have no speed limits.

With a population of 83 million, Germany is the seventh-largest country in Europe and one of the most densely populated countries in the world.

It borders Denmark to the north, Poland and the Czech Republic to the east, Austria and Switzerland to the south, France to the southwest, and Luxembourg, Belgium, and the Netherlands to the west. Germany has the largest economy in Europe, and the fourth-largest economy by nominal GDP.

EMPLOYMENT CONTRACTS IN GERMANY

It is legally required to have a locally compliant employment contract in Germany. The contract should spell out the terms of the employee's compensation, benefits, and termination requirements.

An offer letter and employment contract in Germany should always state the salary and any compensation amounts in Euro rather than a foreign currency.

HOLIDAYS IN GERMANY

Germany celebrates nine national public holidays as well as additional public holidays that vary by state:

- **New Year**, January 1, 2020
- **Good Friday**, April 10, 2020
- **Easter Monday**, April 13, 2020
- **Labour Day**, May 1, 2020
- **Ascension**, May 21, 2020
- **Whit Monday**, June 1, 2020
- **Day of German Unity**, October 3, 2020
- **Christmas**, December 25, 2020
- **St. Stephen's Day**, December 26, 2020

WORKING HOURS IN GERMANY

Employee working hours may not exceed eight hours per day and 48 hours per week. The typical work week consists of 35-40 hours.

BONUS PAYMENTS IN GERMANY

A bonus or commission program is discretionary on top of salary. There is no 13th month or 14th month salary payment in Germany.

VACATION IN GERMANY

German law provides for 24 days of vacation time for a six-day work week or 20 days for a five-day work week. In practice, most full-time employees receive 25 to 30 days of vacation time per year in Germany. Vacation time is not reduced by time taken for sick leave or public holidays.

SICK LEAVE IN GERMANY

Employees are entitled to at least six weeks of sick leave at full salary if the employee can present a medical certificate from their doctor. This is not something that is mentioned in the offer letter or employment agreement since this is a matter of law in Germany. After six weeks, the employee will receive sickness benefits directly from their health insurance company. The reimbursement rate for the employee is 70% of the gross salary (until the social security ceiling) but not more than 90% of net salary.

PARENTAL LEAVE IN GERMANY

Maternity leave consists of six weeks prior to birth and eight weeks after, all at full pay. For a multiple birth, mothers receive 12 weeks paid leave.

Either parent is entitled to up to three years of unpaid leave to stay at home with their child. A new program funded by federal taxes also allows direct subsidies to new parents (Elterngeld) for the first 12 to 14 months of the child's life. The amount of the subsidy is based on the income of the caretaker parent.

TERMINATION AND SEVERANCE IN GERMANY

Terminating employment in Germany can be complex. In the event of an "ordinary" dismissal, the employer must observe the statutory minimum notice period, which depends on the length of employment:

- **During probationary period** (maximum duration of six months): two weeks' notice.
- **After or without probationary period:** four weeks' notice, effective at the 15th or the end of a month.
- **After two years' service:** one month's notice, effective at the end of a month.
- **After five years' service:** two months' notice, effective at the end of a month.
- **After eight years' service:** three months' notice, effective at the end of a month.
- **After ten years' service:** four months' notice, effective at the end of a month.
- **After 12 years' service:** five months' notice, effective at the end of a month.
- **After 15 years' service:** six months' notice, effective at the end of a month.
- **After 20 years' service:** seven months' notice, effective at the end of a month.

Both employment contracts or Work Agreements and Collective Bargaining Agreements (CBAs) can provide for more favorable periods.



People cycling near
Brandenburg Gate,
Berlin, Germany

A termination for cause will (when justified) have immediate effect and terminate the employment relationship immediately. However, it is sometimes difficult to prove cause.

During the notice period, an employer must continue to pay full salary as well as provide the opportunity to work, but with reasonable cause, the employer can place the employee on garden leave. Payment in lieu of notice is uncommon in Germany as this triggers a disadvantage to the employee when trying to claim unemployment benefits.

There is no statutory obligation to pay any severance in the case of individual dismissal, irrespective of whether the dismissal is valid or not (although different terms apply to collective dismissals or redundancies). However, in practice, employers and employees usually agree on a severance payment. Severances are usually calculated based on the formula of half a month's salary per year of employment, but often the calculation of the severance payment depends on the strength of the reason for termination.

HEALTH INSURANCE BENEFITS AND SOCIAL SECURITY IN GERMANY

The German Social Security System consists of five components: pension insurance, health insurance, unemployment insurance, nursing care insurance and accident insurance. The contribution to those insurances are split equally between the employer and the employee, except for the accident insurance which is covered by the employer only. In total, employers can expect to contribute about 20.7 % on top of the employee's salary to social security. However, social security contributions are only deducted up to a maximum limit. In 2018, the maximum amount is 6,500 € (West) and 5,800 € (East) per month for statutory

pension and unemployment insurance, and 4,425 € for statutory health insurance. In addition, employers often provide additional supplementary insurance benefits.

ADDITIONAL SUPPLEMENTARY BENEFITS IN GERMANY

Some companies offer employees a housing subsidy (Wohngeld) to help with rent and a child subsidy (Kindergartenzuschuss) to help with the cost of raising children. There are also transportation and meal subsidies, and many companies have a cafeteria where low-cost meals and snacks can be obtained.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Germany to engage a small team is time-consuming, expensive and complex. German labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Germany. Globalization Partners simplifies global expansion by enabling you to hire talent in Germany without a branch office or subsidiary. You find the talent, and we put your team member on our locally compliant payroll.

Our Germany operation is fully compliant with the AUG laws required for our industry. We're compliant with EU Data Compliance laws and regulations, and otherwise follow the law to the letter.

The most important thing we do is protect our clients and their workforce – which lifts the burden of setting up your EU-compliant infrastructure from your shoulders to ours. **With 96% client satisfaction ratings, we're the partner you want to work with.**



Old buildings at
Nurnberg, Germany



Israel



Israel

Did you know?

- ✓ Israel is the only country in the world that has more trees than it did 50 years ago.
- ✓ Israel is one of the world's leading citrus producers.
- ✓ 8.7 million people live in Israel.

Israel is a small country in the middle east that borders the Mediterranean and Red Seas. The political capital is Jerusalem and the business center is Tel Aviv. While Israelis tend to be friendly and cordial, they are also known for being direct, assertive, and persistent.

Businesses usually have a relatively flat hierarchy and are informal. The culture is collaborative, results-oriented and fast-paced, and sudden changes in plans happen frequently.

Meetings may start as much as 20 minutes late and are often interrupted by phone calls or other people walking in; such interruptions are normal and should not be considered rude.

EMPLOYMENT CONTRACTS IN ISRAEL

Israeli labor law does not require a written employment contract, however, it is strongly recommended to put one in place. The contract should be in the local language, and spell out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Israel should always state the salary and any compensation amounts in Israeli shekel rather than a foreign currency. Most employment agreements include clauses regarding confidentiality, assignment of intellectual property and noncompetition. It should be noted however that restrictive provisions concerning future employment of an employee are valid only if such limitations are aimed at protecting the employer's legitimate

interests, including trade secrets. It is highly likely that in most cases, restrictive terms will not be held enforceable. Nevertheless, it is recommended to include such clauses in the employment agreement.

HOLIDAYS IN ISRAEL

Israel celebrates the following official public holidays for which employees are given the day off, including:

- **Passover**, April 8-16, 2020
- **Memorial Day (Half Day)**, April 27-28, 2020
- **Independence Day**, April 28-29, 2020
- **Pentecost**, May 31, 2020
- **Rosh Hashanah (New Year)**, September 18-20, 2020 Yom Kippur (Day of Atonement), September 27-28, 2020
- **Sukkot (Feast of Tabernacles)**, October 2-9, 2020
- **Shmini Atzeret/Simchat Torah**, October 20-21, 2020

Independence Day is observed by all citizens, while others are Jewish religious holidays that non-Jewish people do not observe.

WORKING HOURS IN ISRAEL

The standard work week in Israel is Sunday through Thursday, although non-Jewish people may choose Friday, Saturday, or Sunday as their main weekly holiday. Jewish people may not work on Saturday unless their employer is open on Saturdays with a special permit.

The work week may not exceed 43 hours, allocated over five or six days of work, provided that each workday does not exceed nine hours of work. Employees are entitled to overtime pay which is calculated on a daily basis.

- For the first two overtime hours, the remuneration is **125% of the regular wage**.
- For any additional hour of work as well as for work during the weekly day of rest, **remuneration shall amount to 150% of the regular wage**.
- Some companies pay a global monthly amount as compensation for overtime pay.

VACATION IN ISRAEL

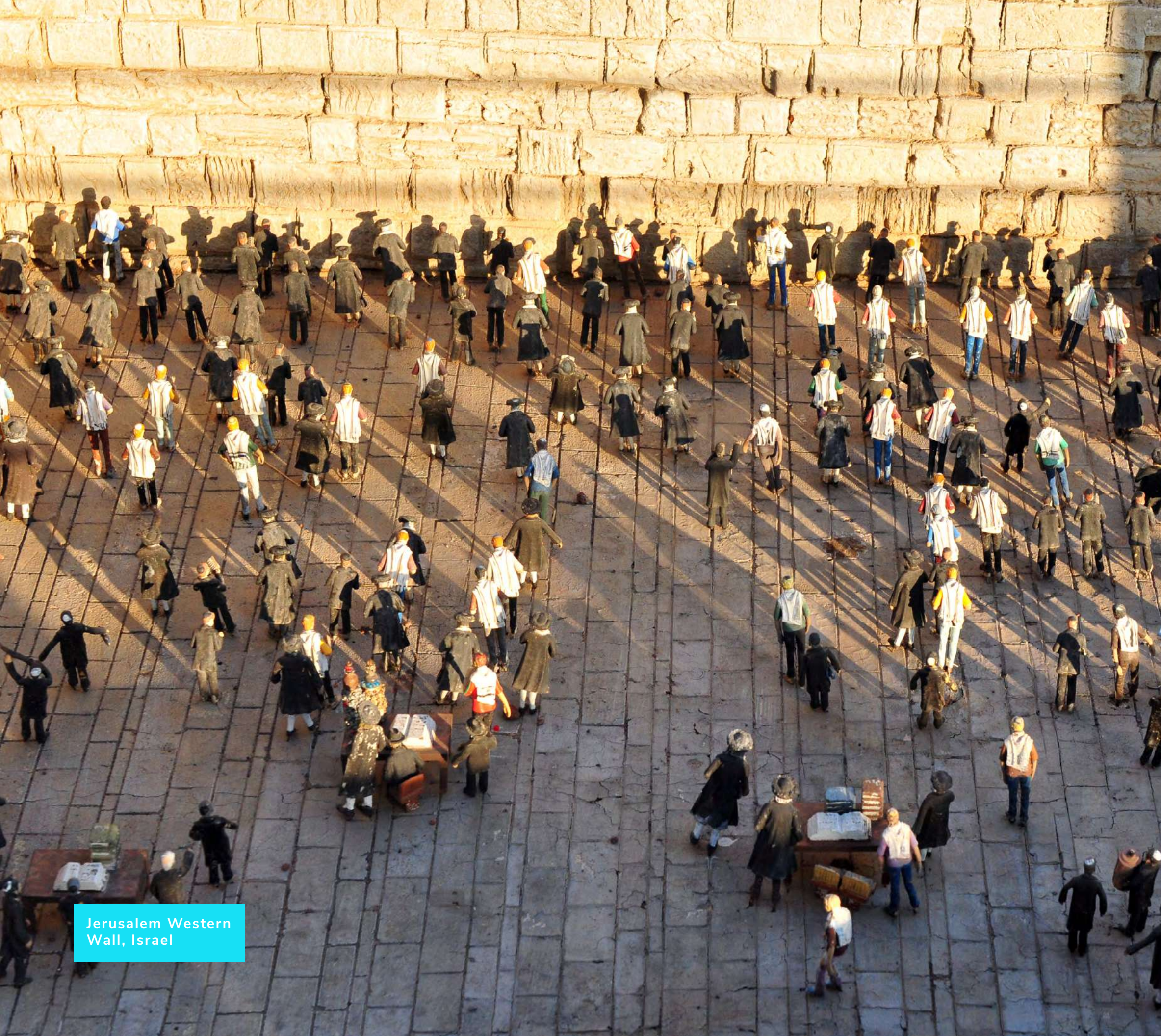
Israeli employees have the right to paid annual leave, the length of which depends upon the period of service of the employee. The minimal period required by law is between 10 and 23 days per year.

SICK LEAVE IN ISRAEL

Employees have the right to receive sick leave at a rate of one and a half days for each month of employment with the right to accumulate up to 90 days.

- **Employees are not entitled to any payment for the first day of sickness.**
- For the second and third days, employees are entitled to **50% of the salary**.
- From the fourth day onward, **100% of salary**.
- **It should be noted that it is common for some industries to pay full salary for sick leave from day one.**

All employees who are employed for more than one year with the same employer are entitled to an annual payment for convalescence. The minimal period is between five and 10 days per year, and the current rate per day is around ILS 330 (US \$90). This pay can be included in the employee's salary, subject to the employee's written consent.



Jerusalem Western Wall, Israel

PARENTAL LEAVE IN ISRAEL

Pregnant women are entitled to seven weeks of maternity leave at full pay provided that they were employed by the company for the previous six to ten months. The employee is also entitled to receive the same position upon returning.

Women who have worked more than ten months receive fourteen weeks of paid leave. Half of that time can be taken prior to the birth of the child.

Male employees receive an eight-day paternity leave following the birth of their child. This includes three paid vacation days and five days of sick leave paid by the employer. In general, it is forbidden to dismiss a pregnant employee who worked for over six months (even if the employer was not aware of the pregnancy on the day of notice.) Dismissal is also prohibited throughout the employee's pregnancy, as well as during the maternity leave and a period of 60 days after that. The dismissal of a pregnant employee can only be done with a permit.

TERMINATION/SEVERANCE IN ISRAEL

Employment may be terminated by resignation, dismissal, retirement, death, or the expiration of a limited period of employment.

Dismissal entitles the employee to receive severance pay, however, there are certain circumstances in which the dismissed employee is not entitled to receive severance, i.e. with cause. The employer or employee must provide written notice before the termination. The minimal statutory period of prior notice for dismissal and for the resignation of employees whose salaries are paid on a monthly basis is:

- **One day during the first six months of employment.**
- **Six days plus an additional 2.5 days for every month worked** from the seventh month for employees who have worked for six months to one year.
- **30 days after completion of the first year of employment.**
- Unless specifically indicated otherwise, **the employer has the right to terminate employment without the delivery of a notice**, and provide a severance payment in lieu, if required.

TAXES IN ISRAEL

Employees pay progressive income tax in Israel starting at 10% and increasing to a maximum of 50%. Both employers and employees contribute a portion of salary to National Insurance and Health Insurance. The top rates are 6.75% for the employer and 12% for the employee.

HEALTH INSURANCE IN ISRAEL

All Israeli citizens are entitled to health care as stipulated under the National Insurance Law. There are four health care funds for basic treatment and citizens are given the choice of one, as well as the choice of increasing their coverage by purchasing supplementary health insurance.

ADDITIONAL BENEFITS IN ISRAEL

Some companies in Israel contribute to “managers’ insurance” policies or to pension funds. This provides for a monthly allocation into an insurance fund of 18.3% of the employee’s salary, paid in part by both the employer and employee.

A portion of the employers’ contribution is in lieu of severance pay. Some employers provide disability insurance for their employees in an amount of up to 2.5% of the employee’s salary. Employees are entitled to be compensated for their travel expenses, the rate of which is updated from time to time (the current maximum rate per day is around ILS 20 or US \$5). This is calculated on the basis of the days actually worked during which the employee used public transportation to and from the employee’s workplace.

Some employers provide a company car to their employees or pay a separate fee for the use and maintenance of the car. Specific terms are subject to collective bargaining agreements and to the employee’s employment contract. Travel expenses can be included in the employee’s salary, subject to the employee’s written consent.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Israel to engage a small team would be incredibly time-consuming, expensive and complex. Israeli labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to hire your team in Israel. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Israel, please contact us.



Famous dome of the rock situated on the temple mound in Jerusalem, Israel

Netherlands





Netherlands

Did you know?

- ✓ The Netherlands is one of the most densely populated countries in Europe.
- ✓ Dutch men are the tallest in the world.
- ✓ Their National Anthem is the oldest in the world.

The Netherlands is located between Belgium and Germany in Western Europe. The country's fertile soil and mild climate make it the second-largest exporter of food and agricultural products after the United States.

EMPLOYMENT CONTRACTS IN THE NETHERLANDS

Although a Dutch employment contract may be agreed upon orally, it is highly recommended that parties sign a written employment contract prior to the employee beginning his or her work. The absence of a written and signed employment contract can be disadvantageous to an employer since there are certain provisions that are only valid when agreed upon in writing.

An employment contract should spell out all the terms and conditions of employment, such as employee's compensation, benefits, duration of the contract and other details.

An employment contract in the Netherlands should always state the salary and any compensation amounts in Euro rather than a foreign currency.

For companies in the Netherlands, there is often a company Collective Bargaining Agreement (CBA) and/or a CBA for the specific industry. Globalization Partners' local subsidiary is WAADI registered, which means we are registered as a temporary agency and the collective bargaining agreement protects employees accordingly.

HOLIDAYS IN THE NETHERLANDS

In addition to the above holidays, The Netherlands celebrates 10 public holidays for which employees are given the day off, including:

- **New Year's Day**, January 1, 2020
- **King's Day**, January 6, 2020 Easter Sunday* and Monday, April 12-13, 2020
- **Liberation Day** – official public holiday every 5 years; again in 2020 on May 5
- **Ascension Day**, May 21, 2020
- **Pentecost Sunday***, May 31, 2020
- **Whit Monday**, June 1, 2020
- **Christmas Day**, December 25, 2020
- **Boxing Day**, December 26, 2020

*Only a free day if Sunday is a normal working day

WORKING HOURS IN THE NETHERLANDS

Employers must comply with the Working Hours Act of 23 November 1995 which states that the maximum length of a shift is 12 hours per day and 60 hours per week. The regular working hours in the Netherlands are 40 hours. They can be increased to 48 hours under the condition that those will be the normal working hours.

VACATION IN THE NETHERLANDS

According to the applicable CBA for employees hired via Globalization Partners' Netherlands PEO, 25 holidays per year. However, employers can decide to offer more than 25 vacation days. The holiday year runs from January 1st to December 31st.

BONUS PAYMENTS IN THE NETHERLANDS

All employees in the Netherlands are legally entitled to 8% vacation allowance in addition to their base salary. This vacation allowance is accrued monthly and is typically paid out once a year, normally in the month of May.

EMPLOYEE BENEFITS IN THE NETHERLANDS

An employer in the Netherlands is required to contribute 6.65% (2017) of the employee's base salary towards the Healthcare Insurance Act (Zorgverzekeringswet). This contribution is calculated over the employee's base salary and then paid to the Dutch Tax Department. All persons residing and working in the Netherlands are legally required to privately arrange for at least the basic healthcare package.

Costs for this basic healthcare package generally vary from between 95 to 125 EUR per month, depending on the level of the employee's 'own risk'. The basic health insurance package has a comprehensive structure and includes the bulk of essential medical care, medications and medical aids which are consistent with the state of the art and medical practice.

Some physiotherapy and dental care services are covered under the package. ("Healthcare in the Netherlands" Ministry of Health, Welfare and Sport, 2016)

All allowances for medical and other insurance are taxable benefits.



Amsterdam dancing houses over river Amstel landmark

PENSION IN THE NETHERLANDS

Per the previously mentioned CBA, an employee over the age of 21 must participate in the industry’s collective pension plan. During the first year of employment, the employee will participate in the ‘Basic Plan’. The premium is 2.6% of the employee’s monthly salary. This premium is paid by the employer. After the first year, the employee will participate in the ‘Plus Plan’. The premium is 12% of the employee’s monthly salary. The employer pays 8% of this premium and the employee pays 4% of this premium.

It is essential that employees provide the employer with a detailed and accurate employment history to ensure that they are offered and registered with the correct Pension Plan.

ADDITIONAL BENEFITS IN THE NETHERLANDS

Employers often provide additional benefits to their employees in the Netherlands. One common benefit is a travel allowance for a leased car, or 100% of the cost of train/bus fare for commuting.

SICK LEAVE IN THE NETHERLANDS

In the Netherlands, if the employee is unable to work due to illness and/or other incapacity for work, the employer is legally obliged to continue paying the employee’s salary for a maximum of 104 weeks. The employee is entitled to continued payment of 91% of his or her salary during the first 52 weeks of illness and/or other incapacity for work, whereby the minimum entitlement is the statutory minimum wage and the maximum entitlement is the maximum daily wage.

During the second 52 weeks of illness and/or other incapacity for work, the employee is entitled to

continued payment of 80% of his or her salary, whereby the minimum entitlement is the statutory minimum wage and the maximum entitlement is the maximum daily wage.

PARENTAL LEAVE IN THE NETHERLANDS

Female employees are entitled to 16 weeks of maternity leave in the Netherlands. They may take leave from six weeks before the expected birth date of the baby, and are entitled to at least 10 weeks of maternity leave after giving birth, even if the child is born later than when it was due. Male employees in the Netherlands are entitled to up to two days of paid paternity leave and three days of unpaid parental leave. Male and female employees in the Netherlands are entitled to unpaid parental leave when caring for a child younger than eight.

- **Employees are entitled to parental leave for each child separately.**
- An employee is entitled to up to **26 times their weekly working hours.**
- The normal arrangement is that for **six months an employee works half of their normal hours.**
- For example, if an employee works 32 hours per week, then for six months they will work 16 hours per week and take 16 hours of parental leave per week.

PROBATIONARY PERIOD IN THE NETHERLANDS

If included in the terms of an employment contract in the Netherlands, a probationary period of maximum one month can be agreed to with the employee under the condition that the employee is offered an employment agreement for more than six months.

If the employee is offered an employment agreement for a period of two years or longer (including indefinite), a maximum probationary period of two months can be agreed to with the employee.

SEVERANCE AND TERMINATION IN THE NETHERLANDS

At-will employment is not a recognized concept in the Netherlands.

Fixed term employment agreements in the Netherlands can in principle only be prematurely terminated if this possibility is explicitly included in the employment agreement and prior permission has been received from the Employee Insurance Agency (UWV) or a petition to the cantonal court for the dissolution of the employment agreement has been granted by the cantonal court.

In the Netherlands, indefinite employment agreement can also in principle only be terminated if prior permission has been received from the Employee Insurance Agency (UWV) or a petition to the cantonal court for the dissolution of the employment agreement has been submitted to and granted by the cantonal court.

Both the Employee Insurance Agency and the cantonal court will require a reasonable ground for termination. This means that there is a pre-emptive test of the ground for termination. The employer will need sufficient evidence of a reasonable ground.

If permission has been received from the Employee Insurance Agency, the employer may notify the employee about the termination with effect from the following working day and must then observe a notice period of one month as per article 15 of the applicable CBA.

If the cantonal court approves the employer’s request for dissolution, the court will determine the date of termination. Parties are however also free to mutually agree to the termination of the employee’s employment agreement via a settlement agreement.

Assuming a fixed term employment agreement allows for premature termination, the employee who wants to terminate his or her own employment agreement must observe a notice period which varies from seven to 28 calendar days, depending on the agreed upon duration of the employment agreement.

The same notice periods apply to the employee with an indefinite employment agreement. In the event of a fixed term employment agreement for a period exceeding six months, the employer is legally obliged to notify the employee at least one month prior to the end date of the employment agreement, in writing, as to whether or not their employment agreement will be renewed and if so, under what terms and conditions.

Non-fulfilment of this obligation can lead to a penalty equal to a maximum of one months’ salary.

Employees in the Netherlands who have been employed for at least 24 months are entitled to a (statutory) transition allowance in the event of the termination of their employment is initiated by the employer.

The amount is calculated as follows:

- **For the first 10 years of service:** 1/6 months’ salary for each period of six months;
- **For the service period, thereafter:** 1/4 months’ salary for each period of six months;

Example: an employee with 14 years of service is entitled to a severance fee equal to **$((1/6 * 20) + (1/4 * 8)) = 5.3333$ months’ salary.**

TAXES IN THE NETHERLANDS

The Netherlands has a well-developed Social Security system which includes national insurance programs covering all residents, and employees’ insurance programs applicable to employees only.

- **The employees’ insurance programs are funded mainly through employer contributions but employees contribute as well.**
- **The employee insurance programs include the Sickness Benefits and Health Insurance Act, long-term incapacity for work, and unemployment.**
- **The employer contributions for social security amount to approximately 21.2% for 2015.**

There are three different types of income or ‘boxes’ of income in the Netherlands, each with a different tax rate. Box 1 comprises income from entrepreneurship, income from employment, and income from a principal residence. Box 2 applies only to individuals who own a significant shareholding in an entity. Box 3 applies to passive investment income.

The overall tax burden from Box 1-3 is then reduced by certain credit amounts for the taxpayer and their partner. Income tax rates in the Netherlands are progressive.

The 2015 income tax rates for “Box 1”, employment income, business profits, and income from home ownership, are as follows:

Taxable Income		Rate
Of more than	But less than	
€ 0	€ 19,823	36.5%
€ 19,822	€ 33,589	42%
€ 33,589	€ 57,585	42%
€ 57,585		52%

HOW WE CAN HELP

Establishing a branch office or subsidiary in the Netherlands to engage a small team would be incredibly time-consuming, expensive and complex. Labor law in the Netherlands has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to hire your team in the Netherlands. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in the Netherlands, please contact us.

Different styled Dutch wooden clogs



United Arab Emirates



United Arab Emirates

Did you know?

- ✓ The country is governed by absolute monarchy.
- ✓ The UAE is comprised of 7 different Emirates.
- ✓ The world's tallest building, Burj Khalifa is in Dubai.
- ✓ The world's only 7-star hotel, Burj Al Arab is in Dubai.

HIRING AND OBTAINING VISAS IN THE UAE

The United Arab Emirates comprises seven Emirates. Most U.S. technology companies hiring sales employees in the UAE focus on the emirates of Abu Dhabi or Dubai. There are also approximately 45 free trade zones in the UAE, more than 30 of which are located in Dubai, each managed by its own free zone authority.

Traditionally, companies in the UAE would establish a branch office or subsidiary in Abu Dhabi, Dubai or in one of the free zones, which would enable the company to sponsor or access work permits and thus hire employees. By using our services, you can have access to talent in the UAE without setting up branch offices or subsidiaries.

A business license is required for any business operating in the UAE. Employees must be sponsored under the correct visa in the UAE, either by their employer if in the mainland, or by the respective free trade zone authority if working for a company in the free zone.

A company must have the appropriate business license(s) in order to obtain a visa for its employees.

If an employee is found to be living and working in the UAE without a visa, or if a company sponsoring an employee's visa is not properly licensed, the employee may be asked to leave the country and both the employee and the company may be blacklisted from doing business in the UAE.

The UAE Labour Law regulates employment on the mainland of the UAE. If employees are employed in a free zone, their employment is regulated by the employment law adopted by the free zone authority where the employee is employed, which may contain differences from the UAE Labour Law. Each free zone authority has its own employment law and employees are subject to the rules and regulations of their respective free zone authority.

EMPLOYMENT CONTRACTS IN THE UAE

A written contract is required to submit an application for visa sponsorship. It is best practice for companies to put in place a strong, written contract in English which spells out the terms of the employee's compensation, benefits, and termination requirements. Any employment contract in the UAE should always state the salary and any compensation amounts in United Arab Emirates Dirham (AED) rather than a foreign currency.

All of our local employees are provided with robust locally compliant employment contracts that include protection of intellectual property of our clients. You get access to great talent in the UAE, with no need to enter into your own employment contracts.

HOLIDAYS IN THE UAE

Private sector employees are entitled to full pay on official holidays. The UAE Cabinet announces the official holidays and for 2019 and 2020 these are as follows:

- **Gregorian New Year**, January 1, 2020
- **Hijri New Year**, April 19-20, 2020
- **Eid Al-fitr (4 days)**, May 23-27, 2020

- **Arafah day and Eid Al Adha** (Feast of Sacrifice) (4 days), July 30, 2020
- **Commemoration Day**, November 30, 2020
- **National Day** (2 days), Dec 2-4, 2020

Islamic holidays are determined in accordance to moon sighting.

WORKING HOURS IN THE UAE

In the UAE, the standard working week is considered Sunday through Thursday – the weekend is Friday and Saturday. However, according to local labor laws, only Friday is a mandated day off and many private companies operate with a 5 ½ or six-day work week. If circumstances require that an employee works on Friday, they are entitled to another day off or to be paid his basic pay for normal working hours plus an increase of not less than 50% of that pay.

The maximum working hours in the UAE are eight hours a day, or 48 hours in a week. While public employees often work from 7:30 am to 2:30 pm, the normal hours at private companies can vary. During Ramadan, local laws state that working hours must be reduced by two hours a day.

VACATION LEAVE IN THE UAE

Thirty calendar days of vacation is a market norm benefit in the UAE. Vacation leave is often based on length of service:

- **Less than six months:** The employee is not entitled to annual vacation
- **Six to 12 months:** The employee is entitled to an annual vacation of not less than two days for each month
- **Over one year:** The employee is entitled to 30 days of vacation
- **Vacation time that is not used may be carried forward and accrued or paid out in lieu.**



Inner courtyard of Sheikh Zayed Grand Mosque

SICK LEAVE IN THE UAE

After three months of continuous service following the probation period, an employee is entitled to up to 90 days of sick leave per year, paid as follows:

- **Full wage for the first 15 days.**
- **Half wage for the next 30 days.**
- **The remaining period would be without wage.**

However, if the employee's illness is directly caused by his misconduct, they are not entitled to any wages during the sick leave.

PARENTAL LEAVE IN THE UAE

Working women with a year of continuous service are entitled to 45 days maternity leave with full pay. (This includes the period before and after the delivery). The maternity leave is granted with half pay if the woman has not yet completed one year of service.

She may then extend her maternity leave for a maximum period of 10 days without pay – this can be continuous or interrupted if caused by an illness (in this case a certified doctor's note is required).

Finally, for up to 18 months following her delivery, female employees are entitled to two daily intervals of up to 30 minutes for the purpose of nursing.

While there is no mandated paternity leave under the UAE Labour Law, private companies are encouraged to offer three days or more.

GRATUITY PAY, END OF SERVICE BENEFITS, AND SEVERANCE IN THE UAE

An employee who completes one year or more in continuous service is entitled to a severance (sometimes referred to as a 'gratuity') at the end of their service. If an employee is terminated, they would be entitled to gratuity pay as follows:

- **21 days for services** beyond one year but less than five years
- **30 days per year of service** will be awarded for every year of service following the first five years.

If an employee under an indefinite employment contract resigns, they are entitled to an end of service gratuity as follows:

- **1/3 of 21 days basic salary** for between one and three years of service
- **2/3 of 21 days basic salary** for between three and five years of service
- **21 days for service beyond five years**

EMPLOYMENT TAXES IN THE UAE

There are no employer taxes in the UAE, however, we recommend accruing 8.3% of the employee's compensation as for the End of Service Benefit or Gratuity.

HEALTH INSURANCE BENEFITS IN THE UAE

For expats, insurance coverage for employees and their dependents is related to their salary, designation, etc. There are currently two Emirates which mandate employer-provided health insurance coverage:

Abu Dhabi and Dubai. Health insurance must be provided to the employee, as well as the employee's spouse and dependents. While not mandatory in other Emirates, it is common for employers in the UAE to provide employees with employer-sponsored health insurance.

ADDITIONAL BENEFITS IN THE UAE

The Hajj is an annual Islamic pilgrimage to Mecca, Saudi Arabia that Muslims are expected to complete at least once in their lifetime. Under UAE Labour Law, employees may be granted a one-time pilgrimage leave of up to 30 days without pay.

HOW WE CAN HELP

Establishing a branch office or subsidiary in the UAE to access talent would be incredibly time-consuming, expensive and complex – not mention unnecessary.

Globalization Partners makes it painless and easy to hire your team in the UAE. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in the UAE, please contact us.



Group of Arabian business people



United Kingdom





United Kingdom

Did you know?

- ✓ Stonehenge is older than the pyramids.
- ✓ London has the largest library in the world.
- ✓ The Queen doesn’t have a passport.

BASIC FACTS ABOUT HIRING IN THE UK

When hiring employees in the United Kingdom, there are a myriad of details to be aware of, including:

- **When and whether to offer market-norm benefits packages including supplemental health insurance and pension to compete with other UK employers**
- **EU Data Protection: the legal requirement to keep your employees’ personal data secure has an impact on how employment information can be transferred to and from the US**
- **Stock option planning: managing employer taxes on stock option gains in the United Kingdom requires foresight and planning**
- **Non-compete legislation favors the employee over the employer in the UK, and language pertaining to non-compete clauses in employment contracts should be managed carefully**

- **Termination of employment is more nebulous in the UK than in the US, and so one should be aware at the outset of an agreement with an employee of risk mitigation pertaining to eventual termination of employment**

EMPLOYMENT CONTRACTS IN THE UK

It is legally required to put an employment contract in place in the United Kingdom which spells out the terms of the employee’s duties, compensation, benefits, grievance and disciplinary procedures, and termination requirements. An offer letter and employment contract in the UK should always state the salary and any compensation amounts in British pounds rather than a foreign currency.

The legal requirements for an employment contract in the UK are basic and most employment contracts in practice are much more comprehensive than the law

requires, often including provisions relating to confidential information, intellectual property and non-compete restrictions.

Provision of an employment contract inclusive of all suggested terms is of course included as part of Globalization Partners’ employer of record service in the UK. We provide the following information that may help companies that want to better understand the statutory and market norm benefits that are most commonly negotiated by employees in the United Kingdom when negotiating terms of an employment offer.

PUBLIC HOLIDAYS IN THE UK

England and Wales celebrate eight public holidays:

- **New Year’s Day**, January 1, 2020
- **Good Friday**, April 10, 2020
- **Easter Monday**, April 13, 2020
- **Early May Bank Holiday**, May 8, 2020 (moved to coincide with Victory Day in Europe)
- **Spring Bank Holiday**, May 25, 2020
- **Summer Bank Holiday**, August 31, 2020
- **Christmas Day**, December 25, 2020
- **Boxing Day**, December 26, 2020

Please Note: Scotland and Northern Ireland have slight variations in their public holidays.

HEALTH INSURANCE AND OTHER SUPPLEMENTARY BENEFITS IN THE UNITED KINGDOM

The primary statutory benefit in the UK is provided through the employers’ portion of National Insurance Contribution, NIC, which is the national social security program by which all employers and employees contribute to the public health care system.

The employer’s portion of the national insurance contribution is usually 13.8% on top of total compensation. Employees must also pay national insurance contributions; it is the employer’s responsibility to deduct the employee’s contribution through the PAYE system. In addition to the NIC, many companies also provide supplementary benefits such as medical, dental and life insurance for their employees. There is no legal requirement to do this but market forces mean employees may expect their employer to provide additional benefits. Many UK/EU insurance plans carry exclusions on coverage while the employees are in the US. If you intend to have your UK employee traveling back and forth to the US or outside Europe, we strongly recommend ensuring that the employee is covered under a travel insurance policy.

PENSION PLANS IN THE UK

In addition to insurance coverage, most employees in the UK negotiate heavily for employer contributions to pension plans, which is the most commonly requested benefit in the UK. Pension benefits are generally prioritized by employees over employer-provided medical insurance in the UK. Almost all employers will be statutorily required to provide at least a 4% pension match within the next year or two, with the match increasing gradually to at least 5%

BONUS IN THE UK

It is entirely up to an employer what bonus to pay or whether to pay a bonus at all. Some employers operate structured bonus plans which might, for example, be linked to corporate and/or personal performance. Others might operate an undocumented discretionary bonus policy under which any payments are variable. Practice varies between industries.



Bank of England, UK

WORKING HOURS IN THE UK

Employers are free to set the day to day working hours according to business need. By law there is a maximum of 48 hours per week which an employee can be expected to work, averaged over 17 weeks. However, it is possible, and quite common, for employees to opt out of this.

VACATION IN THE UK

All full-time employees in the UK are legally entitled to 28 days of paid vacation per year (known as statutory leave entitlement or annual leave). An employer can choose to include public holidays as part of a worker’s statutory annual leave; however, market norm is to provide 20-25 days of paid vacation or more per year, in addition to the paid public holidays.

Senior employees often negotiate up to 30 days of vacation plus up to eight public holidays. Part-time employees are entitled to a pro-rata entitlement of paid vacation and paid public holidays.

SICK LEAVE IN THE UK

Employees in the UK are entitled to Statutory Sick Pay for up to 28 weeks, paid for by the employer. If employees are absent from work for more than seven days, they must provide a note from their doctor to document the Sick Pay obligation.

Sick Pay begins after the employee has been out of work for four or more days in a row and it is currently paid at the rate of £94.25 per week.

Most companies offer additional sick pay on top of the statutory pay but the number of days or weeks they offer can vary widely.

PARENTAL LEAVE IN THE UK

Female employees are entitled to 52 weeks of maternity leave. Two weeks must be taken after the baby is born (four weeks for factory workers.) The leave is divided into:

- **Ordinary Maternity Leave** – first 26 weeks
- **Additional Maternity Leave** – last 26 weeks.

Employees receive Statutory Maternity Pay for up to 39 weeks.

- **90% of average weekly earnings** (before tax) for the first six weeks
- **£148.68 or 90% of average weekly earnings** (whichever is lower) for the next 33 weeks.

Partners are entitled to one or two weeks of paid paternity leave. There is also a concept of shared parental leave which enables the mother to share her 52 weeks of maternity leave with the other parent.

This enables mothers to return to work before the end of their maternity leave without sacrificing the rest of the leave that would otherwise be available to them. Shared parental leave can either be taken consecutively or concurrently, if the total time taken does not exceed 52 weeks, and it can be taken in blocks, rather than all at once.

The partner who shares the leave is eligible to take:

- **The remaining leave** (52 weeks minus any weeks of maternity or adoption leave)
- **The remaining pay** (39 weeks minus any weeks of maternity pay, maternity allowance or adoption pay)

There are similar provisions for those who adopt.

This enables mothers to return to work before the end of their maternity leave without sacrificing the rest of the leave that would otherwise be available to them. Shared parental leave can either be taken consecutively or concurrently, if the total time taken does not exceed 52 weeks, and it can be taken in blocks, rather than all at once. The partner who shares the leave is eligible to take:

- **The remaining leave** (52 weeks minus any weeks of maternity or adoption leave)
- **The remaining pay** (39 weeks minus any weeks of maternity pay, maternity allowance or adoption pay)

There are similar provisions for those who adopt.

TERMINATION/SEVERANCE IN THE UK

In the UK there is no concept of at will employment and the employer must give the employee notice to terminate employment. There are two types of notice – statutory notice, which is required by law, and the notice period stated in the employee’s contract of employment. Length of service is used to calculate the statutory notice period:

- **One week notice** for one month and less than two years of service
- **One week notice for each year** for between two and 12 years of service
- **12 weeks’ notice for 12+ years of service.**

The length of notice in the employment contract is at the employer’s discretion, but market norms mean this notice period is usually one month for most employees and up to three months for more senior employees. When giving notice the employer must give which ever notice period is longer. It is common to include in contracts of employment a right to pay in lieu of notice to avoid the employee having to work his or her notice.

Severance pay is given when an employee is terminated due to redundancy and the employee has worked for the employer continuously for at least two years prior to the redundancy, according to the following schedule:

- One half of one week’s pay for each year of service where the employee was below the age of 22
- One week’s pay for each year of service where the employee was between 22 to 40 of age
- 1 1/2 week’s pay for each year of employment where the employee was 41 and over

There is a cap on a week’s pay for redundancy pay purposes that is adjusted annually.

Employees who have more than two years’ continuous service have the right not to be dismissed unfairly and anti-discrimination laws apply regardless of length of service. It is therefore important to take appropriate advice before considering terminating employment.

HOW WE CAN HELP

Establishing a branch office or subsidiary in the United Kingdom to engage a small team would be incredibly time-consuming, expensive and complex.

UK labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices.

Globalization Partners makes it painless and easy to hire your team in the UK. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits.

Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team.

This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in the UK, and offer your team world-class benefits, please contact us.



Cotswold sheep near Chipping Campden in Gloucestershire



Spain



Spain

Did you know?

- ✓ Spain was once several separate kingdoms that all spoke different languages.
- ✓ Spanish is the second most commonly spoken language in the world.

Spain is located on the Iberian Peninsula and shares with Portugal the longest border in the European Union. The Spanish are outgoing and like to get to know people before they do business with them, so you should be prepared to spend time building relationships and sharing details about your family and home life before getting to business issues.

Meetings often start late and the Spanish frequently wander off topic with little regard for agendas, and frequent interruptions and multiple people speaking at the same time should be taken as a sign of interest in the discussion and not be considered as rude.

Decisions are rarely reached in large meetings but are made by senior management, and deals are usually agreed to orally and then written down.

BASIC FACTS ABOUT HIRING IN SPAIN

Spain tightly regulates employment with jobs grouped into different categories that each have their own regulations. The regulations set salary ranges, working hours, and yearly vacation days. Employees like indefinite contracts because such contracts make it much more difficult to lay them off and higher compensation packages are required. Negotiating for an indefinite contract can be as important to an employee as salary negotiations.

EMPLOYMENT CONTRACTS IN SPAIN

Because the labor law is relatively strict, it is legally required to put a strong, written employment contract in place in Spain which spells out the terms of the employee's compensation, benefits, and termination requirements.

An employment contract in Spain should always state the salary and any compensation amounts in euro rather than a foreign currency.

SPAIN HOLIDAYS

The people of Spain celebrate 10 national holidays:

- **New Year's Day**, January 1, 2020
- **Three Kings Day**, January 6, 2020
- **Labor Day**, May 1, 2020
- **Good Friday**, April 10, 2020
- **Assumption Day**, Aug 15, 2020
- **National Day**, October 12, 2020
- **All Saints Day**, November 1, 2020
- **Constitution Day**, December 6, 2020
- **Immaculate Conception Day**
- **Christmas Day**, December 25, 2020

In addition to the national holidays, there are provincial holidays which vary in each of the autonomous communities.

BONUS IN SPAIN

A 13th month or annual bonus is required in Spain. A 13th month is required in Spain. In most communities there is a 13th and 14th month payment. The annual salary gets divided into 14 and the 2 extra payments are paid in July and December.

A commission plan or quarterly bonus plan is a common benefit for a sales employee.

SPAIN WORKING HOURS

Spanish employees expect to work a 40-hour week.

VACATION IN SPAIN

The market norm and the minimally required vacation days are 30 calendar days (i.e., 23 paid business days per year). The vacation time cannot be "paid out."

SICK LEAVE IN SPAIN

There are no standard sick days. Under Spain's labor law, when a worker is temporarily unable to work and in need of medical assistance due to illness or accident, they will be paid at least 60 percent of their wages. The employer normally pays the worker for a temporary sick leave and is reimbursed by the Social Security department.

The maximum period of such leave is 18 months, after which the situation must be reviewed. The amount of sick leave pay depends on the status of the employee and the applicable collective bargaining agreement.

PARENTAL LEAVE

Maternity leave consists of 16 weeks' paid leave, six weeks of which must be taken after the birth.

To be eligible for maternity leave, the mother had to have registered with the social security office and have made contributions for a minimum of 180 days during the prior seven years or a total of 360 days during their career. One year of unpaid leave is also granted after the paid leave is taken and the mother's job is guaranteed when she returns.

The mother may take an additional two years of unpaid leave, but her employer does not have to offer her previous job to her on her return to work. Paternity leave is 30 days, with additional days allowed if there were complications for the mother or the baby.



Traditional flamenco dresses
at a house in Malaga, Spain

TERMINATION/SEVERANCE IN SPAIN

Typically, there is a probation period in Spain, but the length depends on the community CBA.

For example, in Madrid, the maximum probation period is six months, but in Catalonia it is three months. In general, for an indefinite contract in Spain without a trial period and without other specific agreements, an employment contract can be terminated for the following reasons:

- Mutual agreement between the parties
- Reasons mentioned officially in the contract
- Resignation of the worker
- Death, serious invalidity or permanent, total or absolute invalidity of the worker
- Retirement of the worker
- Death, retirement or invalidity of the contractor or the end of their legal status
- Collective dismissal (economic, technical, organizational or production grounds)
- Express wish of the worker on justified grounds
- Dismissal on disciplinary grounds
- Legally admissible objective causes

In practice, when an employer assesses that an employee is poorly suited for the role, an employer and an employee usually come to a mutual agreement to terminate the contract.

The expected liability for terminating an employee in Spain may be budgeted as a severance fee for a wrongful termination equal to 33 days of salary per employment year (basically one month of salary for every year worked with the company.) The calculation base for the fee includes extra income as bonus and commissions, i.e., it is calculated on the basis of total gross income of the last 12 months.

In addition, when the company wants to terminate, the company should expect to pay one additional month in lieu of notice, over and above the severance fee.

Employees who believe they have been terminated unfairly may contest against their termination in a labor tribunal.

SPAIN TAX

Companies pay social security tax equal to 29.9% of the employee's salary up to a salary ceiling of EUR 4,070.10.

HEALTH INSURANCE IN SPAIN

Health insurance is funded through social security taxes. Supplementary health insurance may be provided by an employer to an employee as a benefit. Most executives request supplementary health and life insurance, or a small company may provide an allowance in lieu of arranging insurance. Globalization Partners provides optional supplementary medical insurance coverage for Professionals and/or their dependents.

ADDITIONAL BENEFITS IN SPAIN

Employees receive 15 days (including weekends) for marriage, two days for the death of a family member, and one day for home relocation.

HOW WE CAN HELP

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in Spain. Why do that when you don't have to? Globalization Partners makes it easy to hire employees in Spain with minimal time and expense.

Our solution is to put your candidate on our locally compliant payroll, under our entity in Spain. This transforms the normal process of setting up and managing a company in Spain into a simple monthly invoice from our entity.

For all intents and purposes, the employee works for you, however, they're legally on our payroll. Engaging the employee through our already-existing local company enables you to skip the difficulty of creating a subsidiary and setting up a separate business in Spain – so that you, and your new team member, can instead focus on your business.

If you would like to discuss how Globalization Partners can help in Spain, please contact us.



Guggenheim Museum,
Bilbao, Spain

ASIA-PACIFIC (APAC)

Australia

China

Japan

Indonesia

South Korea

Singapore

Philippines

Vietnam



Australia



Australia

Did you know?

- ✓ The Australian Alps get more snow than the swiss alps.
- ✓ 90% of Australians live on the coast.
- ✓ Tasmania has the cleanest air in the world.

BASIC FACTS ABOUT HIRING IN AUSTRALIA

When hiring in Australia, employers must follow the minimum statutory standards and conditions as listed in the Fair Work Act 2009. These National Employment Standards include a list of 10 entitlements that must be in all employee contracts. Australia also has a Pay as You Go tax system, whereby employers withhold employee taxes and pay them to the government. Australians are also entitled to receive a payslip within one working day of being paid.

EMPLOYMENT CONTRACTS IN AUSTRALIA

Australian workers can be covered by a contract, an agreement, or an award. This draws from the National Employment Standards and state and federal laws. Becoming less popular, awards generally include the minimum employment standards, and set conditions

minimum employment standards, and set conditions for all employees in the same occupation. The award standards may vary between the state, employer, and industry, but include:

- The basic rate of pay
- The type of employment (full-time, part-time, or casual)
- Overtime rates
- Work arrangements such as varying hours or shifts
- Annual salary
- Information on leave and leave taking
- Allowances
- Information on settling disputes
- Redundancy
- A flexibility term to allow negotiation to meet individual needs

An Enterprise Agreement sets out the work conditions for a group of employees at one or more places of work, and usually of one organization.

An enterprise agreement will supersede an award that would otherwise cover employees in a workplace but only where it, at least matches the pay set out in the award. Enterprise Agreements are the most common way of defining wages and workplace conditions in Australia and generally cover more issues than do awards. Written employment contracts, which include wages and conditions, are used for employees who are not covered by an award or an enterprise agreement and include:

- Names and details of employer and employee
- Date of birth of employees
- Job title
- Place of work
- Employment status (full time, part time or casual)
- Start and end dates of the contract
- Pay rate
- Hours of work
- Leave entitlements

Where applicable, other conditions such as job duties, allowances, bonuses, performance standards and so on should also be listed.

PUBLIC HOLIDAYS IN AUSTRALIA

There are seven national public holidays:

- **New Year's Day**, January 1, 2020
- **Australia Day**, January 26, 2020 (Observed on January 27)
- **Good Friday**, April 10, 2020
- **Easter Monday**, April 13, 2020
- **Anzac Day**, April 25, 2020
- **Christmas Day**, December 25, 2020
- **Boxing Day**, December 26, 2020

There are also additional public holidays declared by each state and territory such as Queen's Birthday and Labour Day. Holidays that fall on weekends are observed on the Monday after.

BONUS PAYMENTS IN AUSTRALIA

Annual bonuses are not required, but nearly one-third of Australian workers receive them. The average bonus is between 6% and 10% of annual pay. High level executives may receive up to one-half of their salary as an incentive bonus.

WORKING HOURS IN AUSTRALIA

The National Employment Standards stipulate a 38-hour workweek but allow for extra hours if necessary.

VACATION LEAVE IN AUSTRALIA

- Full-time employees are entitled to a minimum of four weeks of vacation time per year, however, it is common that they receive 25 to 30 days of vacation.
- Untaken annual leave accumulates from year to year and is paid out on termination of employment.
- Vacation time is not reduced by time taken for sick leave or public holidays.

SICK LEAVE IN AUSTRALIA (ALSO KNOWN AS PERSONAL LEAVE)

- Under national law, full-time employees in Australia are entitled to **10 days paid personal**, sick, or care-givers' leave per year.
- **Untaken sick leave accumulates from year to year** but is not paid out on termination of employment.
- Sick leave in Australia (called personal leave) can be taken when the **employee is unwell or to allow the employee to care for a family member** who is unwell or affected by an unexpected emergency.
- **Sick leave is funded by the employer rather than by the state.**



Great Barrier Reef, Australia

PARENTAL LEAVE IN AUSTRALIA

Parents may be eligible for up to 18 weeks paid parental leave provided by the federal government which is paid in addition to any leave provided by their employer.

The federal government has foreshadowed changes to curtail this benefit such that any leave provided by the employer reduces the leave payment provided by the government. To date, the government has not been able to obtain sufficient cross-party support in the Senate to pass this legislation and the existing law remains in place.

Eligibility requirements are:

- **Be the primary carer of a newborn or recently adopted child.**
- **Have worked at least:**
 1. 10 of the 13 months before the birth or adoption of the child, and
 2. 330 hours in that 10-month period, which is just over one day a week, and had no more than an eight-week gap between two consecutive working days
- **Meet residence requirements** from the date the child enters the primary carer’s care until the end of the Paid Parental Leave period
- **Have received an individual adjusted taxable income of \$150,000 or less** in the financial year either before the date of birth or adoption, or the date claimed, whichever is earlier, and
- **Be on leave or not working from when the caregiver becomes the child’s primary carer** until the end of the Paid Parental Leave period

The employee cannot receive Parental Leave Pay and Newborn Upfront Payment and Newborn Supplement for the same child.

Fathers and partners are eligible for up to two weeks of paid governmental leave, if they are not receiving paid leave from their employer and meet work and income level tests.

TERMINATION OF EMPLOYMENT AND SEVERANCE IN AUSTRALIA

An employer must provide employees with the minimum statutory notice, which is based on the employee’s service as follows:

- **Less than one year’s service:** one week’s notice.
- **Between one year and three years’ service:** two weeks’ notice.
- **Between three years and five years’ service:** three weeks’ notice.
- **More than five years’ service:** four weeks’ notice.

The notice period is increased by one week if the employee is over 45 years of age and has completed at least two years of service with the employer. The law allows the statutory notice to be paid in lieu of notice.

Employment contracts often provide for longer notice. As a contractual matter, an employee may be entitled to reasonable notice of termination (which can be as much as 12 months) in particular circumstances.

Unfair Dismissal in Australia:

An employee is eligible to make an unfair dismissal application if they are covered by the national workplace relations systems and they have completed the minimum employment period of:

- **One Year:** If the employer is a small business employer (they have less than 15 employees).
- **Six Months:** If the employer is not a small business employer.

Additionally, one of the following must also apply:

- An award covers the person.
- An enterprise agreement applies to the person.
- The person’s annual rate of earnings is less than the relevant income threshold (A\$136,700 base salary as of July 1, 2015, this threshold will be indexed each financial year starting on July 1st).

Employees have 21 days from the day they were dismissed to file a claim with the Fair Work Commission. The primary unfair dismissal remedy is reinstatement. If that is not appropriate, compensation of up to six months’ pay can be awarded.

SEVERANCE (REDUNDANCY) PAYMENTS IN AUSTRALIA

Redundancy occurs if the employer decides that they no longer want a job that an employee is performing done by anyone and terminates their employment. The job itself, not the employee, becomes redundant.

Redundancy can occur due to the following:

- **The job someone has been doing is replaced** due to the introduction of new technology.
- **Staff reduction for a particular task occurs due to a downturn in business.**
- **A merger or takeover takes place** and the position is no longer required.
- **The business restructures** or reorganizes and the position is no longer required.
- **Insolvency or bankruptcy of the employer.**

The amount of severance/redundancy pay owed to the employee is determined by the base rate of pay that applies to the severance pay periods outlined in the table below:

Employee's Period of Continuous Service with the Employer

Severance Pay Period

At least 1 year but less than 2 years	4 weeks
At least 2 years but less than 3 years	6 weeks
At least 3 years but less than 4 years	7 weeks
At least 4 years but less than 5 years	8 weeks At least
At least 5 years but less than 6 years	10 weeks
At least 6 years but less than 7 years	11 weeks
At least 7 years but less than 8 years	13 weeks
At least 8 years but less than 9 years	14 weeks
At least 9 years but less than 10 years	16 weeks
At least 10 years*	12 weeks*

* There is a reduction in severance pay from 16 weeks to 12 weeks for employees with at least 10 years continuous service.

Redundancy pay is not payable if any of the following apply:

- The employer is a small business employer (less than 15 employees).
- The employee's period of continuous service is less than 12 months.
- Employment is terminated as a result of serious misconduct.
- The employee is employed for a specified period of time.
- An employee to whom an industry-specific redundancy scheme in a modern award applies.
 1. An employee to whom a redundancy scheme in an enterprise agreement applies. The scheme is an industry-specific redundancy scheme that is incorporated by reference into the enterprise agreement from a modern award that is in operation.
 2. The employee is covered by the industry-specific redundancy scheme in the modern award.
- A casual employee.
- An apprentice

PAYROLL TAXES IN AUSTRALIA

Employers in Australia potentially pay payroll tax on wages, benefits and superannuation paid to, or on behalf of their employees.

Payroll tax is a tax levied by individual states in Australia.

It is not a federal tax and as such the rates at which the tax is applied and the gross annual payroll threshold at which the tax commences to apply vary from state to state.

The following table sets out the current thresholds and rates of payroll tax for each state and territory in Australia:

State/Territory	Threshold	Rate
New South Wales	\$750,000	5.45%
Victoria	\$575,000	4.85%
Queensland	\$1,100,00	4.75%
South Australia	\$600,000	4.95%
Western Australia	\$850,000	5.5%
Tasmania	\$1,250,000	6.1%
Australian Capital Territory	\$2,000,000	6.85%
Northern Territory	\$1,500,000	5.5%

Employers in Australia are also required to contribute an amount equivalent to 9.5% of their employee's gross salary on a quarterly basis into a Superannuation, or retirement fund, for all employees who earn more than AUD\$450 per month.

Fringe Benefit Tax: Australian employers are required to pay a tax on the value of the fringe benefits they provide to their employees. Reporting requirements vary depending on the amount of fringe benefits and the type of benefits. Examples of fringe benefits include:

- A car for work
- Parking
- Use of a gym facility
- A cheap loan
- Free private health insurance

Laptops and mobile phones for business use are exempt from fringe benefits tax.

HEALTH INSURANCE BENEFITS IN AUSTRALIA

Australia has a public/private health care system. Australians with taxable incomes over a particular indexed level pay 2% of their taxable income into the national healthcare scheme, Medicare.

Individuals can also obtain private health care insurance for items not covered by the compulsory Medicare scheme such as ancillary health services (e.g., dental, optical etc.) and private hospital accommodation.

Individuals who choose not to buy private insurance and have an annual taxable income over a specified threshold are charged an additional Medicare surcharge of 1%.

Many employers in Australia provide an allowance to employees in Australia rather than purchasing health insurance plans on the employees' behalf, due to the relatively high fringe benefits tax.

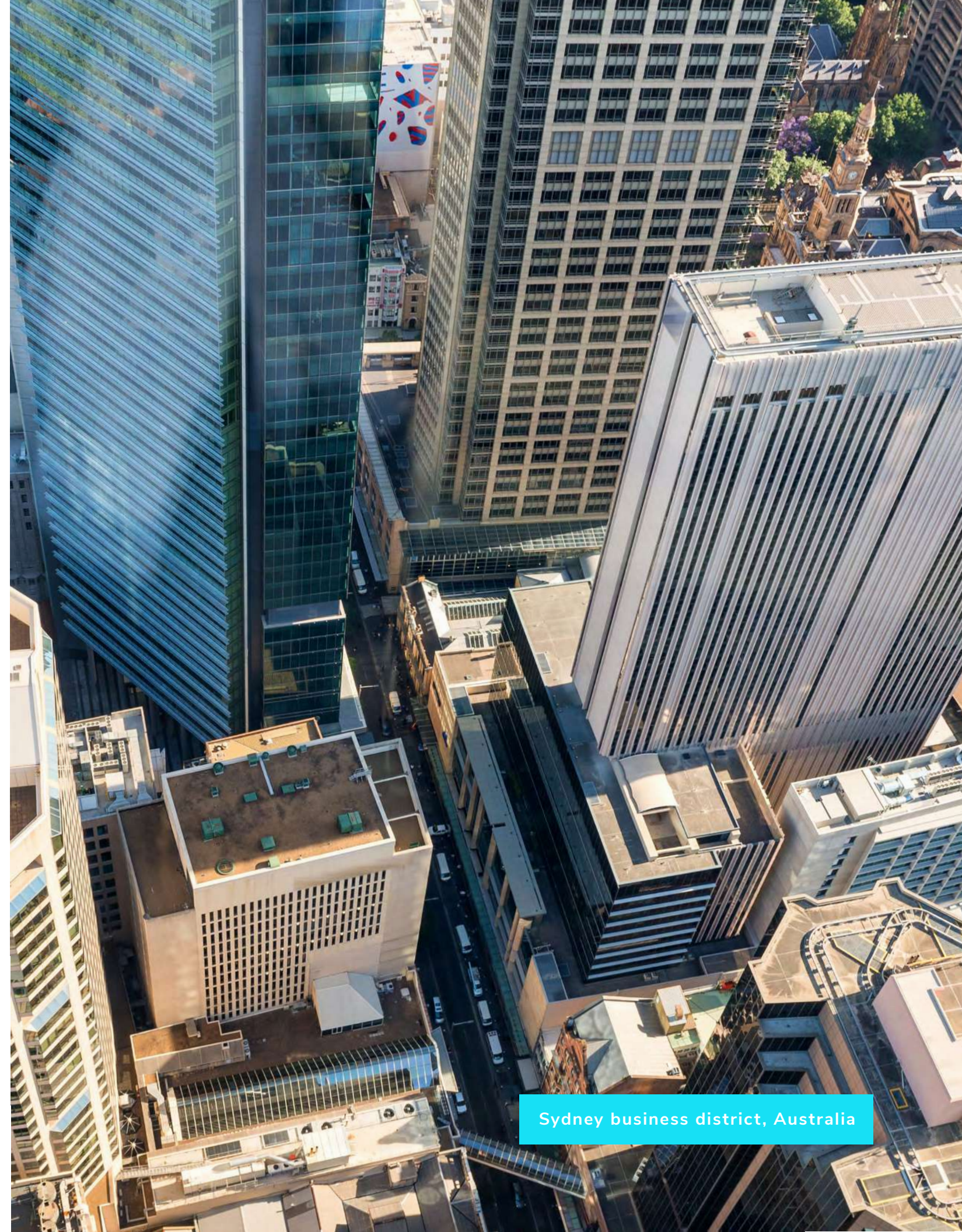
HOW WE CAN HELP

Establishing a branch office or subsidiary in Australia to engage a small team would be incredibly time-consuming, expensive and complex.

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Globalization Partners makes it painless and easy to hire your team in Australia. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Australia, please contact us.



Sydney business district, Australia

China





China

Did you know?

- ✓ China has 1/5th of the world’s population.
- ✓ The Chinese invented paper.
- ✓ Is the 3rd largest country in the world.

China, home to 1.35 billion people, is the most populous country in the world, and the second-largest country by land area. China’s GDP is USD 9.4 trillion, making it the second-largest economy in the world, and it ranks at 84 on the World Bank’s scale of ease of doing business. China’s largest exports are computers, broadcasting equipment, telephones, integrated circuits, and office machine parts.

BASIC FACTS ABOUT HIRING IN CHINA

Written employment contracts are mandatory for full-time employees. Employers have one month to finalize contract terms, after which employees are entitled to twice their salary while they remain without a contract until they have been employed for one year. However, despite the penalty threat, it is not uncommon for local employers to forgo a written contract.

EMPLOYMENT CONTRACTS

It legally required to put a strong employment contract in place in China which spells out the terms of the employee’s compensation, benefits, and termination requirements. An offer letter and employment contract in China should always state the salary and any compensation amounts in Chinese Yuan Renminbi rather than a foreign currency.

CHINA PUBLIC HOLIDAYS

Seven national public holidays are celebrated in China, including:

- **New Year’s Day**, January 1, 2020
- **Chinese New Year** (Spring Festival), Jan 25, 2020
- **QingMing Festival**, April 4, 2020
- **Labor Day**, May 1, 2020
- **Dragon Boat Festival**, June 25, 2020
- **Mid-Autumn Festival**, October 1, 2020
- **National Day**, October 1, 2020

The statutory minimum is to provide paid leave for the legally required holidays, however, market norm/best practice is to permit the employees a bit of flexibility around the Chinese New Year so that they can avoid the peak travel days. Offering employees an extra day off before and after the officially published dates is an excellent supplementary benefit.

BONUS

A 13th month salary or annual bonus is not required but is market norm in China. A commission plan may be seen as replacing this for a sales employee. When negotiating with employees, it is ended to clearly state the monthly salary, how many months it will be paid, and the total annual salary.

WORKING HOURS

The Labor Law of the People’s Republic of China designates a five-day workweek of no more than 8 hours a day and no more than 44 hours a week. Offices are usually open from 8am to 6pm each day, with a two-hour lunch from noon to 2pm, although hours may vary from city to city. Government offices are open from 9am to 5pm and closed on weekends.

VACATION

Employees who have worked:

- **Less than one year receive no vacation.**
- **Between one year and less than 10 years** are entitled to five days of paid annual leave.
- **At least 10 years but less than 20 years** are entitled to 10 days of annual leave.
- **At least 20 years of work entitles employees to 15 days of annual leave.**
- In practice, most foreign employers hiring mid-level to senior executives in China will provide **two to four weeks of annual vacation days.**

- **Employers can require employees to take their entire annual leave entitlement each year.**

If an employee does not use all of his or her annual leave in a certain year, and does not agree to carry leave forward, then the employer must pay the employee 200% of the employee’s average daily wage for each day of unused annual leave, in addition to regular salary.

SICK LEAVE

- **Employees are entitled to between three and 24 months’** leave for medical treatment depending on the length of service with the employer and the number of years in general employment.
- **Sick pay should not be below 80% of the local minimum wage.**
- **If the employee becomes injured or sick on the job, they are entitled to a maximum of 12 months’** leave at full pay for medical treatment.

PARENTAL LEAVE

Women are generally entitled to a 98-day paid maternity leave, which they can take starting 15 days before childbirth.

- **If the mother has a multiple birth, an additional 15 days is granted for each additional child.**
- Women who have children after the age of 24 are generally granted an additional **“late maternity leave” of about 30 days.** The actual number of days depends on the city.
- **Women may be entitled to receive full pay during their maternity leave.** This is either paid through social security, or if the employer did not contribute to social security on her behalf, then it is to be paid by the employer.



Paternity leave varies widely, depending on location, but by statute does not exceed 14 days.

In Shanghai, a male employee can expect three days of leave, while in Shenzhen he can expect 10 days if the mother is 23 or older.

TERMINATION/SEVERANCE

A probation period may be agreed to between employer and employee in an employment contract. The maximum length of a probation period for an indefinite employment contract is up to six months.

- **The amount of notice for termination varies with length of service.**
 1. One month to two years employment requires a minimum of one week’s notice
 2. More than two years employment requires notice of one week per year of completed service up to 12 weeks of notice.
- **Terminations must be with cause** and be the reasons must be clearly documented.
- **Contracts may include a payment in lieu of notice (PILON)** clause which allows employers to pay employees instead of requiring them to work their notice. Service of such notice (or payment in lieu) will satisfy an employee’s contractual rights, but further statutory rights against the employer may arise on termination. Much longer periods of contractual notice, binding on both parties, are common.
- **It is illegal to terminate a pregnant employee or one who is on maternity leave or breastfeeding.**

TAXES

Statutory benefits in China include the five “insurances” and include health insurance, pension, worker’s compensation, unemployment insurance, and maternity benefits. Housing benefits are included on top of the five insurances. The amounts vary by province and by the employee’s income bracket.

HEALTH INSURANCE

Basic health and pension insurance is provided through the national system, however, supplementary health insurance may be provided to the employee.

ADDITIONAL BENEFITS

Chinese employers contribute to a housing fund, similar to a 401k plan. The fund subsidizes employee real estate rent and purchasing cost. Some contributions are mandatory; however, employees normally negotiate for an increased housing fund rate.

- Employers usually have to contribute between 5% and 25% of an employee’s annual salary.
- Different cities have different policies related to the housing fund.

Issuing stock options to employees in China is complicated. We strongly recommend reviewing whether it is “worth” offering this benefit prior to offering stock options to your employees in China.

Lion statue in Chinese temple

HOW WE CAN HELP

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in China. Why do that when you don't have to? Globalization Partners makes it easy to hire employees in China with minimal time and expense.

Our solution is to put your candidate on our locally compliant payroll, under our entity in China. This transforms the normal process of setting up and managing a company in China into a simple monthly invoice from our entity.

For all intents and purposes, the employee works for you, however, they're legally on our payroll. Engaging the employee through our already-existing local company enables you to skip the difficulty of creating a subsidiary and setting up a separate business in China – so that you, and your new team member, can instead focus on your business.

If you would like to discuss how Globalization Partners can help in China, please contact us.



Neon lights in Mong Kok area, Hong Kong



Japan



Japan

Did you know?

- ✓ Japan consists of nearly 6,800 islands.
- ✓ 21% of Japan’s population is elderly.
- ✓ Has one of the world’s lowest crime rates.

BASIC FACTS ABOUT HIRING IN JAPAN

Japanese employment law is very focused on the individual and protecting his or her rights. Termination is extremely difficult and must be considered “socially acceptable”. Maintaining a set of “Work Rules” that govern the terms of employee service is critical in Japan. In Japan, most of the terms and conditions of employment are stipulated in the Work Rules (shuugyou kisoku).

Employers with 10 or more employees are required to create and file Work Rules with the Labor Standards Inspection Bureau. The Work Rules will constitute part of the employment contract and will stipulate certain terms of employment such as work hours, holidays, termination of employment and wages. When negotiating terms of an employment contract and offer letter with an employee in Japan, it may be useful to keep the following standard benefits in Japan in mind.

EMPLOYMENT CONTRACTS IN JAPAN

The Japan Labour Standards Law does not specify a format of employment contracts, but employers in Japan must provide employees with certain terms and conditions of employment in writing.

An employer can fulfill this requirement by giving employees a written employment contract and/or providing the employee with a copy of the company’s ‘work rules’ (shuugyou kisoku). All employees engaged via Globalization Partners’ Japan PEO and employer of record services are engaged via a locally compliant employment contract.

It is best practice is to put a strong employment contract in place in Japan which spells out the terms of the employee’s compensation, benefits, and termination requirements. An offer letter and employment contract in Japan should always state the salary and any compensation amounts in Yen rather than a foreign currency.

JAPAN HOLIDAYS

Japan celebrates 16 public holidays for which employees are given the day off, including:

- **New Year’s Day**, January 1, 2020
- **Coming of Age Day**, January 13, 2020
- **Foundation Day**, February 11, 2020
- **Vernal Equinox Day**, March 19, 2020
- **Showa Day**, April 29, 2020
- **Constitution Memorial Day**, May 3, 2020
- **Greenery Day**, May 4, 2020
- **Children’s Day**, May 5, 2020
- **Marine Day**, July 20, 2020
- **Mountain Day**, August 11, 2020
- **Respect for the Aged Day**, September 21, 2020
- **Autumnal Equinox Day**, September 22, 2020
- **Health and Sports Day**, October 12, 2020
- **Culture Day**, November 3, 2020
- **Labour Thanksgiving Day**, November 23, 2020
- **The Emperor’s Birthday**, February 23, 2020

With the exception of New Year’s Day, if a holiday falls on a Sunday, the following day is treated as a holiday instead.

It is not a legal requirement that public holidays are specified as days off but would be highly unusual for salaried employees of foreign employers to not be given the day off.

BONUS PAYMENTS IN JAPAN

There is no legal requirement to give bonuses to employees in Japan, in addition to the monthly wages.

Sales employees are normally paid commission, in a similar structure to US sales compensation packages.

JAPAN WORKING HOURS

The standard work week in Japan begins on Monday and ends on Friday, 40 hours per week, unless otherwise agreed with a union or via a representative of the local employees. The agreement must set out the maximum hours of overtime work.

Minimum overtime rates are:

- **Basic overtime rate** – 125% of base hourly wage
- **Work on a “rest day”** – 135% of base hourly wage
- **Late night overtime** (between 10:00pm & 5:00am) – 150% of base hourly wage (25% added)
- **Late night overtime on a “rest day”** – 160% of base hourly wage (25% added)
- **Overtime work in excess of 60 hours/month** – 150% of base hourly wage
- **Late night overtime in excess of 60 hours/month** – 175% of base hourly wage

Small to mid-size companies are currently exempt from the last two rates above. In addition, “persons in positions of supervision or management or persons handling confidential matters” are generally exempt from overtime.

VACATION BENEFITS IN JAPAN

In Japan, employers are required to grant annual paid leave of at least 10 days upon completion of six months of employment.

The entitlement increases by one day per year for the following two years and by two days per year thereafter, up to a maximum of 20 days per year. Unused annual leave expires after two years if not used.



Billboards in Shinjuku's Kabuki-cho district.

SICK LEAVE IN JAPAN

An employer is not generally required to grant paid leave to an employee who is absent from work as a result of illness or injury, unless the work rules or employment contract provides otherwise.

PARENTAL LEAVE

Pregnant employees are entitled to maternity leave within 6 weeks of the expected birth date, and eight weeks after birth. An employer is not allowed to have a female employee work within eight weeks after giving birth, except if both:

- She wishes to resume her duties after six weeks after giving birth.
- The resumption of the work will not cause any problems, as certified by a doctor.

It is not required that employers pay for maternity leave, unless the employment contract or work rules state otherwise. Employees are eligible for family care leave of up to 93 days per family member. These absences are not paid unless otherwise stipulated in the Work Rules.

Childcare leave: An employee is entitled to receive childcare leave from the following day after maternity/paternity leave ends to the day before a child becomes one year old. On a certain condition, the period could be extended to the day a child becomes one and a half years old.

Childcare leave benefits: 1. JPY 420,000 of Lump-sum benefit for Childbirth 2. Exemption of social insurance premium 3. Maternity allowance: About 2/3 of monthly salary during maternity/paternity leave 4. Childcare leave benefit: about 2/3 of monthly salary during the childcare leave.

TERMINATION AND SEVERANCE IN JAPAN

Probation periods are common in Japan and will normally range from three to six months, and should not exceed one year. During the probationary period, an employee can be dismissed if the employer has objectively reasonable grounds to do so, and the dismissal would not be considered unreasonable.

It is considered somewhat easier to validly dismiss an employee in their probationary period than afterwards. The option for an employer to extend the probationary period must be set forth in the work rules and/or employment contract.

Employees have a very high level of legal protection in Japan. Once hired, the employer's right to dismiss an employee is severely restricted and it is very difficult to terminate employees.

A dismissal will be invalid as an abuse of rights under local law if it lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms. Practically, it is very difficult for an employer to satisfy these requirements. Termination of employees must be for 'cause.' Acceptable grounds for termination in Japan depend on the individual circumstances of each case, but are generally:

- **Theft or violence.**
- **Serious insubordination** – must be egregious.
- **Serious and on-going poor performance after formal warnings have been given**, corrective training provided and other potential positions explored.
- **False information regarding skills or background that impacts performance or makes the fulfillment of duties impossible.**

Employers must give at least 30 days' notice of dismissal or provide payment of base salary in lieu of notice. It is customary for work rules to specify that an employee must give 30 days' notice of resignation.

JAPAN TAX

Japan's social security system is excellent. Via the social safety net, all people (including employees) are provided with excellent health care coverage, pension, unemployment insurance and other benefits. Because such excellent benefits are provided by the government, it's less common for employers in Japan to provide supplemental insurance benefits. The social security system in Japan includes a pension plan that both employers and employees pay into. The plan pays benefits to an employee if the employee has been paying into the system for at least 25 years. The pension is receivable once an employee turns 65 years old.

In Japan, there is also National Universal Health care system. **Employees generally receive four basic types of insurance: health insurance, welfare pension insurance, workers' compensation, unemployment insurance**

Health and welfare pension insurance are "social insurance," to which directors are also entitled. Premiums are borne 50% by the employer and 50% by the employee. Workers' compensation and unemployment insurance are "labor insurance," to which directors are not entitled. The employer is responsible for 100% of workers' compensation premiums and more than 50% of unemployment insurance premiums. Employment income, such as salary income, is subject to national income tax and local inhabitants tax. National income tax applies at progressive rates depending on the income amount. Local inhabitants tax applies at a flat rate. The rate is set locally.

ADDITIONAL BENEFITS IN JAPAN

Providing a safe and harmonious workplace is important in Japan. Employers are required by law to provide annual physicals and checkups for all employees. Depending on the type of work, employers may also be required to provide stress checkups.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Japan to engage a small team would be incredibly time-consuming, expensive and complex.

Japanese labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices.

Globalization Partners makes it painless and easy to hire your team in Japan. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Japan, please contact us.



Tokyo Intersection, Japan



Indonesia



Indonesia

Did you know?

- ✓ Indonesia is made up of 18,307 islands.
- ✓ It is home to the world’s largest lizard-the komodo dragon.
- ✓ There are over 740 different languages and dialects spoken in the country.
- ✓ It is part of the “Ring of Fire,” with over 400 volcanoes.

EMPLOYMENT CONTRACTS IN INDONESIA

Fixed-term employment agreements in Indonesia must be written in Bahasa Indonesia, the official language of Indonesia, and may be bilingual.

In the event of any inconsistency in the bilingual versions of the employment agreements, the Bahasa Indonesia version will prevail.

Employment contracts in Indonesia can either be fixed-term or for an unspecified period of time. Fixed-term contracts are given for defined time periods or until the completion of a certain job.

These contracts cannot exceed two years; however, extending a contract for up to one year is allowed.

Best practice is to put a strong employment contract in place in Indonesia which spells out the terms of the employee’s compensation, benefits, and termination requirements. An offer letter and employment contract in Indonesia should always state the salary and any compensation amounts in Indonesia rupiah rather than a foreign currency.

The employment contract template is part of the service with Globalization Partners; no need to draft a separate template if you use our employer of record and PEO service in Indonesia.

INDONESIA’S HOLIDAYS - 2020

Indonesia celebrates 14 public holidays for which employees are given the day off, including:

- New Year’s Day-January 1, 2020
- Chinese New Year- January 25, 2020
- “Nyepi” Bali Hindu New Year- March 25, 2020
- Good Friday- April 10, 2020
- Labor Day- May 1, 2020
- Ascension Day of Jesus Christ- May 21, 2020
- Ascension Day of the Prophet Muhammad- March 20, 2020
- Buddhist Holy Day of Waisak- May 7, 2020
- Ascension Day- May 21, 2020
- Eid al-Fitr- May 23, 2020
- Independence Day, August 17, 2020
- Idul Adha- July 30, 2020 Islamic New Year- August 19, 2020
- Birthday of the Prophet Muhammad- October 28, 2020
- Christmas Day, December 25, 2020

It should be noted as well that 87% of the population in Indonesia observe Islam as their religion and consequently Islamic holidays such as the Birthday of the Prophet Muhammed are widely celebrated across Indonesia.

INDONESIA WORKING HOURS

The Indonesia workweek is 40 hours, with either seven hours a day for six days a week or eight hours a day for five days a week. If employers request extra hours, they must pay 1.5 times their regular wages for the first hour and two times their regular wages for any hour after that.

Wages should include and fixed allowances. Maximum overtime allowed is three hours a day or 14 hours a week.

Senior-level positions are excluded from overtime. There must be a written order from the employer and written consent for the employee for any overtime worked.

VACATION LEAVE IN INDONESIA

Employees are entitled to statutory annual paid leave of 12 days per year. It is not typical to provide more than the statutory days and “Cuti Bersama”. The Indonesian government also declares “Cuti Bersama” which means “taking leave together, this is also referred to shared leave. Cuti Bersama was introduced by the Indonesian government for the purpose of stimulating domestic tourism within the country and increasing the efficiency of public servants.

For example, if a holiday falls on a Thursday, a “joint holiday” program encourages the employer to give Friday off. The holiday is counted in public servants’ overall leave. Most businesses follow this concept by adjusting employees’ annual leave in line with government policy. The Cuti Bersama changes each year and is dictated by the government. In 2017, it was January 2nd, June 26th-28th, and December 26th.

SICK LEAVE IN INDONESIA

The concept of a set number of sick days does not exist in Indonesia. Instead, the employee’s salary is reduced based on the time the employee has been out. For the first four months, the employee is entitled to 100% of their pay.

After the first four months, the employee’s pay is reduced by 25% and an employer may terminate an employee who has been sick for 12 months. Sick pay is covered by the employer, not the government.



Pura Ulun Danu,
Indonesia

PARENTAL LEAVE IN INDONESIA

Female employees are entitled to take three months of fully paid maternity leave, of which 1.5 months are taken prior to the birth, and 1.5 months are taken post-natal.

Male employees are entitled to two days paid paternity leave. Employees are entitled to paid family leave in Indonesia, under the following circumstances:

- **Marriage of the employee's child:**
two days' paid leave
- **Circumcision of the employee's child:**
two days' paid leave
- **Baptism of the employee's child:**
two days' paid leave
- **Death of the employee's child:**
two days' paid leave
 1. Although full salary is due to the employee for the above circumstances, the employer is not obligated to pay the allowances that are conditional to the attendance of the employee.

TERMINATION/SEVERANCE IN INDONESIA

Employment contracts for an unspecified period can include a probationary period of up to three months. Fixed-term contracts may not include a probationary period. There is no required notice period for employers. Employees may resign with 30 days' notice.

The Labor Law provides different formula of severance pay for the different reasons for the dismissal/employment termination. This includes events such as imprisonment, death, retirement, bankruptcy, etc.

Standard severance pay: one month of wages for service of less than one year, plus an additional month of wages for every year of service, up to nine months' salary.

Long Service pay which amounts to two months' salary after the first three years of service, followed by an additional one month's salary for every three years of service thereafter, up to a maximum of ten months' salary for 24 years of service.

Compensation Pay must be paid to cover the following:

- Annual leave that has not expired or been taken.
- relocation expenses (expenses to return the employee and their family to the place from which they were recruited).
- medical and housing allowance: 15% of the total severance pay and service appreciation pay, if any.
- other benefits provided under the employment agreement, the company regulations or the CBA.
- other compensation amounts as determined by the Industrial Relations Court (this can include special arrangements between the employer and employee).

Separation Pay is a voluntary award provided to the employer as compensation for the employee's service and is regulated by the employment agreement. There are only five termination reasons that allow an employer only to only pay the compensation owed, with no severance or separation pay:

- **Employee resigns at her own will**
- **Grave Misconduct**
- **Severe Chronic illness for more than 12 months**
- **Disability due to work related accident**
- **Five days of missing work**

INDONESIA TAX

As of January 1, 2014, Indonesia implemented a universal social security system intended to cover all employees and residents under a single health care system by 2019 and a single employment benefit system by 2029. The national social security covers five programs, including:

- **health insurance**
- **occupational injuries**
- **Provident fund**
- **pension benefits**
- **death benefits**

Contributions for funding health care are split between employers and employees and are approximately 5% of earnings. This is for all employees, including expats. Residents of Indonesia are subject to the following rates of Income Tax:

- **Up to IDR 50 million: 5%**
- **From IDR 50 million up to IDR 250 million: 15%**
- **From IDR 250 million up to IDR 500 million: 25%**
- **Over IDR 500 million: 30%**

HEALTH INSURANCE BENEFITS IN INDONESIA

Indonesia has compulsory universal healthcare which is funded through payroll taxes and the general budget. Employers are required to enroll their employees in this system.

Any employee hired through globalization partners will automatically have the employee enrolled in the universal healthcare. This is mandatory for all employees, including expats.

BONUS IN INDONESIA

Employees are paid a mandatory 13th-month salary payment in Indonesia, often referred to as THR. This is considered a religious day allowance and is paid one week before the respective religious holiday.

Since most of the country is Muslim, most employers provide this bonus one week before the Muslim holiday, Idul Fitri (the end of Ramadhan), regardless of the employee's religion. Other employers will provide the bonus in December for any non-Muslim employees. If the employee has worked for less than 12 months, they are entitled to a prorated amount.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Indonesia to engage a small team would be incredibly time-consuming, expensive and complex. Indonesian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to hire your team in Indonesia. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits.

Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Indonesia, please contact us.



Balinese dancers with fans, Bali, Indonesia



South Korea



South Korea

Did you know?

- ✓ **51 million people live in South Korea (2017). The majority of the people live in the province surrounding Seoul in the north west of the country.**
- ✓ **Main religions are Christianity (27%) Buddhism (15%), however many practice Confucianism regardless of their religious beliefs.**

South Korea, located in East Asia, is the most developed country in the region according to the Human Development Index. 50 million people live in South Korea, half of them in Seoul’s metropolitan area. The Korean government encourages entrepreneurship and market competition.

EMPLOYMENT CONTRACTS IN SOUTH KOREA

Historically, South Korean employment contracts were indefinite and employees worked until retirement. However, fixed-term, part-time, and temporary contracts are becoming more common.

Fixed-term contracts cannot exceed two years and beyond this limit, an employee must be treated as if they have an indefinite contract.

Part-time employees are entitled to the same working rights as employees who do the same job full time, in proportion to the hours worked.

In South Korea, best practice is to put a strong, written employment contract in place, in the local language, which spells out the terms of the employee’s job description, compensation, benefits, working hours, sick leave, and termination requirements.

An offer letter and employment contract in South Korea should always state the salary and any compensation amounts in Won rather than a foreign currency.

SOUTH KOREA HOLIDAYS

In addition to vacation days, employees are entitled to the 1st of May (Labor Day) as a mandatory paid holiday in Korea. An employer isn’t required to treat other national holidays as paid holidays, though in market practice it is firmly embedded that they are treated as paid holidays. The following is a list of Korean national holidays, which are at times subject to change:

- **31 December – 2nd of January – New Years’ holidays (Lunar Calendar)**
- **First day of the first lunar month**
- **1 March: Independence Day**
- **5 May: Children’s Day**
- **8 April: Buddha’s Birthday**
- **6th June: Memorial Day**
- **15th Day of the eight lunar month 14**
- **9 October: Hangul Day**
- **25 December: Christmas Day**

BONUS IN SOUTH KOREA

It is common for Korean companies to pay incentive or performance-based bonuses.

SOUTH KOREA WORKING HOURS

Koreans are known for working long hours, however, employers must allow employees a minimum of one paid day off per week under the Korean labor law; Sunday is generally designated as the paid weekly day off. Many professional employees work a half-day on Saturday.

VACATION IN SOUTH KOREA

Companies with full-time salaried employees are legally required to provide 15 days of paid annual leave after one year of service with the company.

- An additional vacation day is paid for each two years of service thereafter.
- The statutory vacation days earned per year are capped at 25 days.

SICK LEAVE IN SOUTH KOREA

There is no legal requirement for employers to provide leave to employees for non-work related illnesses or injuries. It is not uncommon, however, for companies to provide paid sick leave whether an injury or illness is work related. Employees will generally use their annual paid leave as personal sick days if paid sick leave is not available. Employers are required under the Labor Standards Act to provide paid leave for work-related illnesses or injuries. Sick pay paid to an employee cannot be recovered from the state.

PARENTAL LEAVE IN SOUTH KOREA

Female employees are entitled to 90 days of maternity leave. The start date can be agreed to by the employer and the employee, however 45 consecutive days of leave must be taken after the birth. The company or Employment Insurance pays for the leave, depending on the size of the company.

Benefit pay also depends on company size. Parents who have worked for an employer for more than one year may be eligible for parental leave.

- **Such leave applies to parents whose children are under six years old**
- Each parent is eligible for up to one year of leave
- **Parents cannot take leave at the same time**
- **The parent is entitled to 40% of their monthly income** from Employment Insurance



Bell pavilion at Seokguram Grotto, South Korea

TERMINATION/SEVERANCE IN SOUTH KOREA

An employer must provide employees with at least 30-days’ notice or they can pay the employee 30 days of salary in lieu of the notice as a dismissal notice allowance. Employment contracts often provide for longer notice. As a contractual matter, an employee may be entitled to reasonable notice of termination (which can be as much as 12 months) in particular circumstances.

By Korean law, a full-time employee is entitled to receive severance pay equal to one month’s salary for each year of employment if they have worked for at least one year and they have worked for more than 15 hours per week or more than 60 hours per month. Severance pay is to be paid within two weeks of termination.

Employees with more than six months’ service are eligible to make unfair dismissal claims if either:

- They are covered by a modern award or enterprise agreement (regardless of how much they earn and even if they have signed a high income guarantee.)
- They are award or agreement free and they earn less than the relevant income threshold (A\$129,300 base salary for 2013/2014.)

The primary unfair dismissal remedy is reinstatement. If that is not appropriate, compensation of up to six months’ pay may be awarded.

SOUTH KOREA TAX

Employees belong to a mandatory social security system.

HEALTH INSURANCE IN SOUTH KOREA

Universal healthcare in South Korea is provided by compulsory National Health Insurance (NHI).

Employees and employers must contribute to National Health Insurance. The contribution rate is dependent on the employee’s salary and the employer and employee each pay 50% of the contribution.

HOW WE CAN HELP

Establishing a branch office or subsidiary in South Korea to engage a small team would be incredibly time-consuming, expensive and complex. South Korean labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices.

Globalization Partners makes it painless and easy to hire your team in South Korea. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in South Korea, please contact us.



Lotte World Tower, South Korea



Singapore



Singapore

Did you know?

- ✓ Singapore is not only one island! 63 islands belong to the city state and are dotted around the Singapore coastline, and most of these islands are inhabited.
- ✓ Singapore comes from the Sanskrit name 'Singapura' which means 'lion city'. The Merlion, the country's national symbol, is inspired by this name.
- ✓ Singapore's flying foxes are the largest bats in the world.

Singapore is an island city-state located in South-east Asia, just north of the equator. Its 278 square miles of land is home to 5.5 million people, making it the third most densely populated country in the world at 20,000 people per square mile.

According to the World Bank, Singapore is the easiest country in the world in which to do business. Singapore's GDP is USD 307 billion and growing at an annual rate of 1.8%; its unemployment rate is 1.9%. Singapore is a financial and commercial center, and its major exports include electrical equipment, machinery, chemicals, medical equipment, and plastics.

EMPLOYMENT CONTRACTS

Best practice is to put a strong, written employment contract in place in Singapore which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Singapore should always state the salary and any compensation amounts in Singapore dollars rather than a foreign currency.

SINGAPORE PUBLIC HOLIDAYS

10 public holidays are celebrated in Singapore.

- **New Year's Day**, January 1, 2020
- **Chinese New Year (2 days)**, January 25, 2020
- **Good Friday**, April 10, 2020
- **Labour Day**, February 2020
- **Vesak Day**, May 7, 2020
- **Hari Raya Puasa**, May 23, 2020
- **National Day**, August 10, 2020
- **Hari Raya Haji**, July 28, 2020
- **Deepavali**, November 14, 2020
- **Christmas Day**, December 25, 2020

BONUS

A 13th month or annual bonus is not required but is market norm in Singapore. A commission plan may replace this for a sales employee. An annual bonus may be equal to two to three months of salary when the economy is strong.

SINGAPORE WORKING HOURS

Working hours should not exceed 44 per week. Employees who work five or fewer days per week should not work more than nine hours per day. Those who work five or more days per week should not work more than eight hours per day.

Employees may be entitled to overtime at a rate of 1.5 times their usual wage depending on whether they are classified as a non-workman or a workman and if their salary is under the applicable cap.

VACATION

The market norm for vacation is 14 days, although senior executives may command more (3-4 weeks). Statutory minimum is seven days plus one day for each additional year worked with a company until the 8th year of service. From the 8th year of service onward, the legal minimum remains at 14 days.



People running and cycling Singapore

SINGAPORE SICK LEAVE

- Employees are generally entitled to sick leave if:
- they have worked for the employer for at least three months
 - they have informed their employer within 48 hours of their absence
 - their sick leave is certified by the company’s doctor, a company-approved doctor, or a government doctor

The number of days of paid sick leave is dependent on the length of service.

Employees who have worked for at least six months are eligible for 14 days of outpatient, non-hospitalization leave and 60 days of hospitalization leave, which includes the 14 days of outpatient leave. **Employees with less than six months of service are entitled to paid leave on the following schedule:**

Number of months of service completed	Paid outpatient non-hospitalization leave (days)	Paid hospitalization leave (days)
3	5	15
4	8	30
5	11	45
6 and thereafter	14	60

PARENTAL LEAVE

- A female employee who:
- is a citizen of Singapore
 - is legally married to the father
 - has worked for her employer for at least three months

is entitled to 16 weeks of paid maternity leave. For the first two pregnancies, the employer pays for the first eight weeks of leave and the government pays for the second eight weeks. The government pays for the entire leave for additional pregnancies.

Employees who are not citizens of Singapore and/or are not legally married to the father are generally entitled to 12 weeks of paid leave, unless their employment contract states differently. It is likely that beginning in 2017, women no longer need to be married to be eligible for 16 weeks of paid maternity leave. Beginning July 1st, 2017, wives may share up to four weeks of maternity leave with husbands.

Employees with less than three months of service are not entitled to paid maternity leave. A father is generally eligible for two weeks of paid paternity leave, funded by the government, if:

- he is or was legally married to the child’s mother between conception and birth
- his child is a citizen of Singapore
- he has been employed for a continuous period of at least three months before the birth

Paternity pay is capped at SGD2,500 per week.

Beginning July 1st, 2017, adoption leave will be increased to 12 weeks, but employers will not be eligible for reimbursement for the first four weeks of adoption leave for the first two children adopted.

TERMINATION/SEVERANCE

A probation period of three to six months may generally be agreed to in the employment contract, during which there is a shorter notice period.

This is not a statutory requirement. One month’s termination notice on behalf of the employer or employee is the generally agreed term, but this is not fixed. If the notice period is not specified in the employment contract, the following applies:

Length of service	Length of service
Less than 26 weeks	1 day
26 weeks to less than 2 years	1 week
2 years to less than 5 years	2 weeks
5 years and above	4 weeks

RETIREMENT

Singapore has a mandatory minimum retirement age of 62, at which time employers must offer employees reemployment up to the age of 65, and beginning July 1st, 2017, up to the age of 67, as long as the employee:

- has worked for at least three years, beginning before the employee was 55
- is a citizen or permanent resident of Singapore
- can satisfactorily perform the work

SINGAPORE TAX

CPF (Central Provident Fund) is the main nationally mandated benefit or social security expense.

The amount varies, but we recommend budgeting 17% of the employee’s salary (on top of the regular salary) as a benefit cost to be paid into the Central Providence Fund by the employer. CPF is similar to a retirement fund.

HEALTH INSURANCE

Basic insurance is provided through the national system, however, supplementary health insurance may be provided to the employee as a supplementary benefit.

ADDITIONAL BENEFITS

Most executives request supplementary health and life insurance, but a small company may provide an allowance in lieu of arranging insurance.

Stock options are often requested by executives working for US technology companies in Singapore.

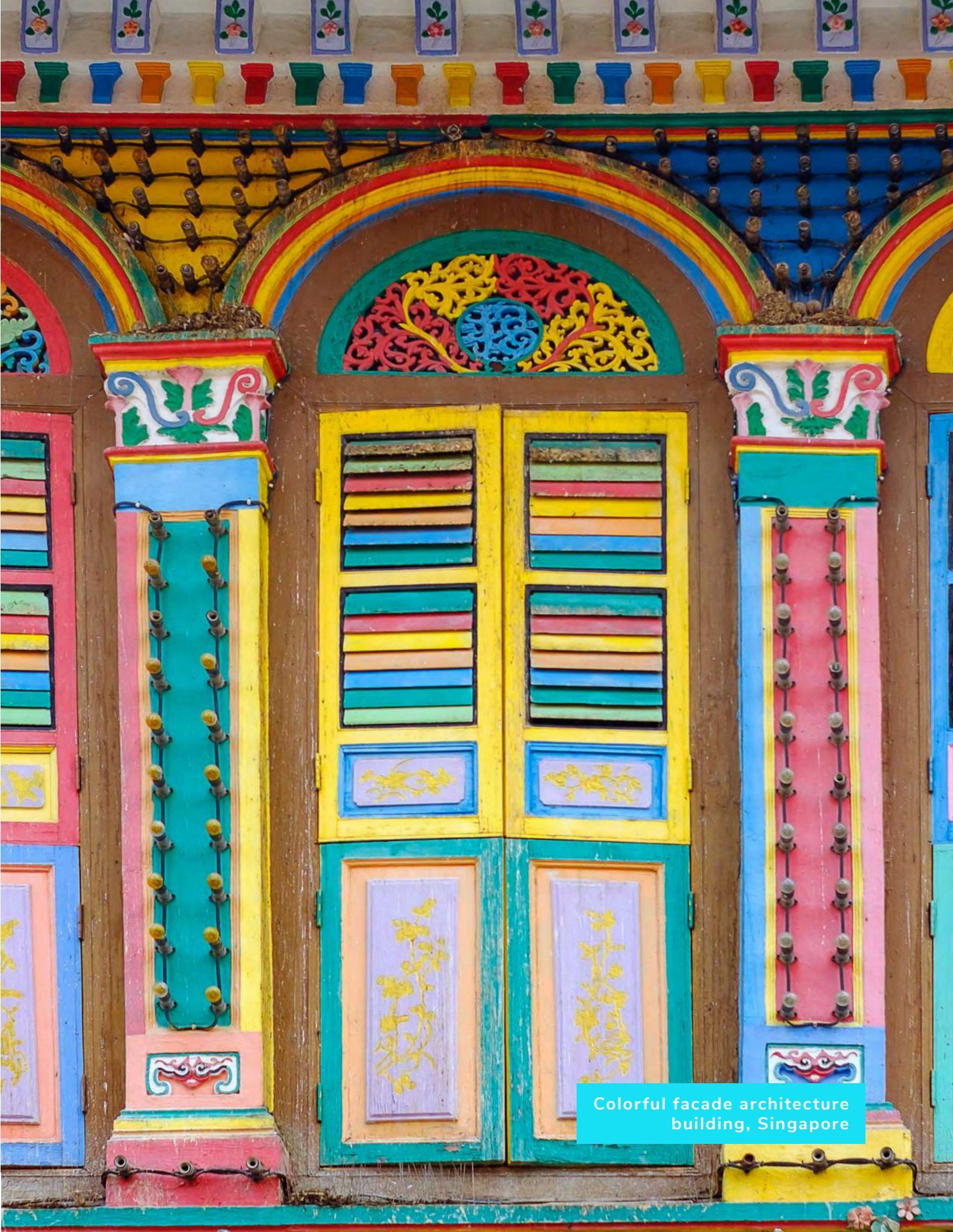
HOW WE CAN HELP

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in Singapore. Why do that when you don’t have to? Globalization Partners makes it easy to hire employees in Singapore with minimal time and expense.

Our solution is to put your candidate on our locally compliant payroll, under our entity in Singapore. This transforms the normal process of setting up and managing a company in Singapore into a simple monthly invoice from our entity.

For all intents and purposes, the employee works for you, however, they’re legally on our payroll. Engaging the employee through our already-existing local company enables you to skip the difficulty of creating a subsidiary and setting up a separate business in Singapore – so that you, and your new team member, can instead focus on your business.

If you would like to discuss how Globalization Partners can help in Singapore, please contact us.



Colorful facade architecture building, Singapore



Philippines



Philippines

Did you know?

- ✓ The Philippines was the first country in Southeast Asia to gain independence after World War II, in 1945.
- ✓ The Philippines is the world’s largest exporter of coconuts and tropical fruits.
- ✓ The only place in the world where skunks are found other than America is Indonesia and the Philippines, where they are called stink badgers.

EMPLOYMENT CONTRACTS IN THE PHILIPPINES

Employees often negotiate in terms of net salary rather than gross salary. This can create difficulties for US employers, who are used to negotiating in terms of gross salary. When negotiating with a candidate in the Philippines, make sure to clarify that all offers are stated in terms of gross rather than net salaries. In the Philippines, employment contracts can be oral or written, but it is best practice to put a strong, written contract in place, in the local language, which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in the Philippines should always state the salary and any compensation amounts in the Philippine Pesos rather than a foreign currency.

PHILIPPINES HOLIDAYS

There are two types of holidays in the Philippines: Regular Holidays and Special Non-Working days.: Regular holidays are paid days off, and if the employee works during regular holidays they are required to be paid 200% of their regular wages.

Special Non-Working days are non-paid holidays, and if the employee is required to work on a Special Non-Working day they are paid 130% of their regular wages. There are some additional regulations around special pay for overtime and normal rest days. Salary employees receive all these days, and the only difference is the overtime rate.

There are 10 Regular Holidays:

- **New Year's Day**, January 1, 2020
- **Maundy Thursday**, April 9, 2020
- **Good Friday**, April 10, 2020
- **Araw ng Kagitingan**, April 9, 2020
- **Labor Day**, May 1, 2020
- **Independence Day**, August 17, 2020
- **National Heroes Day**, August 31, 2020
- **Bonifacio Day**, November 30, 2020
- **Christmas Day**, December 25, 2020
- **Rizal Day**, December 30, 2020

Special Non-Working Days can change from year to year. In 2017 they are:

- **Chinese New Year**, January 25, 2020
- **EDSA People Power Revolution**, February 22, 2020
- **Black Saturday**, April 11, 2020
- **Ninoy Aquino Day**, August 21, 2020
- **Oct 31st Special Non-working Day** (not yearly holiday- depends on the president)
- **All Saints Day**, November 1, 2020
- **Dec 31st Special Non-working Day**

PHILIPPINES WORKING HOURS

The Philippine work week is 40 hours, with a standard workday of eight hours. If employees in the Philippines must work on Sunday or paid holiday, they are entitled to 1.30% of their regular wages, unless the collective bargaining agreement or employment contract states differently.

If an employee works more than eight hours a day, the employer must pay 1.25% of the employee's regular wages. Employers in The Philippines may not provide compensation in time off rather than wages.

VACATION LEAVE IN THE PHILIPPINES

Philippine employees are legally entitled to five days of paid 'service incentive leave', which can be used for vacation or sick leave. However, we typically see good employers offering 15 days of paid vacation and 15 days of paid sick leave for most professional level positions in the Philippines.

There are no rulings for carryover, and that aspect of the vacation policy is left to the discretion of the employer.

It should also be noted that untracked / unlimited PTO is extremely rare in the Philippines and brings with it some significant challenges.

SICK LEAVE IN THE PHILIPPINES

There is no statutory sick leave above what is mentioned above in The Philippines. That being said, employee contracts, company policy, and collective bargaining agreements often include sick leave benefits.

An employee who has paid at least three monthly Social Security contributions in the 12 month period prior to the illness or injury, is confined for more than three days in a hospital or elsewhere, and has the approval of the SSS, is entitled to be paid by his employer at 90% of his average daily salary per day of confinement, but only after all sick leave with pay due from the employer has been exhausted.

The employer is entitled to 100% reimbursement from SSS. The employee must submit directly to SS to receive reimbursement.



Horse Drawn Carriage parking in front of Malate church, Manila Philippines.

PARENTAL LEAVE

Female workers who have contributed to Social Security for at least three months of the prior 12 months are eligible for 60 days of paid leave at their daily salary rate for the first four pregnancies. 78 days of paid leave is provided for cesarean deliveries.

A female member of the Social Security System (SSS) who has paid at least three monthly contributions in the twelve-month period immediately preceding the semester of her childbirth or miscarriage shall be paid a daily maternity benefit equivalent to 100% of her average daily salary.

The benefit is for 60 days for normal delivery and 78 days for cesarean delivery for the first four deliveries and miscarriages. Married male employees are eligible for seven days of paid paternity leave for their first four children, as long as they live in the same household. Leave must be taken within 60 days of the birth. Employer pays the employee at the time of the leave, and they then submit for reimbursement to the SSS.

TERMINATION/SEVERANCE IN THE PHILIPPINES

Filipino termination law is very complicated. Below is a brief summary of the major points. Probationary employment is allowed for up to six months.

Employers may dismiss workers for a just cause, in which case there no mandatory severance. Management must conduct an investigation and have strong evidence to prove cause.

Termination causes that would be deemed just cause include:

- **serious misconduct**
- **willful disobedience**
- **gross and habitual neglect of duty**
- **fraud or breach of trust**
- **commission of a crime or offense against the employer, his family or representative**

Or for authorized causes the employer must pay a severance. Termination causes that would be deemed authorize cause include:

- **installation of labor-saving devices**
- **redundancy**
- **retrenchment to prevent losses**
- **closure and cessation of business**
- **disease or illness**

In a termination for just cause, due process involves the two-notice rule, that in total legally must be at least 30 days:

1. A notice of intent to dismiss specifying the grounds for termination, and giving said employee reasonable opportunity within which to explain his or her side
2. A hearing or conference where the employee is given an opportunity to respond to the charge, present evidence or rebut the evidence presented against them
3. A notice of dismissal indicating that upon due consideration of all the circumstances, grounds have been established to justify termination.

In a termination for an authorized cause, due process means a written notice of dismissal to the employee specifying the grounds at least 30 days before the date of termination.

A copy of the notice shall also be furnished to the Regional Office of the Department of Labor and Employment (DOLE) where the employer is located.

Employees may appeal to an arbitrator and if the employer is found not to have followed the correct procedures, the employee may be entitled to payment of damages, reinstatement, and/or back wages.

Severance pay is provided based on the reason for termination, but is typically one month's wages for every year worked. In case of termination due to the installation of labour-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher.

This is based on what salary the employee received on their most recent check (this includes allowance and basic salary, not commission or bonus).

In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) year.

PHILIPPINES TAX

Similar to social security in the United States, the Philippines has a social security system which is a mandatory employee benefit. The Philippines Social Security System consists of the following:

- **Social Security System (SSS):** the SSS was created to provide private employees and their families with protection against disability, sickness, old age, and death. All persons under the age of 60 who earn income from employment of more than P1,000 per month are required to contribute to the SSS. Employee contributions for social security are deducted from employee's salary payments. These are withheld by the employer on a monthly basis.
- **Home Development Mutual Fund (HDMF):** the HDMF is a provident savings system providing housing loans to private and Philippine government employees, and self-employed persons who elect to join the Fund.
- **Philippine Health Insurance Corporation (PhilHealth):** PhilHealth is administered by the Philippine National Health Corporation, which is designed to provide employees with a practical means of paying for adequate medical care in the Philippines.

Employers in the Philippines are required to make contributions to the above funds. The current SSS contribution rate as of 2016 is 11.36% of the monthly salary not exceeding P16,000 with the percentage being divided among the employer at 7.67% and the employee at 3.69%.

HEALTH INSURANCE BENEFITS IN THE PHILIPPINES

The Philippines has compulsory universal healthcare which is funded through payroll taxes and the general budget. Private health care is also available.

The Private Healthcare system caters to 30% of the population.

ADDITIONAL BENEFITS IN THE PHILIPPINES

Offering additional benefits can help attract and retain key talent. Below are some common additional benefits some employers offer in the Philippines:

- **Allowances:** Some companies offer allowance for things such as housing, transportation, and medical allowances. If an allowance can be classified as a cost of living allowance it is tax deductible. All other allowances will be taxed.
- **Supplementary Insurances:** supplementary life, disability, and health insurance are often provided by employers and are recommended.

BONUS

Filipino employees are legally entitled to a 13th month salary. When offering a monthly salary, your employee will typically multiply by 13 to obtain the base annual salary.

The 13th-month pay in the Philippines is equivalent to 1/12 of the basic salary received by an employee during the year. If a Filipino employee worked for less than a year (regardless of the cause for the termination of his employment), the amount due to them is determined by dividing the total salary they received by the number of months he was employed.

The calculation of the base salary does not include allowances and monetary benefits that are not considered or integrated as part of the employee's regular compensation. If, however, these benefits are by company practice or policy treated as part of the basic salary, then they should be included in the computation of an employee's 13th-month pay.

Filipino law requires that the extra pay be given no later than December 24th, however, it is strongly recommended that the 13th month salary be paid as early in December as possible. Culturally, the Christmas holiday is very important to Filipinos and the 13th month pay is typically used to buy Christmas gifts. The earlier in December an employer can provide 13th month pay for its Filipino employees, the more employees will appreciate it. Not usual, but sometimes this is given ½ in June. This is a small bonus to cover employees' children's school fees are due at the start of the school year (June). In addition to the 13th month pay, some employers give an additional Christmas bonus, which is known as the 14th month pay. This is one of the key benefits used to attract and retain staff and is highly appreciated by future employees.

HOW WE CAN HELP

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in the Philippines. Why do that when you don't have to? Globalization Partners makes it easy to hire employees in Philippines with minimal time and expense. Our solution is to put your candidate on our locally compliant payroll, under our entity in the Philippines. This transforms the normal process of setting up and managing a company in the Philippines into a simple monthly invoice from our entity. For all intents and purposes, the employee works for you, however, they're legally on our payroll.

Engaging the employee through our already-existing local company enables you to skip the difficulty of creating a subsidiary and setting up a separate business in the Philippines – so that you, and your new team member, can instead focus on your business.

If you would like to discuss how Globalization Partners can help in the Philippines, please contact us.



Manila, Philippines

Vietnam





Vietnam

Did you know?

- ✓ Vietnam shares a land border with China to the north, Cambodia and Laos to the west.
- ✓ The currency of Vietnam is called the dong.
- ✓ Vietnam has a high level of biodiversity. It is home to approximately 16% of the world’s species.
- ✓ The cuisine of Vietnam traditionally combines 5 fundamental taste elements including: spicy (metal), sour (wood), bitter (fire), salty (water) and sweet (earth).

Vietnam is in Southeast Asia on the Indochina Peninsula and borders the South China Sea. More than 90 million people live in Vietnam.

EMPLOYMENT CONTRACTS

It is legally required to put a written employment contract in place in Vietnam which spells out the terms of the employee’s compensation, benefits, and termination requirements. An offer letter and employment contract in Vietnam should always state the salary

and any compensation amounts in Vietnam dong rather than a foreign currency.

VIETNAM HOLIDAYS

There are 10 public holidays in Vietnam, during which most employees are entitled to the day off work.

The Tet Lunar New Year is a weeklong celebration.

DATE	DESCRIPTION	NUMBER OF DAYs OFF
January 1	New Year’s Day	01
From last day of the last lunar month to 5th day of the first lunar month	Tết (The Lunar New Year)	05
10th day of the 3rd lunar month	Hung Kings Commemorations	01
April 30	Day of Southern Liberation for National Reunification	01
May 1	International Labour Day	01
September 2 (with added either September 1 or 3 next year)	National Day	01

Foreign employees are additionally entitled to a day off with pay on one additional traditional day.

BONUS

A 13 month bonus is not legally required in Vietnam, but most employers provide a 13th month bonus, annual bonus or commission plan. The 13th month bonus is typically offered to employees that have worked for a company for more than one year or is prorated based on length of employment. Bonuses are often paid prior to the Lunar New Year Holiday and is usually one to three months’ salary. Various other allowances and bonuses may often be negotiated for in Vietnam, and they may or may not be taxable depending on their structure.

VIETNAM WORKING HOURS

The maximum working hours per week are eight hours per day and 48 hours per week, for normal working conditions. It’s legally required that employers provide employees with one full day off per week, which is usually Sunday.

Most white-collar professionals in practice work similar hours to American companies for what we would consider full-time exempt positions: eight hours per day, 40 hours per week, Monday through Friday.

VACATION

Minimal annual leave requirements of 12 days are stipulated by Vietnamese labor law.

- **Employees who have worked for twelve months** for an employer are entitled to twelve paid annual leave days, with pro rata entitlement for employees with less than twelve month's service.
- **Employees receive one additional paid vacation** day for each additional five years they work for an employer.
- **Employees are entitled to pay in lieu of annual leave** for leave not taken by the end of the year. Employees may be permitted to carry over untaken annual leave to the following year, but no later than March 31st of the following year, instead of payment in lieu of untaken leave.
- **Employees working under hazardous conditions** may earn more leave, and additional leave is often a negotiated supplementary benefit.
- **Annual vacation leave is held separately from sick leave or maternity leave in Vietnam.**

Employees are also entitled to paid personal leave for their wedding, the wedding of their child, or the death of a parent, spouse, or child, as well as unpaid leave with the approval of their employer.

SICK LEAVE

Employees who suffer from illness and/or disability or take leave in accordance with a doctor's order receive an allowance paid by Vietnam's social insurance fund, provided that they submit the required documentation supporting their leave.

The sick leave allowance is based on the employee's salary used to calculate the social insurance premium. The maximum entitlement is:

- 30 days per year (if the employee has contributed to the social insurance fund for less than 15 years) or
- 40 days per year (if the employee has contributed to the social insurance fund for between 15 and 30 years) or
- 60 days per year (if the employee has contributed to the social insurance fund for more than 30 years).

PARENTAL LEAVE

Female employees are eligible for six months of paid maternity leave at 100% of salary, and an additional 30 days for each additional child.

Salary during this period is paid by the compulsory social insurance. Maternity leave is six months. A female employee who is pregnant, on maternity leave or has a child below 12 months of age can only be dismissed if the enterprise ceases operation. No other causes for dismissal are recognized. An employer is not required to pay salary to an employee who is on maternity leave, however the maternity leave allowance is based on the employee's salary used to calculate the social insurance premium.

The maximum entitlement is: VND29.800.000, the employer normally will pay for the difference in case of the employee's actual gross salary base is higher than the amount above. Fathers are eligible to receive five to 14 days of paid paternity leave, depending on whether the child is born naturally or by C-section and whether it is a single or multiple birth.

TERMINATION/SEVERANCE

The rights employees have when their employment contract is terminated depend upon the reason of dismissal and the employment contract. This has effects on the notice period and possible severance payments.

It's common practice to arrange a "probation period" in Vietnam when engaging new employees. A probationary period must not exceed 60 days for work that requires specialized or highly technical skills or 30 days for other types of work.

Vietnam labor code states that an employer may terminate a labor contract by serving an advance notice of 30 working days for termination of a fixed term labor contract or 45 working days for an indefinite labor contract. However, employers must have proper legal grounds for termination.

Terminating an employee in Vietnam is not a simple matter. Proper legal grounds must exist in order for an employer to terminate a labor contract with an employee, such as performance issues, prolonged illness, a force majeure event, or dissolution of the company. Employers are required to perform various procedures prior to terminating an employee.

If an employer fails to prove that there are legal grounds for the termination or fails to follow the proper statutory procedure, a termination may be declared wrongful. In the event of a wrongful termination, employers may be required to reinstate the employee, pay their salary for the period that they were not allowed to work, and pay two months of the employee's salary as a penalty for the wrongful termination.

In practice, a settlement or resignation can normally be negotiated with some amount of severance pay provided to the employee.

Mu Cang Chai,
YenBai, Vietnam

VIETNAM TAX

Statutory Social Insurance in Vietnam applies to enterprises, entities, and organizations that employ employees under indefinite-term labor contracts or under definite-term labor contracts with a duration of three months or more.

The social insurance fund pays allowances for:

- sick leave
- maternity leave
- work-related accidents
- occupational disease
- pensions

Vietnam has a compulsory social, health and unemployment insurance scheme. Contributions are to be borne by both the employer and the employee.

The basis for calculating the contributions is the monthly salary as stipulated in the labour contract (capped at 20 times Common Minimum Wage for SI / HI) and 20 times Minimum Regional Wage for UI. Compulsory unemployment insurance only applies to enterprises with 10 or more employees.

- **Local:** Employers contribute 21.5% of payroll to social insurance; local employees contribute 10.5%
- **Expat:** Employers contribute 6.5% of payroll to social insurance; expat employees contribute 1.5%
- **Union Fee:** 1% (not compulsory, only when professional joins TU organization)
- **Trade Union:** 2% (compulsory to the employer)

VIETNAM HEALTH INSURANCE LAW

Basic insurance is provided through the national system. Employers provide health insurance by law for their employees and must provide regular annual health checks. Supplementary health and life insurance is often provided to employees as a benefit in order to cover the employee better than the compulsory health insurance. Small companies may provide an allowance in lieu of arranging insurance. Additional vacation time is often negotiated. Team outings and company trips are commonly expected by the employees and are considered a bonus. In a country with high staff fluctuation, such team events shall be considered important

HOW WE CAN HELP

Establishing a branch office or subsidiary in Vietnam to engage a small team would be incredibly time-consuming, expensive and complex. Vietnamese labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to hire your team in Vietnam. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Vietnam, please contact us.



Woman walking in Hoi An with fruits

AMERICAS

Brazil

Canada

Chile

Mexico

Brazil



Brazil

Did you know?

- ✓ It is called Brasil in Portuguese, the official language spoken in Brazil.
- ✓ Brazil is the fifth largest country in the world by both land area and population.
- ✓ In Brazil they drive on the right-hand side of the road
- ✓ Brazil covers three time zones.

Brazil is the largest country in South America, the fifth largest country in the world by both population and land area (occupying 47% of the continent), and it is the largest country of Portuguese speakers.

EMPLOYMENT CONTRACTS IN BRAZIL

In Brazil, employment contracts can be oral or written, but it best practice to put a strong, written contract in place, in Portuguese (or in dual language), which spells out the terms of the employee's compensation, benefits, working hours (or exemption), whether a probationary period applies, confidentiality and the restrictive covenants (if applicable). An offer letter and employment contract in Brazil should always state the salary and any compensation amounts in Brazilian Real rather than a foreign currency.

PUBLIC HOLIDAYS IN BRAZIL

As of 2020, there are 10 federal holidays in Brazil.

- **New Year's Day**, January 1, 2020
- **Good Friday**, April 10, 2020,
- **Tiradentes' Day**, April 21, 2020
- **Labour Day / May Day**, May 1, 2020
- **Independence Day**, September 7, 2020
- **Our Lady Aparecida/Children's Day**, October 12, 2020 All Souls Day, November 2, 2020
- **Republic Proclamation Day**, November 15, 2020
- **Christmas Day**, December 25, 2020

Public holidays may be legislated at the federal, state-wide and municipal levels.

Most holidays are observed nationwide, but each state and city may have its own holidays as well. Election days are also considered to be national holidays, and Brazil celebrates religious and ethnic holidays.

WORKING HOURS IN BRAZIL

The Brazil workweek is up 44 hours. Under Globalization Partners, workweek is 40 hours, ideally eight hours per day, plus one hour for lunch.

The number of workweek hours are set by law or collective bargaining agreement, and a major source of litigation in Brazil is overcompensation for overtime. Additionally, while you may have agreed on a contract, the Brazilian courts tend to rule in a narrow fashion, usually on the side of the employee.

For non-exempt employees, overtime is paid on any hours after the eighth hour of the working day with at least 50% premium. Work on Sundays and public holidays are paid with 100% premium. Employers can use a system to compensate overtime hours with time off, subject to the terms and limitations established by law and collective bargaining agreement.

VACATION LEAVE IN BRAZIL

All employees in Brazil are entitled to 30 calendar days of vacation per year after each 12 months of service.

The vacation period can be taken in three blocks, one of at least 14 consecutive days, and the other two of at least five consecutive days. Employees are also entitled to cash out 10 days of vacation each year.

In addition, the employee must be paid one third of a month's salary as holiday bonus. Holiday pay and holiday bonus payments are due prorated upon termination in Brazil.

SICK LEAVE IN BRAZIL

If an employee is sick and provides a medical note, the first 15 days of absence must be paid. Any further days off are paid by the National Institute of Social Security (INSS), at fixed rates, and the employer may need to complement the payment, if the applicable collective bargaining agreement so requires.

PARENTAL LEAVE IN BRAZIL

Women are entitled to four months' paid maternity leave and may not be dismissed during pregnancy or during the 12 months after birth. Adopting mothers are also entitled to leave.

Private companies enrolled into the Citizen Corporate program have the option to extend an additional 60 days of maternity leave and can deduct the additional salary paid to the employee during this time from their income taxes, not as an operational expense. The employee must request the additional 60-day increase before the end of the first month following the birth, the employee cannot render services or take part in any remunerated activity during this time, and the newborn child cannot be enrolled in a daycare center.

Salary and benefits must be paid throughout the employment protection period.

Men are entitled to five days of paid paternity leave, which they must request in advance.

Other Paid Leaves: Brazilian law and collective bargaining agreements allow employees to take paid days off in several other circumstances, provided they justify the absence through some written evidence.



Brazilian dishes

TERMINATION/SEVERANCE IN BRAZIL

Either party may terminate the employment contract by giving written notice known as aviso prévio of at least 30 days or payment in lieu of working the notice period. After one year of service, the employee is entitled to three additional days' notice per completed year of service until 60 days are added making the total possible to 90 days. Employees' notice of resignation is always 30 days regardless of the length of service. The final payment to the employee terminated without cause must include all the following:

- Normal pay up to the date of termination
- Prior notice (when paid in lieu)
- Prorated untaken vacation pay and vacation premium Prorated 13th salary
- Prorated bonus if applicable
- Overtime or benefits calculated up to the date of termination
- FGTS contribution
- Any other applicable benefit provided in the collective bargaining agreement

In Brazil, it is possible to terminate an employee for just cause without prior notice. The law outlines 12 reasons to terminate with cause, mostly relating to gross misconduct. Companies usually avoid termination with cause as this can lead to lawsuits. Employees who were fired with cause often have a difficult time finding a new job, so courts set a higher standard of proof for employers to meet. Poor performance is not considered good cause for a termination for cause.

Certain employees may enjoy temporary job protection, so they cannot be terminated without cause.

The protected categories include pregnant employees, new mothers, employees returning from occupational illnesses/accidents, union members, and other categories as determined by the collective bargaining agreement.

Termination by the employer triggers the payment of a penalty premium to the employee's individual account in the Unemployment Savings Fund (FGTS) equivalent to 40% of the total of deposits made by the employer to the employee's individual account. This penalty premium does not apply if termination is for good cause or the employee resigns. Transfers of employment are only legal as a result of a joint venture or acquisition in Brazil, or between companies of the same group.

EMPLOYMENT TAXES IN BRAZIL

An employer's portion of social security and statutory benefits in Brazil can be estimated as roughly 80% on top of the total salary costs for the average employee. To provide an example, a company hiring an employee at the USD equivalent of \$100,000 per year will end up paying at least \$180,000 when required employer taxes and statutory benefits are added on top of the payroll.

HEALTH INSURANCE BENEFITS IN BRAZIL

Health insurance is provided by the Brazilian government, although private health insurance is an increasingly common employee benefit.

Most benefits in Brazil are prescribed by law and there are very few negotiating points on benefits with the candidate. In addition to the benefits described in other sections, there are heavy levies for various social charges that cover medical and other social welfare programs.

ADDITIONAL BENEFITS IN BRAZIL

Standard benefits under Globalization Partners in Brazil includes meal voucher tickets, transportation voucher and life insurance.

Also, as requested per our Collective Bargaining Agreement, day care assistance can be provided for children up to 2 years old. Dental and health insurance are supplemental benefits and once offered to the employee best practice is to extend it to employee's dependent.

VARIABLE COMPENSATION

Rather than paying monthly commissions, annual bonus payout is the norm in Brazil. As long as initial negotiations do not suggest monthly or quarterly bonus payouts, then the candidate will usually be amenable to annual payouts. For commission payments, DSR (Weekly Rest Payments) is calculated on top of commission payment. The calculation is based into business days of the month and holidays/Sundays.

BONUS IN BRAZIL

A 13th-month salary is required in Brazil and is an amount equal to the employee's December salary which is paid out to employees in two parts: the first installment is paid between February and November and the second installment between December 1-20.

The 13th-month salary is also due pro-rated upon termination. The 13th-month payment is a legally mandated benefit and not part of the base salary. During negotiations with candidates, it is important to clearly state what salary is being offered and whether it is inclusive or exclusive of the 13th-month payment.

PENSION PLAN AND FGTS CONTRIBUTION

Part of the contributions made to the social security system (INSS) goes towards the government sponsored pension plan.

Employers are also required to contribute to a seniority payment/ unemployment savings fund known as Fundo de Garantia por Tempo de Serviço (FGTS), in the amount of 8% of the remuneration paid to the employee. Such contributions are deposited in a special account (fund) and will bear interest and inflation adjustments. In case of termination without cause, employer must pay a fine of 40% of the FGTS balance deposited during the length of the contract.

The total contributions made by the employer, plus the 40% penalty, which will be released to the employee if terminated without cause. If the employee is terminated for cause or resigns, they will only be able to withdraw the amount deposit in their FGTS account until another triggering event takes place, such as their retirement, acquisition of first house, serious illness, etc. The amounts deposited in such account by the employer will never revert to the employer.

PROBATION PERIOD IN BRAZIL

The maximum probationary period allowed in Brazil is 90 days which can be split into two terms. If the initial trial period is 45 days, it may be renewed but only for an additional term of 45 days.

A contract may be terminated at the end of the probation period with final pay including normal pay up to the date of termination as well as untaken vacation pay and prorated 13th salary.

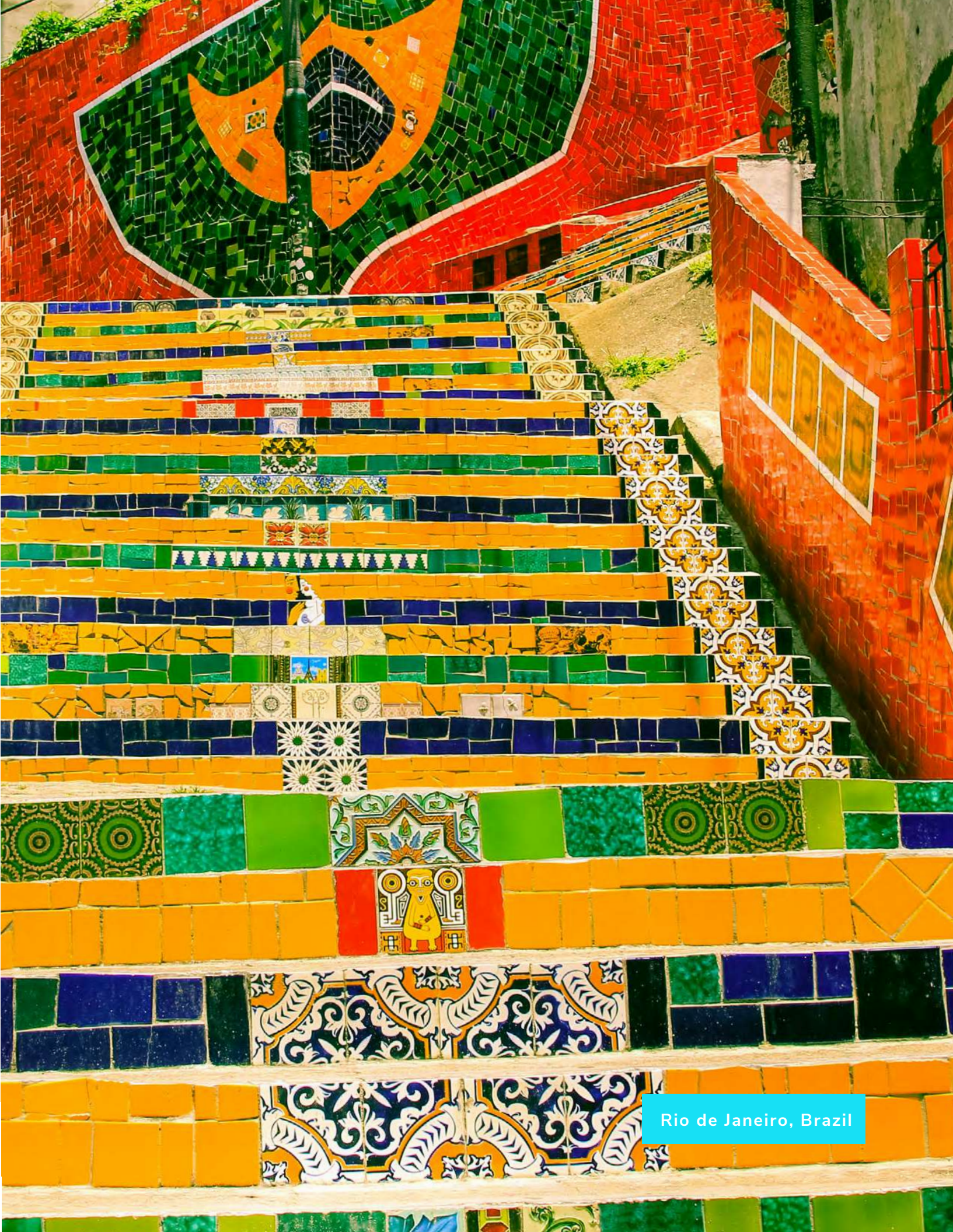
HOW WE CAN HELP

Establishing a branch office or subsidiary in Brazil to engage a small team would be incredibly time-consuming, expensive and complex. Brazilian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices.

Globalization Partners makes it painless and easy to hire your team in Brazil. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team.

This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Brazil, please contact us.



Rio de Janeiro, Brazil



Canada



Canada

Did you know?

- ✓ **The two main languages spoken in Canada are English and French.**
- ✓ **The name Canada comes from the word ‘kanata’ which means ‘settlement’ or ‘village’ in the language of the indigenous St Lawrence Iroquoians.**
- ✓ **The most popular sport in Canada is ice hockey.**
- ✓ **The maple leaf is a Canadian symbol and features prominently on the national flag.**
- ✓ **Canada is composed of 10 provinces and three territories, spanning six time zones.**

EMPLOYMENT CONTRACTS

Factor in the time it will take to become familiar with provincial nuances for each hire. A written contract of employment is not required by law in Canada, however, it is strongly recommended.

Most employers decide to enter into written employment contracts with employees to define the terms of the employment relationship.

The primary restriction on the terms set out in an employment contract is that the minimum standards set out in employment standards must be adhered to.

Canada is a bilingual country with French and English-speaking populations. Except for the province of Québec, there are no rules governing the language of employment contracts. In all provinces except Québec, employment contracts are most often drafted in English.

We recommend putting a strong employment contract in place, in the local language, which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Canada should always state the salary and any compensation amounts in Canadian dollars rather than a foreign currency.

CANADA HOLIDAYS

Canada celebrates both Federal and Provincial public holidays. There are four Federal public holidays that are celebrated nationwide for which employees are given paid days off, and the remainder are Provincial public holidays:

- **New Year's Day (National)**, January 1, 2020
- **Islander Day (PEI)**, February 17, 2020
- **Louis Riel Day (MB)**, February 17, 2020
- **Heritage Day (NS)**, February 17, 2020
- **Family Day (BC, AB, SK, ON, NB)**, February 17, 2020
- **Good Friday (National except QC)**, April 10, 2020
- **Easter Monday (QC)**, April 13, 2020
- **Victoria Day (National except NB, NS, NL)**, May 18, 2020
- **Aboriginal Day (NWT)**, June 21, 2020
- **St. Jean Baptiste Day (QC)**, June 24, 2020
- **Canada Day (National)**, July 1, 2020
- **Civic Holiday (AB, BC, SK, ON, NB, NU)**, August 3, 2020
- **Labour Day (National)**, September 7, 2020
- **Thanksgiving (National except NB, NS, NL)**, October 12, 2020
- **Remembrance Day (National except MB, ON, QC, NS)** November 11, 2020
- **Christmas Day (National)**, December 25, 2020
- **Boxing Day (ON)**, December 26, 2020

CANADA - WORKING HOURS

Employment standards legislation in each jurisdiction sets restrictions on working hours. Most jurisdictions limit the number of hours that can be worked in a week. In Ontario, for instance, an employer cannot allow an employee to work more than 48 hours a week without obtaining prior approval from the Director of Employment Standards. Regulations in each jurisdiction provide for exceptions to the maximum hours that can be worked in certain industries.

Although hours of work and overtime rules vary significantly across Canada, most jurisdictions have established an overtime rate equivalent to 1.5 times an employee's regular rate of pay. In Ontario, the entitlement begins at 44 hours; in Québec, it is 40 hours. Employers cannot refuse to pay overtime rates and cannot force workers to work excessive hours, nor can they fire workers or have them deported if they refuse or complain about overtime work.

VACATION LEAVE IN CANADA

Most employees have the right to an annual paid vacation. In British Columbia, Alberta, Manitoba, Ontario, and Québec, employees must receive two weeks of paid vacation after completing one year with an employer.

There are some differences across the country with respect to entitlements and eligibility. Most employers offer two to four weeks paid vacation, depending on the type of company and the seniority of the employees. "Use or lose it" vacation is not allowed in Canada. By prior arrangement, an employee may agree with the employer to carry over vacation into the next year. Unlimited PTO is extremely rare in Canada and brings with it some significant challenges.



First Nations totem poles in Stanley Park, Vancouver, Canada

CANADA - SICK TIME OFF

Most employees in Canada have the right to take up to three days of unpaid job-protected leave each calendar year due to a personal illness, injury or medical emergency. Supplemental health insurance plans provided by the employer can include short and/or long-term disability plans. The federal Employment Insurance plan also provides long-term disability benefits.

PARENTAL LEAVE

Every female employee in Canada who has completed six consecutive months of continuous employment and provides her employer with a certificate from a qualified medical practitioner certifying that she is pregnant, is entitled to maternity leave of up to 17 weeks. This leave may begin 12 weeks prior to the estimated date of the birth of the child and end no later than 17 weeks following the birth.

Both new parents have the right to take parental leave of up to 37 weeks for standard leave or up to 61 weeks (63 weeks in certain Provinces) for extended leave. For employees in Quebec, parents have the choice between two plans (Basic or Special Plan). Employers are not required to pay employees while on leave, but may choose to top-up the maternity benefits paid to parents by the government. A mother who takes pregnancy leave must begin her parental leave as soon as her pregnancy leave ends.

SEVERANCE LAWS

It is common for probationary periods to be put in place within Canadian employment contracts. The typical probationary period is three months.

The maximum probationary period allowed depends on the province and generally range from three to six months. It should be noted that if an employer terminates an employee within the probationary period, the employee is entitled to severance pay.

Fixed-term employment contracts are permitted in Canada. However, courts and other adjudicators will conclude that a fixed-term employment contract is, or was, an indefinite term contract if, for example, the parties renewed the same fixed-term contract multiple times or if the employee continued working after the termination date specified in the contract.

Employers in Canada are required to provide employees with a reasonable notice of dismissal or payment in lieu of notice. Employment standards legislation in each jurisdiction mandates the minimum notice periods that employers are required to provide employees based on their length of service. However, under the common law and Québec civil law, employees are also entitled to a period of “reasonable” notice which usually exceeds the statutory minimum.

- In addition to length of service, “reasonable” notice is based on other factors, for example, the employee’s age, position in the company, and other factors relevant to the employee’s ability to secure new employment. Although employment contracts (or collective agreements) can specify notice requirements (or pay in lieu of notice) in cases of dismissal, the parties cannot contract for anything less than the prescribed statutory minimum.

In Federal and Provincial Jurisdictions, employees dismissed without cause may be entitled to severance payments in addition to notice of termination (or pay in lieu of notice). The Canada Labour Code (Federal Jurisdiction) provides that:

- Employees with 12 months of continuous service receive the greater of two days’ wages at their regular wage rate for each completed year of employment or five days’ wages at their regular wage rate.

The Ontario Employment Standards provides that:

- **An employee with five or more years of service will be entitled to severance pay if the employer’s payroll in the province is Can\$2.5 million or more** or if the employer permanently discontinues the employment of 50 or more employees within a six-month period due to a permanent discontinuance of all or part of its business.
- **Severance pay in Ontario is calculated by multiplying the employee’s regular wages for a regular work week by the sum of:**
 1. The number of complete years of employment; and
 2. The number of complete months of employment divided by 12 for a year that is not completed (partial year).
- The maximum amount of severance pay required to be paid under Ontario Employment Standards is 26 weeks.

TAXES IN CANADA

The Canadian social security system incorporates federal law on welfare issues such as unemployment insurance and old age security with provincial policies, programs, and social services.

Each province is responsible for its own social security system and has its own contribution rates. All employees in Canada are expected to make contributions to the social security system, typically deducted from their pay each month. Canada has a progressive taxation rate system.

- The top federal tax rate for individuals in 2018 is 33%.
- Provincial tax rates apply in addition to the federal rate and vary by province.
- As of 2018, Ontario's top marginal rate is 13.16% Québec's is 25.75%Alberta's is 15.00%

On a federal basis in Canada, payroll taxes include contributions to the Canada Pension Plan and Employment Insurance.

- The maximum “pensionable earnings” for the Canada Pension Plan for 2018 is CAD \$55,900
- The maximum employee and employer contributions in 2018 is CAD \$2,593.80 each.
- The maximum “insurable earnings” for Employment Insurance purposes in 2018 is CAD \$51,700 (\$1.66 will be contributed by the employee for every \$100 of salary until that maximum is reached; for Quebec, it is \$1.30 for every \$100 of salary).

There are several child benefits available through the social security system, such as the Canada Child Tax Benefit. A disabled person may be eligible for one of a number of benefits. There are some which are designed to help those with long-term disabilities and others which are for those who have a short-term injury which is causing problems with everyday living. Employment insurance is one of the main benefits of the social security system. This is a temporary benefit which is paid out and covers any number of reasons why a person may not be in work and in need of financial assistance, so unemployment, maternity, sickness benefits and benefits for compassionate leave are all included under this title.

The Old Age Social Security (OAS) pension is paid out to those who are aged 65 and over. In order to claim this benefit, a person must satisfy certain requirements, some of those include: a person must have

been a citizen or legal resident at the time the OAS pension application is approved, have resided in Canada for at least 10 years since the age of 18, as well as making the necessary contributions to the system. It is not essential for a person to give up work before they are able to claim this pension. In addition to this pension, there is the Canada Pension Plan which is another contributory scheme. From this, a person may also claim benefits for disability and survivor benefits.

HEALTH INSURANCE BENEFITS IN CANADA

The social security system provides workers and residents with most healthcare benefits. All residents have a Medicare card which entitles them to free healthcare in their province.

The Canadian health care system was built around the principle that all citizens will receive all “medically necessary and hospital physician services.” Each of Canada's 10 provinces and three territories finance and run a statewide health insurance program. There is no cost-sharing for health care services guaranteed under federal law. While Canadians are guaranteed access to hospital and physician services, it is up to each province to decide whether to cover “supplementary” benefits, like dental care and drug coverage.

About two-thirds of Canadians take out private, supplemental insurance policies (or have an employer-sponsored plan) to cover these services. Doctors in Canada are usually reimbursed by the government at a negotiated fee-for-service rate. Many candidates today expect the company to offer supplemental benefits for private health insurance, dental and vision plans, income protection (disability) and life insurance.

SUPPLEMENTAL PENSION BENEFITS IN CANADA

In addition to supplemental health and dental insurance, most employers offer a supplemental pension or Group Registered Retirement Savings Plan, known as a Group RRSP, to their employees. Employers can decide to contribute to their employee's Group RRSP a fixed percentage of the employee's annual base salary, usually capping at around 6%. Alternatively, employers may choose to match employee contributions to the plan. The Group RRSP provides additional retirement savings to employees to supplement the government pension plans. In addition, RRSP funds may be used towards the First Time Home- Buyer's Plan or Lifelong Learning programs.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Canada to engage a small team would be incredibly time-consuming, expensive and complex. Canadian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to hire your team in Canada.

You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Canada, please contact us.

Maple Forrest, Quebec



Chile



Chile

Did you know?

- ✓ Found in the north of Chile, the Atacama Desert is the driest place on Earth, with an average rainfall of less than 0.05 mm a year.
- ✓ The capital city of Chile is Santiago which has a population of around seven million people, about 36% of the total population.
- ✓ The main indigenous people of southern and central Chile are called the Mapuche. Today just 5% of the population is Mapuche or other native people.

EMPLOYMENT CONTRACTS IN CHILE

When extending an offer letter to a Chilean candidate, carefully state whether your offer is a gross or net annual salary. In Chile, it is common practice to negotiate salaries in NET monthly terms and your candidate is likely to interpret your offer as a NET salary payment rather than gross unless carefully stated otherwise. It is best practice to put a strong employment contract in writing in place in Chile, in the local language, which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Chile should always state the salary and any compensation amounts in pesos rather than a foreign currency.

PUBLIC HOLIDAYS IN CHILE

The following national holidays are celebrated in Chile:

- **New Year's Day**, January 1, 2020
- **Good Friday**, April 10, 2020
- **Holy Saturday**, April 11, 2020
- **Labor Day**, May 1, 2020
- **Navy Day**, May 21, 2020
- **Our Lady of Mount Carmel**, July 16, 2020
- **Assumption**, August 15, 2020
- **Independence Day in Chile**, September 18, 2020
- **Army Day is on Saturday**, May 16, 2020
- **Discovery of Two Worlds Day** (Columbus Day), October 12, 2020

- **Reformation day, October 31, 2020**
- **All Saints' Day**
- **Immaculate Conception**
- **Christmas Day**

In certain cases, when a holiday falls on a weekend, the Chilean government may decide to extend the holiday to either Friday or Monday.

WORKING HOURS IN CHILE

The Chile work week is 45 hours, with a standard work day of 8:30 am to 6:30 pm. Workers are entitled to 11 hours between work days and they are not allowed to work on Sundays (with certain exceptions depending on the sector, such as retail for example). Workers are entitled to one rest day a week. If employees in Chile with contracts subject to a time clock must work overtime, they are entitled to 1.5% of their regular hourly salary, unless the collective bargaining agreement or employment contract indicate a higher amount. Overtime hours should not exceed more than 10 per week, or two hours per day.

VACATION LEAVE IN CHILE

Employees with more than one year of service have a right to 15 paid working days per year. Ten days can typically be taken consecutively, and the remaining five as agreed by the employee and employer. Vacation time can be accrued for up to two consecutive years. Most employers give the statutory minimum.

SICK LEAVE IN CHILE

Employees are entitled to sick leave if supported by a medical certificate that is given to the employer within two working days from the date of beginning of the sick leave.

The employer then has three working days to forward the medical leave certificate to the health insurance institution (Isapre or Fonasa) who pays for the sick leave, which may be subject to caps.

- **Three days or less of sick leave:** employees are not entitled to sick pay
- **Between four and 10 days of sick leave:** employees are entitled to sick pay
- **Greater than 10 days of sick leave:** employees are entitled to sick pay for all working days during the sick leave period

PARENTAL LEAVE IN CHILE

In general, employees are entitled to six weeks of maternity leave before childbirth and 12 weeks after childbirth. In addition, parental leave may be granted, at the choice of the new mother, under any of the following options: (a) a 12-week leave following the expiration of maternity leave or (b) 18 weeks of half-day work following the expiration of maternity leave.

Employees are entitled to a subsidy during leave. This is generally less than the employee's salary and companies will often make up the difference. The employee's job is protected for one year after maternity leave ends. Fathers are entitled to five continuous working days of paternity leave to be used when they want after the child is born. Fathers can also share the parental leave of up to six weeks of full-time leave or 12 weeks of part-time leave.

TERMINATION AND SEVERANCE PAY IN CHILE

An employee is due one month of notice by law. In most cases this month of notice is paid as opposed to asking the employee to work for one month after being served notice.

Termination of Employment Regulations: In Chile, companies may terminate employment for the following reasons:

- mutual agreement
- the conclusion of particular task agreed upon
- force majeure (e.g. an unexpected event, for example, a natural disaster)
- the employee's death
- the expiration of an agreed upon term or duration of employment
- resignation by the employee
- company needs/company reorganization
- Dismissal due to breach of contract or other serious issue (must be proven by the employer)

In order to initiate the termination of a contract, you must first decide the cause, as per articles 159, 160, 161, and to a limited extent 163 of the Chilean Labor Code. In summary, these causes are:

Article 159: Mutual agreement, resignation, or expiration of the contract

Article 160: Dismissal due to breach of contract or other serious issue (must be proven by the employer)

Article 161: Company needs / company reorganization

In the event of dismissals, Article 161 is the most commonly used cause. If this is the case, the employer would need to prepare a letter of notification to the employee, in which the cause is referenced and the effective date is indicated.

This letter is either signed in person by the employee, or sent by certified mail to his home address. In parallel, an original is also filed with the Chilean Labor Ministry ("Inspección de Trabajo").

It is standard for the employee to be formally notified on his last day, with immediate effect.

Once notified, the employer prepares the severance agreement ("finiquito"), in which the cause is detailed and the amounts are specified such as one month of notice, untaken vacation days, and severance (if applicable).

This agreement should be signed within 10 days of notification, and this signature should occur either at the Chilean Labor Ministry or at a notary. In the case of a mutual agreement, a document would be signed on the date of termination indicating that the parties have reached an agreement for the employee to leave, followed by the severance agreement signed in the first or second week following the termination date.

Chileans frequently litigate terminations, so employers need to document the situation carefully. Employers can be liable for attorneys' fees and costs and other damages if found guilty of wrongful termination.

Termination Payments in Chile

- Wages in Lieu of notice
 - Pending vacation days
 - Severance, if tenure is 1+ years
 - Wages, commissions, bonuses that are outstanding
- Severance Payment and Long Service Payment:

Severance Payment and Long Service Payment in Chile: In the event that an employee is fired, they are due legal severance of one month of gross salary (with a cap of UF 90, about USD 3,630 as of March 2017) for every year worked, up to a total of 11 years. After one year, the employee accumulates an additional month of severance once they have worked for at least half of the following year. For example, an employee who is fired after having worked one year and five months is due one month of severance + one month notice + unused vacation. An employee who is fired after having worked one year, six months and a day, is due two months of severance.

In the final severance calculation, there are several adjustments made that consider the amounts already paid into the employee's unemployment insurance account over time. As part of our monthly services, we calculate and accrue for this potential severance payment. Unemployment insurance is paid monthly by both the employee and employer amounting to 3% of the taxable salary with a calculation cap of UF 113.5. **Employee Resignation in Chile:** In the event of a resignation, the employee should present us with the resignation letter as soon as the decision to resign is made, indicating the final day. The employer can provide a template resignation letter for the employee to sign. Only pending vacation days are due to be paid to the employee.

EMPLOYMENT TAXES IN CHILE

When budgeting for payroll in Chile, assume that most social security costs are withheld from the employee rather than paid by the employer. Employer taxes on top of labor costs are quite reasonable for employers in Chile. Employees are required to contribute a portion of their earnings to a:

- **pension fund (10% of salary)**
- **health insurance plan (7%)**
- **life insurance plan (2.84% to 3.4%)**
- **unemployment insurance plan (0.6%)**

Employers must contribute to funds for work-related accidents and illnesses and the unemployment insurance plan. This can range from 0.9% to 4.4% of payroll, depending on the company's industry.

Employers must also contribute 2.4% of payroll to the unemployment fund.

Desert in Chile

HEALTH INSURANCE BENEFITS IN CHILE

Employees must pay into a private health insurance scheme known as “Isapres” for which the employer is required to withhold up to a ceiling of approximately USD 214 pre-tax on a monthly basis. Any additional amount offered towards health insurance is considered supplemental and comes out of the employee’s net salary after tax. The employer can decide whether or not it wants to compensate the employee via a taxable bonus for this difference. Many of our clients do offer a small additional taxable “health insurance” bonus along these lines. To implement this, the employee has two options:

- **contract a better and more expensive plan with their private health insurance company (Isapre)**
- **contract with a very good private supplemental health insurance policy, which we can help arrange, and the employer compensates the employee for all or a portion of the difference due above the legal ceiling of USD 214**

The amount for this additional taxable health insurance bonus would be approximately CLP 100,000 (~ USD 153 as of January 2017) to help cover the out-of-pocket expense for the employee’s additional private health insurance cost. This is considered an excellent supplementary benefit.

ADDITIONAL BENEFITS IN CHILE

There is no obligatory withholding that covers this concept (in case of an employee’s death, the next of kin has access to their pension fund, but this is not a life insurance policy per se).

In some cases, employers may decide to provide benefits amounting to life insurance covering two years’ pay. If your company has a global umbrella coverage that can be extended to international colleagues, this may be the best way to provide this benefit.

Alternatively, we recommend that you negotiate a taxable cash allowance for the employee to purchase their own coverage, which is typically an average premium of USD 60 per month for coverage of USD 70,000 (variations subject to exchange rate fluctuations and inflation). Allowances: Car allowances are not common in Chile except for executive level positions and for employees required to use their personal cars for business.

Company cars cannot be provided to employees without a significant tax penalty. A monthly commuting allowance subject to certain limits depending on the gross salary is another way to offer tax advantaged compensation to the employee who commutes to work.

BONUSES IN CHILE

There is no requirement to pay a 13th month salary in Chile. The Bonus/Commission target amounts should be agreed with the candidate and state in local currency. – Chilean Pesos (CLP) Legal gratification in Chile: Employees are entitled to an annual “legal gratification” bonus typically paid monthly, with the limit of 4.75 Minimum Monthly Wages. The amount changes when an increase to the minimum wage is announced. The base salary specified in the work contract can be lowered in order to take into consideration the fact that legal gratification must be added, so that the total cost to the company is not increased. Once a base salary is stipulated and agreed to with the employee, it cannot be lowered without the employee’s consent.

Aguinaldos (13th month payment in Chile): While not required, it is customary to pay “aguinaldos”, which are token bonuses twice a year—once during Chile’s Independence Day holidays (Sep 18th) and once at year end (around Christmas time). Amounts depend on the level of the employee. GP recommends not negotiating this with the candidate as the amounts are typically nominal and inconsequential.

HOW WE CAN HELP

Establishing a branch office or subsidiary in Chile to engage a small team would be incredibly time-consuming, expensive and complex. Chilean labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices.

Globalization Partners makes it painless and easy to hire your team in Chile. You identify the talent, and we put your candidate on our already-existing, locally compliant payroll and benefits. Legally, the employee is on our payroll, but the team member is fully dedicated to you and will feel like a member of your team. This lifts the burden of HR, payroll and compliance from your shoulders to ours – and enables the employee to focus immediately on your business.

If you would like to discuss how Globalization Partners can make it fast and easy for you to engage your team in Chile, please contact us.



Chilean Gauchos and herd of horses, Patagonia, Chile

Mexico





Mexico

Did you know?

- ✓ The national symbol of Mexico is the golden eagle.
- ✓ Mexico’s most popular sport is football (soccer).
- ✓ There are 31 states in Mexico as well as the capital city.

EMPLOYMENT CONTRACTS IN MEXICO

It is legally required to put a strong employment contract in place in Mexico, in the local language, which spells out the terms of the employee’s compensation, benefits, and termination requirements.

An offer letter and employment contract in Mexico should always It is legally required to put a strong employment contract in place in Mexico, in the local language, which spells out the terms of the employee’s compensation, benefits, and termination requirements.

An offer letter and employment contract in Mexico should always state the salary and any compensation amounts in Mexican pesos rather than a foreign currency such as USD.

MEXICO HOLIDAYS

The people of Mexico celebrate eight national public holidays:

- **New Year’s Day**, January 1, 2020
- **Constitution Day**, February 5, 2020
- **Benito Juarez’s birthday**, March 21, 2020
- **Labour Day/May Day**, May 1, 2020
- **Independence Day**, September 16, 2020
- **Revolution Day**, November 20, 2020
- **Election Day** (December 1, every 6 six years for election of the President)
- **Christmas Day**, December 25, 2020

Mexico celebrates several types of holidays:

- **festivals** (traditional holidays to honor religious events) civic holidays (celebrated nationwide but employees are not entitled to a day off with pay)
- **statutory holidays celebrated according to Federal Labor Law as listed above.**

Employees who work on mandatory holidays are entitled to:

- three times their normal rate of pay
- an agreement with the employer as to the number of hours that they will work.

WORKING HOURS IN MEXICO

In general, most office job hours run from 8:00 a.m. to 6:00 p.m., although working hours are now becoming longer and often go until 7:00 p.m. or later. It should be noted that although lunch breaks in Mexico range from one hour for normal workers to three hours for executives.

If work time limits are passed, compensation of overtime is compulsory. Overtime is paid at 150% of the normal payment. Employers must pay 200% for overtime on Sundays or Bank Holidays. Work time is limited to 11 hours per day and 50 hours per week. Every employee must be given at least one 24-hour rest period each week.

BONUS

Employees are entitled to a yearly bonus known as an Aguinaldo. The minimum Aguinaldo each year is equal to 15 days of salary. In most cases, the Aguinaldo amounts to four week’s pay, and in some larger companies up to six weeks.

The Aguinaldo is normally paid in December, although companies which pay six weeks usually pay four weeks in December and two weeks in summer. Sales positions in Mexico are often paid with large sales commissions or quota bonuses. Management positions also have high variable payments, dependent upon meeting business targets.

VACATION LEAVE IN MEXICO

Employees in Mexico are entitled to an annual vacation entitlement of six days after the first full year of employment. For every year the employee continues to work for the employer, they will receive an additional two vacation days. After four years, employees’ vacation period will increase only two days for each additional five years they work for the employer.

It should be noted that this is the legal minimum entitlement; typically employers will provide increased vacation days based on seniority and individual negotiations with the employee. We typically see companies offering 12 to 18 days of vacation for higher-earning senior professionals.

SICK LEAVE IN MEXICO

In general, the employer may grant permission for sick leave to employees provided there is a reason that justifies the absence, which can be with or without pay and will be approved at the discretion of the immediate Manager or General Manager.

For the case of absence due to sickness, in general, the employee must submit the Leave Certificate issued by IMSS or a medical prescription issued by a private doctor, the latter will be accepted as justification at the discretion of the Supervisor or General Manager. For absences due to Occupational Sickness, only the Leave Certificate issued by IMSS will be accepted as official justification.

Medical certificates should be provided by the employee who is eligible to claim a government subsidy in the amount of 60% of their salary when suffering from an illness not related to work.



Mexican skull ceramics

This increases to 100% when the illness is work-related. For those employees with higher salaries than capped by Law, some companies pay the difference of the income not received by the employee by Social Security Payment.

PARENTAL LEAVE

Female employees have a right to maternity leave consisting of six weeks’ paid leave before the estimated due date, and six week’s paid leave after birth. Fathers are entitled to five paid days of paternity leave.

Maternity leave is paid for by Social Security, not the employer. The payment is capped at 25 times the minimum wage. For those employees with higher salaries than capped by Law, some companies pay the difference of the income not received by the employee by Social Security payment.

TERMINATION/SEVERANCE IN MEXICO

Employers in Mexico are allowed to establish a probationary period for a term of up to 30 days, generally, or up to 180 days for employees in managerial, technical or professional positions. However, it should be noted that due to lack of sufficient case law in Mexico, probationary periods are considered very risky.

Any probation longer than 30 days is in practice not enforceable, and an employer should be prepared do pay severance for any employee with probation longer than 30 days. We strongly do not recommend probation longer than 30 days. Additionally, in order to terminate within the 30 days of probation and not pay severance, it must be because the employee is found unable to perform the job to the satisfaction of the employer.

Employment agreements may only be for a fixed-term contract if a fixed term is required by the nature of the work, or for a temporary replacement of an absent employee. Otherwise, the employment agreement is considered to be for an indefinite term.

Employment agreements can be terminated for the following reasons:

- **By mutual agreement (including resignation)**
- **Death of the employee**
- **Employee’s physical or mental incapacity or disability which makes working impossible**
- **For cause**

Termination payments include:

- **outstanding wages**
- **accrued vacation**
- **vacation bonus**
- **13th month (Aguinaldo bonus)**
- **Any other bonus or commission**
- **If terminated without cause Severance and Seniority bonus payments are due**
- **other payments under the employment contract, such as gratuity, provident fund, etc.**

When the employer wants to dismiss without cause the employee is entitled to 3 months of pay, 20 day’s salary for each year of service, and seniority premium. The 3 months of severance pay would be paid on full salary, which includes premiums, bonuses, commissions and benefits.

Seniority bonus is 12 days’ pay, capped at twice the rate of the statutory minimum wage, per year of service. It is very difficult to prove “cause” in Mexico and the cost of doing so often outweighs the cost of the 90 days’ severance.

Globalization Partners will advise as to the path of least resistance for any employees on our payroll. If an employee resigns, we will be required to provide their-pro-rated benefits, i.e. vacation, vacation bonus, and Aguinaldo (Christmas Bonus).

In collective redundancy situations, if the employer recognizes a trade union and wishes to make employees who are union members redundant or make any amendments to an applicable collective agreement, it must negotiate with the union.

MEXICO TAX

Employees pay progressive income tax in Mexico. The top rate is approximately 35 percent and starts at a salary level of MXN 3,000,000.01 and above as of 2016.

The AFOREs, which is the Administrator of Retirement Funds (Administradora de Fondos para el Retiro in Spanish), are financial institutions that administer retirement savings accounts on behalf of the employee.

All employees associated with the IMSS, ISSTE (applies to government employees) as well as independent employees are eligible to open an AFORE account. An AFORE account consists of the following three subaccounts:

- **RCV (Retirement, and Unemployment as a result of old Age or subcuenta de Retiro, Cesantia en edad avanzada y vejez in Spanish):**
 1. Retirement: 2% employer contribution
 2. Unemployment due to old age: 3.15% employer contribution, 1.125% employee contribution, 0.255% federal government contribution. Additionally, the federal government contributes \$1.45 Mexican pesos daily.

- **Housing (this is administered by Infonavit,** Mexico's federal institute for worker's housing and AFORE only registers and controls the funds): 5% employer contribution
- **Voluntary Contributions:** Voluntary contributions made by the employee to increase their retirement savings.

Please note the above contribution rates vary for government workers.

The employee has to specify which AFORE they have selected to set aside their retirement funds. If after one year of service the employee hasn't selected an AFORE, CONSAR (Mexican Commission of Retirement Savings) will assign the employee's account to the AFORE charging the lowest commissions and the funds contributed during that year will be transferred to the selected AFORE account. The employee will have the option to change their AFORE if they decide.

HEALTH INSURANCE BENEFITS IN MEXICO

The Mexican Social Security Institute (Instituto Mexicano del Seguro Social, IMSS), a governmental organization in Mexico, mandates coverage of public health care for all employees.

However, given some of the disadvantages of the public health care system such as lengthy wait times to see a doctor or specialist, shortage of doctors, lack of flexibility, etc., many employers provide supplemental private medical insurance to their employees.

Some companies offer their employees a private insurance scheme as part of their employment remuneration.

Although less than 3% of Mexicans possess a private medical insurance policy, 52% of the country's total medical expenditures are for private medical services. Private insurance is often preferred as it covers more expensive treatments.

Private medical insurance can be arranged via our comprehensive solution for clients hiring in Mexico. Another alternative is to provide a monthly allowance to the professional so they can purchase their own private plan. We generally recommend that employers provide an allowance in lieu of insurance benefits. If only the employee is being insured a typical allowance would be 2,000 MXN per month. If a family is being insured between 4,000 and 6,000 MXN per month is a typical allowance.

HOW WE CAN HELP

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in Mexico. Why do that when you don't have to? Globalization Partners makes it easy to hire employees in Mexico with minimal time and expense.

Our solution is to put your candidate on our locally compliant payroll, under our entity in Mexico. This transforms the normal process of setting up and managing a company in Mexico into a simple monthly invoice from our entity. For all intents and purposes, the employee works for you, however, they're legally on our payroll. Engaging the employee through our already-existing local company enables you to skip the difficulty of creating a subsidiary and setting up a separate business in Mexico – so that you, and your new team member, can instead focus on your business.

If you would like to discuss how Globalization Partners can help in Mexico, please contact us.



Farmer on his horse walking in his agave seed

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THE RISK,
YOU MANAGE
YOUR BUSINESS.

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