

On your radar

Key employment issues to be aware of internationally

Welcome to the latest edition of CMS On your radar



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The CMS Employment team



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Looking ahead to 2026



JOBE-Angola

In 2026 we expect to see the impact of JOBE–Angola, a national programme designed to promote decent employment and enhance youth employability which was implemented in October 2025. The programme has a strong focus on entrepreneurship, professional rehabilitation, re-skilling, paid internships, and community-based initiatives that generate direct jobs and foster local economic development. The programme may encompass activities such as integrating waste-pickers into the labour market, maintaining public spaces and infrastructure, providing licensing support for land and urban development, and implementing environmental management measures, among others.



Award of academic degrees and titles

Angola's higher education system has been standardised to ensure that academic degrees – such as Graduate, Master, and PhD – are awarded solely by legally recognised institutions at national level. Employers should update recruitment-screening processes to confirm both the validity of academic qualifications and the recognition status of the issuing institution under the national higher-education framework, while also reviewing existing personnel records – particularly in regulated, technical or high-risk roles – to ensure that current qualifications comply with the new recognition requirements.



Electronic communication and handling of administrative procedures within the Mandatory Social Protection

Employers and employees must register or update their contact details on the National Institute of Social Security ("INSS") online platform by 9 March 2026. All official communications will be issued and received exclusively through the INSS Portal. While email and sms alerts may be issued to inform users that a communication has been made available on the Portal, users remain responsible for accessing the Portal periodically to review any available information as a notification is deemed to be served 10 days following its publication.



A broad range of procedures will now be handled electronically, including declaratory and contributory obligations, assessment and review of contributions, the issue of negative debt certificates, complaints and hierarchical appeals, voluntary payment and enforcement actions, benefit-related decisions, and administrative or inspection proceedings.



Award of Vocation Training Allowance

From 14 January 2026, individuals aged 17 or over who are registered as unemployed and enrolled in an Initial Vocational Training course of 80 to 450 hours at public centres overseen by the National Institute for Employment and Professional Training ("INEFOP") may apply for the allowance, which is paid by INEFOP's local services. The allowance is limited to Kz 50,000 per person, with possible adjustments depending on budget availability. The exact amount is set each year by INEFOP through a ministerial order of the Minister of Public Administration, Labour and Social Security.



Looking ahead to 2026



Increase in the maximum contribution towards meal vouchers

From 1 January 2026 the maximum amount an employer can contribute towards meal vouchers will increase by EUR 2, allowing the employer's contribution to increase from EUR 6.91 to EUR 8.91, with the nominal voucher value reaching EUR 10 while remaining exempt from social security contributions and deductions of tax. The new rules will be subject to formalisation via a sectoral or company-level collective agreement.



Increase in student working hours and reduction in the minimum working age

From 1 January 2026, a Government agreement increases the annual credit for student work to 650 hours and lowers the minimum working age to 15, preserving reduced social security contribution rates (5.42% employer, 2.71% student) and no deductions of tax during those 650 hours, while requiring employers to update internal policies, payroll systems, and hour-tracking processes (e.g., via Student@Work) to ensure compliance, particularly with youth employment restrictions.



Temporary limitation of automatic wage indexation

Effective 1 January 2026, automatic wage indexation is temporarily limited to apply up to specified gross ceilings (EUR 4,000 for wages and EUR 2,000 for social benefits), with no indexation in 2026 and 2028 above these thresholds, reducing cost pressures for higher salaries but introducing a partial repayment mechanism to the State and necessitating adjustments to payroll process.



Looking ahead to 2026



New Labour Law to be adopted in 2026

The Federation of Bosnia and Herzegovina ("FBiH") is preparing for one of the most significant labour law reforms since 2016. According to the Ministry of Labour and Social Policy, the preliminary draft of the new Labour Law is currently undergoing revisions following recent public consultations. The Government of FBiH is expected to adopt the draft by early 2026, after which it will be submitted to the Parliament for formal consideration. This is one of the few laws for which a public consultation process was initiated in 2025, signalling the importance and complexity of the upcoming changes.



Although the full extent of steps to be taken is unclear, the magnitude of the proposed changes suggests that both employers and employees will need to undertake significant adjustments. The restructuring of internal labour procedures, amendments to internal acts, primarily the employment rulebooks and disciplinary procedure rules, as well as amendments to employment contract templates, will very likely become a priority for employers once the new Labour Law is adopted.



Key changes

The new Labour Law aims to modernise employment regulations and align them with European Union standards, incorporating most of the EU's directives and regulations currently in force. Some of the most anticipated changes include:

- **Employment contracts:** permanent contracts will become the default, while fixed-term contracts will be limited to exceptional cases.
- **Working hours:** breaks will be counted as part of working time, and clearer rules for overtime, night shifts, and holiday work will be introduced.
- **Family and parental rights:** expanded maternity and paternity leave, as well as additional leave for significant family events.
- **Remote work and digital platforms:** formal recognition and better regulation of remote work.



Status of managers

Interestingly, the preliminary draft of the Labour Law eliminates the possibility for company managers to enter into so-called 'management agreements' (agreements that do not establish an employment relationship with the company). Given that the proposal to eliminate management agreements faced strong opposition from a large part of the business community, it is expected that the position on these agreements will be revised in the final draft. Otherwise, the change could impose additional burdens on companies (especially foreign investors) by introducing unnecessary complexities.



Looking ahead to 2026



Potential regulation of platform and app-based workers

Despite the lack of specific legislation, the regulation of platform and app-based work in Brazil is increasingly being shaped by the courts. The Brazilian Supreme Court ("STF") has scheduled a judgment expected to address the legal classification of platform workers and the boundaries of flexibility in digital labour models.

This move suggests a growing risk of court-driven regulation in the absence of legislative reform. Depending on the outcome, platform-based businesses may face increased exposure to reclassification claims and additional labour obligations, making close monitoring of the STF's position essential.



Union assistance contributions and opt-out rights

In a recent decision, the STF reaffirmed that collective agreements may lawfully establish a union assistance contribution applicable to all employees, including non-unionised ones, provided the right to object is effectively guaranteed. The Court also prohibited retrospective charges and reinforced the need for transparent and reasonable opposition mechanisms, signalling continued scrutiny over how these contributions are implemented in practice, particularly in payroll administration and collective bargaining processes.



Judicial activism in labour matters

Judicial activism continues to shape Brazilian labour law, with courts increasingly influencing the interpretation of statutory rules in the absence of legislative reform. This trend is expected to persist, creating legal uncertainty for employers, particularly in areas such as collective bargaining, non-standard work arrangements and workforce management.



Debate on the 6x1 work schedule and the 44-hour workweek

Debate over the traditional 6x1 work schedule has intensified in Brazil following the approval, by the Senate's Constitution and Justice Committee, of a proposed constitutional amendment that would phase out the 6x1 model and gradually reduce the constitutional maximum weekly working time from 44 to 36 hours over a multi-year transition, without salary reduction. Although the proposal is still under legislative discussion, it signals growing pressure to revisit working time standards, requiring employers – particularly in retail, services and continuous operations – to closely monitor potential impacts on staffing models, scheduling and labour costs.



Use of artificial intelligence and algorithmic management in employment

The use of AI and algorithmic tools in employment decisions is expanding in Brazil in the absence of specific labour regulation. This trend is likely to increase judicial scrutiny over transparency, discrimination and data protection, requiring employers to closely monitor emerging court-driven standards.



Looking ahead to 2026



Pay Transparency Directive

By 7 June 2026, Bulgaria must transpose the EU Pay Transparency Directive. Employers should anticipate obligations including disclosure of starting salary/salary ranges in job adverts or before interviews; prohibitions on asking candidates about pay history; strengthened equal pay rights and evidential rules; employee access to pay level information; regular pay gap reporting and joint pay assessments for larger employers; and enhanced remedies and sanctions for non-compliance. HR, recruitment, data, and reward policies will require material updates and new processes to handle information requests and reporting. A draft law transposing the Directive has not yet been published but is expected to be introduced in early 2026.



Full transition to Euro and related regulatory updates

Bulgaria is set to adopt the Euro as its official currency on 1 January 2026. From this date, all employee payments, payroll, and tax and social security contributions will be made in Euros. No new employment contracts or annexes are required solely to reflect the new currency. By the end of 2026, employers must update all internal policies and documents referencing BGN amounts to state amounts in Euros. It is expected that all secondary employment-related legislation, such as the Ordinance on the Structure and Organisation of Salaries, will be adapted within 2026 to reflect Euro adoption.



Collective bargaining – draft amendment of the Labour Code

A draft Law, the Amendment and Supplement of the Labour Code has been submitted to Parliament and is expected to be voted on and adopted in 2026 in order to transpose Directive (EU) 2022/2041 on adequate minimum wages, insofar as it concerns the promotion of collective bargaining. The draft introduces new rules aimed at expanding collective bargaining coverage and strengthening its practical application, particularly in relation to wage-setting. It provides that the State must create conditions to increase the scope of collective bargaining, including through access to information, protection against discrimination, and protection of trade unions and employers' organisations from mutual interference. The draft also seeks to promote wider application of collective bargaining agreements, including at sectoral and branch level.



Finalisation of the paper employment record system

From 1 June 2025, Bulgaria introduced a unified electronic employment record system; however, employers remain subject to transitional obligations in respect of the former paper-based employment books. In particular, employers are required to complete and duly certify employees' paper employment books with all service length accrued up to 1 June 2025, including the relevant entries, signatures and stamps. This obligation must be fulfilled no later than 1 June 2026, or earlier upon termination of employment during the transitional period.



Looking ahead to 2026



40 hour working week

On 26 April a new law, the 40-hour working week came into effect, introducing a gradual reduction of the statutory working week from 45 to 40 hours. Under this law, the reduction will be implemented progressively, and by April 2026, the maximum working week will be set at 42 hours.



New Labour Directorate inspection procedure

Effective January 2026, a new inspection procedure will regulate the actions of the Labour Directorate related to Article 505-A of the Labour Code. This procedure will be mandatory for all inspectors nationwide and establishes a systematic framework governing their powers, obligations, and prohibitions, while expressly recognising the rights and duties of employers under inspection.



Universal daycare bill

A bill currently under discussion in the Chilean Congress seeks to establish a universal daycare benefit for all working mothers. It eliminates the existing requirement that an employer has at least 20 female employees for eligibility, thereby granting the right regardless of workforce composition. The proposal also includes the creation of a daycare fund to cover enrolment and monthly fees. Legislative debate is expected to continue throughout 2026, moving the initiative closer to implementation.



Chilean pension system reform

The pension reform, enacted on 26 March 2025, introduces major changes to Chile's pension system. A key amendment is the gradual increase in mandatory employer contributions, reaching 8.5% by 2033. For the first 20 years, the additional contribution will be distributed as follows:

- 4.5% to individual capitalisation accounts;
- 1.5% as a mandatory loan to the State for the Social Insurance System; and
- 2.5% to the Social Insurance System, including mechanisms to compensate women for higher life expectancy.



Starting August 2025, employers must also pay an extra 1% contribution (0.9% to the Social Insurance Fund and 0.1% to individual accounts). This impacts payroll withholding rates from January 2026, when benefits under the new Social Insurance System will begin.

Increase in the monthly minimum wage

On 28 June 2025, a new law 51 was enacted, adjusting the minimum wage in Chile. From 1 January 2026, the monthly minimum wage is CLP 539,000 for employees aged 18 to 65; CLP 402,082 for employees under 18 or over 65; and CLP 347,434 for non-remunerative purposes.



Looking ahead to 2026



Implementation of Supreme People's Court Judicial Opinion II

The PRC Supreme People's Court released the Opinions (II) on Several Issues Concerning the Application of Law in the Trial of Labour Disputes (the "Judicial Opinion II") in August 2025, which took effect from 1 September 2025. The Judicial Opinion II intends to clarify many long-standing controversies in implementing employment law and inconsistencies in judicial practice at different locations. The content of Judicial Opinion II can be summarised in the following four main aspects:

- implementation of non-competition obligations;
- conclusion and renewal of employment contracts;
- workforce engagement and social insurance issue; and
- labour disputes.



In 2026, we expect to see in the public court decisions about how people's courts in different regions of China will implement the rules in Judicial Opinion II under different case scenarios. Based on new court decisions in 2026, it is expected to have a renewed understanding of judicial practice on relevant legal issues in the era of Judicial Opinion II.



Potential new Regulation for Protection of the Interests of Elderly Staff

The PRC Ministry of Human Resources and Social Security has released the public draft of the Interim Regulation on the Protection of Basic Rights and Interests of Elderly Staff and seeks views on the draft until 31 August 2025 (the "Interim Regulation"). According to the Interim Regulation, elderly staff are those who are over statutory retirement age, still subject to management by an employer and engage in paid work as arranged by the employer. The Interim Regulation has stipulated that elderly staff will be provided with certain labour protection in terms of minimum wage, working hours, and work-related injury insurance. If elderly staff are not entitled to pension and/or medical insurance benefits, they may also continue to participate in the statutory social insurance scheme after reaching an agreement with their employers. The final version of the Interim Regulation may be brought into force in 2026 which may bring substantial changes to companies' engagement with and management of elderly staff.



New Regulation on Employee Work Related Injury

The PRC Ministry of Human Resources and Social Security issued the Opinions on Several Issues Concerning the Implementation of the Regulations on Work-Related Injury Insurance (III) in November 2025 (the "Administrative Opinion III"). The Administrative Opinion III provided detailed rules on how to determine a work-related injury by explaining the legal concepts of "*working hours*", "*workplace*" and "*for work-related causes*" under different scenarios. It is noteworthy that the Administrative Opinion III confirms that an employee's injury incurred while working from home can be found as work-related injury, if certain conditions can be met. In view of this new regulation, companies are advised to re-evaluate their internal policies regarding employees' working from home in 2026 and consider measures to control the legal risks related to employees' work-related injury during remote work.



Looking ahead to 2026



Pension reform remains suspended

Pension reform is currently on hold after the Constitutional Court issued an order to review whether the reform is constitutional. The vote on the draft decision took place on 24 November 2025, resulting in a tie. Consequently, Carlos Pablo Márquez was appointed as a substitute justice, and he accepted the appointment on 11 December 2025. This allows the Court to reconvene the Plenary Chamber to decide the constitutional challenge.



Increase in minimum wage and legal transportation allowance

According to Decree 1469 of 2025, since 1 January 2026 the new legal minimum wage will be equivalent to COP 1.750.905 (approximately EUR 410) which is an increase of 23%. Decree 1470 of 2025 established that the new legal transportation allowance (which is only payable to employees who earn less than two times the minimum wage) will correspond to a sum of COP 249.095 (approximately EUR 58).



Amendment to daytime and nighttime working hours

From 25 December 2025, a change to the definition of daytime and nighttime working hours will take effect. Daytime work will be defined as work performed between 6 a.m. and 7 p.m., while nighttime work will be defined as work performed between 7 p.m. and 6 a.m. of the following day. Consequently, the night shift surcharge will accrue starting at 7 p.m., rather than 9 p.m. as was previously the case.



Entry into force of the new Labour and Social Security Procedural Statute

The new Labour and Social Security Procedural Statute will formally enter into force and become fully applicable from 2 April 2026. This transition represents a significant challenge for both the courts and litigants, as from that date forward all proceedings filed on or after 2 April 2026, will be conducted in accordance with the new Statute, while cases already pending at the time of its entry into force will continue to be governed by the former procedural regime.



Gradual reduction of legal maximum work schedule because of Law 2101 of 2021

From 16 July 2026 there will be a reduction in the limit to the maximum working week. The current law contains a maximum of 44 hours per week, and this figure will be reduced to 42 hours per week.



Looking ahead to 2026



New military service requirements

Amendments to the Defence Act and the Act on Service in the Armed Forces entered into force in November 2025. The amendments reintroduce compulsory military service – all male citizens who turn 19 in a calendar year are required to complete a two-month basic military training. For employed conscripts, the employment relationship will be suspended during the training period, but their employment relationship cannot be terminated during that period. During the training, conscripts will receive a remuneration of approximately EUR 1,100 net paid by the Ministry of Defence. Employers are obliged to reinstate the conscripted employee to the same position upon completion of training. Calls for military service are expected throughout 2026.



Minimum salary and student hourly rate increase

Starting 1 January 2026, the minimum salary for full time employees (40 hours a week) will increase to EUR 1,050 gross per month, representing an EUR 80 increase compared to 2025. The minimum hourly rate for students will also increase to EUR 6,56 in 2026, up from EUR 6,06 in 2025.



Implementation of the Pay Transparency Directive

Amendments to the Labour Act aimed at implementing the Pay Transparency Directive are planned for the first quarter of 2026. While the text of the Act has not yet been published, the working group has started working on this. With the implementation deadline fast approaching, further developments are expected soon.



Amendments to the Foreigners Act

The Ministry of the Interior recently closed public consultations on proposed amendments to the Foreigners Act. The amendments are intended to align the Act with the Directive on a single application procedure for a single permit for third-country nationals (Directive (EU) 2024/1233) and the Pact on Migration and Asylum. They also seek to clarify existing ambiguities and strengthen certain provisions of the Act. Among other measures, the proposal would require foreigners seeking to extend their work and residence permits to demonstrate knowledge of the Croatian language and Latin script, facilitate a change of employer after six months of employment, and extend the permissible periods of unemployment during the validity of a permit. The amended Act is expected to enter into force in early 2026.



Looking ahead to 2026



Government regulation on work injuries

From 1 January 2026 the regulation on work injuries introduces new rules regarding categories and reporting of work injuries. Employers must quickly report fatal and serious injuries electronically through the SUIP portal. They also need to submit records of all injuries, except minor ones, within 15 business days. Employers must provide additional information, such as the results of alcohol and drug tests.



Additional mandatory pension contributions for high-risk jobs

Employers must contribute to voluntary retirement savings for employees performing high-risk work from 1 January 2026. The contribution rate is a single fixed 4% of gross monthly salary.



Minimum wage increase

From 1 January 2026 the minimum salary will increase to CZK 22,400 per month (EUR 920), while the hourly minimum will increase to CZK 133.80 (EUR 5.5).



ESOP tax regime for startups

A new tax regulation will recognise a new category called “qualified ESOPs”. From 1 January 2026 income from these plans will not be subject to health or social insurance contributions and will only be taxed when shares are sold or after 15 years. Employers must meet certain turnover and asset limits and must avoid operating in excluded sectors. Employees must hold less than 5% of shares and earn at least 1.2 times the minimum wage.



Single monthly employer report

From 1 April 2026 employers will report the mandatory data to public authorities in a single monthly report that is replacing about 25 separate reports. The main purpose is to reduce administrative burdens and simplify communications between employers and state institutions.



The EU Pay Transparency Directive

The Czech Republic must implement the EU Pay Transparency Directive by 7 June 2026. The Directive introduces significant new duties for employers, including conducting fair pay reviews and complying with reporting and disclosure obligations. No draft law currently exists.



The EU Platform Work Directive

This Directive requires digital platforms to improve working conditions for platform workers and must be implemented by 2 December 2026. It aims to achieve this by introducing a rebuttable presumption of employment where platforms “direct and control” work and by tightening rules on algorithmic management and transparency. No draft law is publicly available yet.



Looking ahead to 2026



The Social Security Financing Bill for 2026 has been adopted by the National Assembly

The Social Security Financing Bill for 2026 was adopted by the National Assembly, "which had the final say," on 16 December 2025. Provided that no referral to the Constitutional Council takes place, the text can now be approved by the President of the Republic and published in the Official Journal.

The main social measures:

- **Suspension of pension reform.** Without repealing it, the bill suspends the 2023 pension reform in 2026 and 2027. The suspension applies to pensions taking effect from 1 September 2026.
- **Limitation on the duration of sick leave.** Set by decree, the maximum duration of sick leave may not be less than one month for an initial period and two months for an extension. Continuation of the exemption if the patient's situation justifies it.
- **Mutually agreed termination and retirement.** The specific contribution increases from 30% to 40% for individual mutually agreed termination and retirement benefits.
- **Senior employment.** Introduction of a penalty on pension contributions for companies that do not negotiate the continued employment of senior citizens and have not implemented an annual action plan (companies with ≥ 300 employees).
- **Combining employment and retirement.** Reform of the rules on combining employment and retirement for pensions taking effect from 1 January 2027. Restructuring of the system around three age thresholds (before the legal age, between the legal age and 67, after 67), with a significant restriction on combining employment and retirement before the full rate and encouragement to do so after 67.
- **Creation of additional birth leave of up to two months per parent for children born on or after 1 January 2026**

Increase in the minimum growth wage and guaranteed minimum wage effective 1 January 2026

Decree No. 2025-1228 of 17 December 2025 raising the minimum growth wage and the guaranteed minimum wage as of 1 January 2026 has been published in the Official Journal. The revaluation of the SMIC (minimum wage) as of 1 January 2026 is set at +1.18%.



Looking ahead to 2026



Strengthening pay transparency and employee rights

The EU Pay Transparency Directive must be implemented by June 2026. Therefore, an amendment to the German Transparency in Wage Structures Act ("Entgeltransparenzgesetz") is expected in 2026. Among other things, there are plans to extend employees' right to information, regardless of the size of the company, to increase transparency in the application process, and to require companies with more than 100 employees to produce an internal pay report. In addition, the burden of proof is to be shifted in favour of employees, and sanctions are to be introduced for violations of the requirements.



Planned reform of the Working Hours Act ("Arbeitszeitgesetz")

A reform of the German Working Hours Act has been under discussion for some time and is now expected to be implemented in 2026. A key element of the planned changes is the mandatory electronic recording of working hours. In addition, the current maximum daily working hours are to be replaced by a weekly upper limit. This is intended to enable more flexible working time options.



Introduction of the 'Aktivrente' and measures to encourage retiree employment

The so-called "Aktivrente" will be implemented on 1 January 2026. It will enable people who have reached the statutory retirement age to continue working voluntarily in retirement and earn up to EUR 2,000 per month tax-free – regardless of whether they are already receiving a pension or have deferred their pension payments. Furthermore, in the future, people who retire after reaching the statutory retirement age will find it easier to return to work for their former employer. The current ban on entering into a fixed-term employment contract without a specific reason after retirement will be lifted.



From 1 January 2026, the statutory minimum wage will be increased from the current level of EUR 12.82 to EUR 13.90 per hour. This increase will also raise the earnings limit for mini-jobs, which will now be EUR 603.00 per month – up from EUR 556.00 previously.



German Federal Act on Compliance with Collective Agreements - industry standards become mandatory

The German Federal Act on Compliance with Collective Agreements ("Bundestariftreuegesetz") is expected to be passed in 2026. It stipulates that federal public contracts worth EUR 50,000 or more will in future only be awarded to companies that comply with collective bargaining agreements. The aim is to ensure fair wages and fair competition and to prevent wage dumping. Companies that receive federal contracts must grant their employees wages, holiday entitlements, and rest periods in accordance with the collective bargaining agreements customary in the respective industry – even if they themselves are not bound by collective bargaining agreements.

Looking ahead to 2026



Increase in statutory holidays

Starting from 2026, statutory holidays will be increased progressively to 17 days (15 days from 2026, 16 days from 2028 and 17 days from 2030). It is important for employers to diligently maintain accurate wage and leave records for all employees to comply with their legal responsibilities. These records should include all necessary information as required by the Employment Ordinance to avoid any breaches of statutory duties.



New “Continuous Contract” threshold

The new working hours threshold of the “continuous contract” requirement under the Employment Ordinance will come into effect on 18 January 2026. Under the new requirement, an employee is regarded as being employed under a “continuous contract” if the following criteria are met:

- the employee has been employed continuously by the same employer for four weeks or more; and
- the employee has met one of the working hours requirements:
 - the employee has worked for at least 17 hours in each week; or
 - (where the employee has worked less than 17 hours in any week) the employee has worked for 68 hours or more in a four-week period comprising that week and the three weeks next preceding that week.



Employers may need to reassess their workforce structure and employment practices accordingly.



New annual review mechanism for Statutory Minimum Wage (SMW)

The SMW rate increased to HKD 42.1 per hour with effect from 1 May 2025. The Chief Executive in Council accepted the recommendations of the Minimum Wage Commission on enhancing the review mechanism of SMW on 30 April 2024, including adopting the formula for reviewing the SMW rate once a year and reviewing the new annual review mechanism five to ten years after its implementation. The first rate under the new mechanism is expected to take effect on 1 May 2026.



Digital platform workers protection

From the 2025 Policy Address, it is expected that the Government will legislate to improve work injury compensation for digital platform workers (such as those in food and goods delivery), and a tripartite committee will continue to address issues affecting this sector.



Looking ahead to 2026



Agreement on minimum base salary for 2026

The Hungarian Government and representatives of employers and employees signed an agreement on minimum base salary and guaranteed minimum base salary for 2026, which was discussed at meetings of the Permanent Consultation Forum of the Private Sector and the Hungarian Government, as the consultative forum with advisory powers on issues relating to the minimum base salary and guaranteed minimum base salary. According to the agreement, the minimum base salary will increase by 11%, i.e. to a gross amount of HUF 322,800 (cca. EUR 840), while the guaranteed minimum base salary will increase by 7%, i.e. to a gross amount of HUF 373,200 (cca. EUR 970). This increase differs significantly from the values set out in last year's three-year salary agreement, according to which, following this year's 9% minimum base salary increase, it should have risen by 13% in 2026.



Implementation of EU Pay Transparency Directive

The Deregulation Roundtable, a consultative, advisory and interest-reconciling forum preparing the Hungarian Government's decisions related to legislative deregulation, discussed the process of implementing the Directive in Hungary. Even though 2026 is a parliamentary election year in Hungary, the deadline for implementing the Directive expires on 7 June 2026, therefore legislation related to the implementation of the Directive is expected to be introduced in the spring.



Looking ahead to 2026



Implementation of the Labour Codes

The Ministry of Labour and Employment in India announced the implementation of four Labour Codes in November 2025. In 2026, employers are expected to assume increased regulatory readiness and move away from reliance on legacy laws and align their policies, contracts, payroll systems and workplace practices with the structure and intent of the four Labour Codes as mentioned below:

- employers are required to review the compensation structures to ensure that the excluded components such as HRA, conveyance allowance, statutory bonus, conveyance/overtime allowance, commission etc., do not exceed 50% of total wages. Employers must also align their payroll practices for all separations as per the new time frame stipulated;
- larger establishments (with 300/ more workers) are now required to prepare standing orders as stipulated, exempting establishments with lesser employees from this requirement. Employers await the constitution of the Worker Re-skilling Fund as they prepare for the additional financial obligations to pay an equivalent amount of redundancy compensation to the fund upon every retrenchment. Employers will also be required to constitute Grievance Redressal Committees in a manner prescribed by the Code;
- expansion of social security coverage is likely to remain a policy priority in 2026 for the Central and State Governments, particularly for gig, platform and unorganised workers. Employers engaging such workforce models should be prepared for potential new registration, contribution and reporting obligations. Fixed term employees are to be treated on a par with employees which radically changes the incentives of short-term employment for establishments. This is likely to result in significant restructuring of employment and related contracts. The new understanding of wages also brings substantial changes to the legacy computations and calculation of benefits to employees;
- employers are expected to enhance the workplace safety, health standards and welfare conditions, particularly in relation to uniform working hours, payment of annual leave and safety protocols. The engagement of contract labour and outsourcing arrangements is likely to be more restricted and closely scrutinised, to ensure core activities of a company is not carried out by contract labour;
- digital infrastructure for registration, filing, maintenance of records and inspections have been proposed along with a substantial increase in penalties. While employers will benefit from these facilities, additional compliance, benefits, necessary diligence and an increase in penalties is expected to overall increase labour costs for establishments.



Notification of rules and clarification from State Governments

The immediate implementation of the Labour Codes has resulted in certain ambiguities with state specific shops and establishments legislations. Employers, employees and all stakeholders eagerly await clarification from the State Governments in this regard along with the constitution of regulatory bodies, creation of new infrastructure, policies and notification of the State rules under the Labour Codes.



Menstrual Leave Policy (Karnataka)



Female employees will be able to take 12 days of paid menstrual leave in Karnataka under the State Government's Menstrual Leave Policy introduced in November 2025. Employers in Karnataka will be reworking their existing leave policies to accommodate this new benefit to their female employees.



Looking ahead to 2026



Gender equality and pay transparency

In 2026, Italy will be required to adopt the EU Pay Transparency Directive. This represents an important change for the Italian labour market, considering that the Directive requires job postings to include salary information to promote transparency. It also obliges companies to regularly prepare reports on aggregated salary data broken down by gender, which must be made available to employees.



Statutory minimum wage

Italy does not have a statutory minimum wage. Minimum pay levels are established by sector-specific collective bargaining agreements. Several projects and legislative proposals have been put forward to introduce a statutory minimum wage. In addition, there is strong political and union pressure to raise the minimum pay scales set by collective agreements.



Tax relief and incentives

The 2025 Budget Law introduced several incentives for productivity bonuses, applying a reduced tax rate of 1% and 5% on salary increases for employees earning up to EUR 28,000. For night work or work performed on public holidays, a substitute tax of 10% or 15% is envisaged for employees with incomes up to EUR 40,000.



Support for parenthood

In 2026, new measures to support parenthood will come into effect, including the extension of the parental leave allowance to 30% for children up to 14 years of age and an increase in the number of annual sick-child leave days (from 5 to 10). Additionally, the tax and contribution exemption threshold will be raised to EUR 4,000 for employees with children, while it will remain EUR 2,000 for employees without children.



Early retirement for female workers

In 2025, the "Opzione Donna" scheme expired. This measure allowed female workers to retire earlier than the standard retirement age of 67, provided they met the requirements of 35 years of social security contributions and at least 61 years of age, reduced by one year for each child, up to a maximum of two years. A legislative proposal is currently being discussed in Parliament to extend the deadline for meeting these requirements to 31 December 2025.



Looking ahead to 2026



Pension reform

Reforms which took place from 1 January 2026 include:

- an increase in contributions from 24% to 25.5%;
- a flexibility in study-period credits (atypical educational paths can be taken into account in the context of pension insurance careers, including interruptions, resumption of studies in adulthood or varied vocational training up to a maximum of nine years);
- the introduction of a progressive pension scheme.



From 1 July 2026 there will be a gradual increase in the mandatory contribution period by eight months by 2030 to align the early retirement age with the legal retirement age (remaining at 57 and excluding pre-retirement schemes).

Sunday work

The bill amends the Labour Code to increase the maximum Sunday working hours from four to eight hours for employees in the trade and craft sector with no more than 30 employees (FTE). For companies with more than 30 employees, working hours may only be extended to eight hours under a collective agreement or an interprofessional agreement. The new law came into effect on 1 January 2026.



Wage indexation: potential effective date third quarter of 2026

Based on provisional results published by the Luxembourg's National Institute of Statistics and Economic Studies ("STATEC"), the next wage indexation would apply in the third quarter of 2026. If inflation reaches 2.5% of the cost-of-living index, wages will then be indexed.



Amendment to the law of 29 August 2008 on the free movement of persons and immigration

The bill aims to incorporate EU Directive 2024/1233 into Luxembourg law.

Key changes include, among others:

- **Faster processing:** decisions on complete applications must be made within 90 days (previously 4 months), with a possible 30-day extension for complex cases,
- **Extension of the validity period:** validity of the initial "salaried worker" residence permit and work authorisation has been extended from one to two years,
- **Changing employers:** in accordance with current legislation, it is not permissible to change profession or sector for a period of one year without authorisation. The bill states that it will be possible to change employer after a period of six months upon prior notification (with the exception of instances where there has been a grave violation of the terms of the employment relationship by the employer, in which case the six-month period does not apply),
- **Unemployment protection:** loss of a job does not constitute grounds for permit withdrawal, provided that the period of unemployment lasts no more than three months, or six months if the worker has held the permit for over two years.



Looking ahead to 2026



Minimum wage increase

On 9 December 2025, the National Minimum Wage Commission published in the Official Gazette the resolution establishing the minimum wages applicable from 1 January 2026. Under this resolution, the general minimum wage applicable to most of the country increases from MXN 278.80 to MXN 315.04 per day, representing an overall increase of 13%, resulting from the combination of a fixed Independent Recovery Amount and an additional percentage-based adjustment. In the Northern Border Free Zone, the minimum wage increases from MXN 419.88 to MXN 440.87 per day, equivalent to a 5% increase. The resolution confirms that these amounts constitute the minimum legally permissible remuneration and must be observed across all employment relationships, regardless of the contractual denomination used. Employers are therefore required to update salary structures and payroll systems to ensure that, as of 1 January 2026, no employee receives remuneration below the applicable minimum thresholds.



Amendment to Article 29 of the INFONAVIT law and application deadline

On 21 February 2025, a Decree amending Article 29 of the Law of the National Housing Fund Institute for Workers (the “INFONAVIT”) was published in the Official Gazette, modifying the rules governing the determination, calculation and application of employer housing fund contributions and employee discounts. The amendment clarifies the manner in which employers must apply INFONAVIT-related discounts and contributions in their payroll processes. Subsequently, on 10 November 2025, an official resolution was published granting an extension of the deadline for compliance with the amended Article 29. This resolution establishes that the reform must be fully implemented no later than 17 January 2026, which constitutes the statutory deadline for employers to align their payroll, withholding and reporting processes with the new legal framework. No transitional regimes, grace periods or discretionary extensions are contemplated beyond this date, making compliance mandatory as from that point onward.



Amendment to import control on goods produced with forced or child labour

On 29 October 2025, the Ministry of Economy amended the regulations governing the importation of goods subject to oversight by the Ministry of Labour and Social Welfare (“STPS”). From a labour perspective, this amendment reinforces Mexico’s national and international policy aimed at eradicating forced or child labour, confirms the STPS as the competent investigative authority in labour compliance matters linked to international trade, and requires importing companies to verify labour conditions throughout their supply chains by implementing appropriate labour due diligence practices. The agreement entered into force on 30 October 2025, and the STPS was granted a period of 180 calendar days to issue the regulatory adjustments required for its implementation.



Looking ahead to 2026



Mutually agreed termination of employment contracts to become law in Monaco

A new law published on 12 December 2025, introduces a new mutual termination process with strict formalities and specific compensation rules. A mutual termination is a way of ending an employment contract, which can be initiated by either party. It allows the employment contract to be terminated by mutual agreement with limited costs and risks for the employer and the payment of compensation and unemployment benefits for the employee. This method of termination does not require the employer to demonstrate valid grounds. The employer should provide an explanation to the employee over one or more meetings. The Law will enter into force in a three-month period from the publication (i.e. in March 2026), this period will allow employers to understand how the system works and to ensure the validity of agreements that will be signed in the future.



Key steps in the mutual termination process:

- 1) Initiation: either party may propose a mutual termination.
- 2) Negotiation: at least one negotiation meeting is required, with the possibility that both parties can be accompanied if requested by the employee. Failing to hold a meeting could risk the agreement being declared invalid.
- 3) Signature: written agreement signed by both parties.
- 4) Cancellation period : minimum 7 calendar days.
- 5) Submission and approval : submission to the Labour Inspectorate through the dedicated online platform or by registered letter with proof of delivery, at the end of the cancellation period, following which the Labour Inspectorate has 15 working days to check the agreement.



Financial features:

The employee is entitled to a legal termination indemnity, calculated as follows:



- Up to two years of service: one quarter of one month's salary per year of service.
- Beyond two years of service: The statutory termination indemnity (indemnité de congédiement) applies, as provided under article 1 of Law n° 845.

When a collective agreement provides for enhanced compensation in the event of termination initiated by the employer beyond two years of service, such provision does not apply to consensual termination. In this case, the higher statutory indemnity (indemnité de congédiement) provided by article 2 of Law n° 845 remains due.



Looking ahead to 2026



Law on Foreigners

On 17 January 2026, Montenegro adopted amendments to the Law on Foreigners. Some of the most significant changes are as follows:



E-submissions of visas

Electronic submission and issuance of visas via the Visa Information System (VIS) will be possible once the relevant by-laws are adopted (approximately as of August 2026); the e-visa will contain a barcode, photograph, and the applicant's personal data.



Duration and Extension Rules for Employment-Based Permits

The employment-based permit is issued for up to one year. It may be extended for up to two years if the foreigner has a full-time employment contract, with a specific possibility of extension for up to two years for executive directors with multiple part-time contracts.



Entrepreneurs and executive directors–owners

For entrepreneurs and executive directors who are sole owners or own more than 51% of the capital in a company, the permit may be extended if the general legal requirements are met and proof is submitted of paid taxes and contributions in the minimum annual amount of EUR 5,000. This obligation does not apply to nationals of the EU Member States, as well as nationals of Iceland, Liechtenstein, Norway, and Switzerland and their family members.



Special employment regimes (IT, healthcare, domestic work)

- **IT sector:** permit up to three years with a contract of at least 12 months; extension also up to three years.
- **Healthcare sector:** permit up to three years with proof of qualifications; extensions require proof of settled tax and social contribution obligations.
- **Domestic workers:** permit up to one year, with a possibility of extension for up to two years.



Minimum property value requirement for property ownership permits

Minimum property value requirement has been introduced for issuing a temporary residence permit based on property ownership. A foreign national may obtain this permit if they own, or co-own at least one half of, a property in Montenegro and submit a property deed together with an official proof of the property's value. This proof is the tax assessment decision on the real estate transfer tax issued by the local tax authority, and the taxable base stated in the decision must not be lower than EUR 150,000. This requirement does not apply to nationals of EU Member States, as well as nationals of Iceland, Liechtenstein, Norway, and Switzerland, nor to their family members.



Looking ahead to 2026



New type of work permit has been introduced - assignment of foreign workers through agencies registered outside Montenegro (applicable as of the day Montenegro accedes to the European Union)

Once Montenegro accedes to the EU, companies in Montenegro may engage foreign workers assigned through temporary employment agencies registered outside Montenegro, subject to specific rules (assignment agreement, permit up to one year with possible extension to two years, rights of the posted worker). The foreign company/agency will need to electronically submit a posting declaration (in Montenegrin) to the Labour Inspectorate and appoint a person responsible for keeping documentation available for inspection.



E-submission of applications for residence and work permits

Electronic submission of applications for temporary residence and work permits via the information system has been introduced. Fees are paid electronically. After entry into Montenegro, the foreigner must appear before the Ministry for biometrics within 10 days. A similar procedure applies to e-visas through the VIS.

Family reunification and same-sex partnerships

The law now enables the extension of temporary residence for family reunification, including for a same-sex life partner, with simplified evidentiary requirements for certain categories.

Deadlines and technical novelties



Applications for extension of temporary residence may be submitted no earlier than 60 days before expiry. Humanitarian exceptions have been introduced allowing extensions even when a foreigner's document has expired, subject to providing justifying reasons. A similar exception applies to extending temporary residence and work permits in specific circumstances.



Looking ahead to 2026



Labour Provision Admission Act (Wtta): 2026 preparation for mandatory licensing

On 11 November 2025, a new bill passed, the Wtta, that introduces a licensing regime for labour suppliers and requires hirers to use authorised suppliers. The Wtta is intended to solve the issues such as underpayment, inadequate housing and tax evasion. Hence the system that is now in place, which requires registration under the Placement of Personnel by Intermediaries Act (Waadi) and allows for voluntary SNA certification, has not prevented rogue practices. The Wtta will take effect on 1 January 2027 and companies must prepare for the new licensing system.



Scope of Wtta

Activities that fall within the scope of the Wtta are considered suppliers that supply employees to hirers, for which the supplier receives payment from the hirer and the employees are working under the direction and supervision of the hirer. The scope is therefore broad and includes temporary agency work, payroll, secondment and cross-border supply of employees.



Wtta requirements in short

The Wtta requires:

- suppliers to be in the possession of a Certificate of Good Conduct (VOG);
- have a financial guarantee of EUR 100,000 (or EUR 50,000 for start-up companies with provisional admission).



Furthermore, amongst others, minimum wage requirements tax remittance and application of correct employment terms must be respected. The Dutch Labour Supply Authority ("NAU") will provide the official authorisation to suppliers. For the application at NAU, an inspection report drawn up by a private inspection body must also be submitted.



Preparations in 2026

The Wtta starts 1 January 2027, but SNA-certified suppliers can apply for admission between 1 November and 31 December 2026 without an inspection report, provided their SNA remains valid on 30 June 2027; other suppliers should prepare to meet admission requirements, including inspection report, VOG and financial guarantees. Between 1 May and 30 June 2027 suppliers may submit their application with the inspection report to the NAU.

Key takeaways for 2026

It is important to verify whether your business either falls within the scope of the Wtta as a supplier or makes use of (temporary workers) as a hirer. With the necessary preparations, companies must prepare themselves for the upcoming legislation and assess whether application of an SNA-certificate in 2026 is preferred to be able to make use of the transitional arrangement exemption to be admitted to the labour supply market. As per 1 January 2028 the Dutch Labour Inspectorate will enforce the licensing obligation. Suppliers without a license and hirers that make use of such suppliers, are risking high fines of up to EUR 90,000 per violation.



Looking ahead to 2026



Possible new laws on workplace harassment

Legal regulations are expected to be published in 2026 to facilitate the implementation of ILO Convention 190, which addresses violence and harassment in the workplace, after the Convention was incorporated into national law in 2023.

Although Peruvian law has rules to prevent and address both “hostility at work” and “sexual harassment at work,” the provisions of Convention 190 are broader in terms of addressing violence and harassment in the workplace, not only in labour law, but also in social security law, occupational safety and health law, criminal law, and health law, among others. In addition, it requires the regulation of violence and harassment prevention through the assessment of hazards and risks in the workplace and by emphasising the objectification of violence and harassment at work, making the aggressor's intent not decisive in the classification of this behaviour, but rather the victim's subjectivity, without the need for harm to have been caused.



Another new feature of Convention 190 is that it incorporates within the scope of protection not only those who have the legal status of workers subject to an employment relationship, but also those who are under civil service contracts, or subject to pre-professional training or technical training agreements, dismissed workers who are involved in labour disputes with their employer, persons engaged in volunteer activities, or those seeking employment.

In addition, Convention 190 provides for the possibility that regulations on this matter may also be established through collective bargaining agreements, which makes it necessary for the State to legally enable trade unions to formulate policy proposals against violence and harassment in the workplace, including this matter in the lists of demands they present to their employers.



Looking ahead to 2026



New rules for calculating length of service

Starting on 1 January 2026, time worked under civil law contracts, including mandate and B2B contracts, will count towards an employee's length of service. Civil law contracts in Poland are different to employment contracts and individuals do not normally have the same rights as employees. As a result, employees may, for example, gain entitlement to longer annual leave, longer notice periods, and higher severance pay. Employers will need to recalculate the length of service for all affected employees.



Increase in the minimum wage

Starting 1 January 2026, the minimum wage rises to 4,806 PLN per month and 31.40 PLN per hour. The increase also affects other benefits tied to the minimum wage, such as the nighttime allowance and the maximum severance pay. Employers should update their payroll systems to reflect the new minimum wage.



Sickness benefits

The Act introduces changes to social security institution (ZUS) medical reviews and sick-leave rules. The most significant change is that an employee can work at one workplace while on sick leave in another, if the type of work allows it and a doctor approves. The lower chamber of Parliament has already passed the Act.

Mobbing



The new definition of mobbing (harassment) will be more favourable to employees. Employers will need to include anti-mobbing rules in their work regulations. The minimum compensation for mobbing will increase to 12 times the minimum wage (currently it equals one minimum wage). The effective date remains unconfirmed, as the Government is still working on the draft Act, which may still change.

Reclassification

Labour inspectors will gain the right to reclassify civil law contracts (e.g., mandate or B2B contracts) as employment contracts. The fine a labour inspector can impose during an audit will increase from PLN 2,000 to PLN 5,000. Fines for certain violations of the Labour Code will also rise. The effective date is unconfirmed since the Government is still revising the draft Act.



Implementation of the Pay Transparency Directive

Employers will have to inform employees about the salary levels. If there is a pay gap, they will have to report it and carry out a remuneration review with employees' reps. Poland should implement the Directive by 7 June 2026.



Looking ahead to 2026



Reform of the Labour Code

In 2025 Portugal's labour agenda was dominated by the sweeping reform of the Labour Code featuring more than 100 changes, including core areas such as employment contracts, working time management, parental rights, and dismissals, with implementation starting in 2026. The proposal has triggered strong reactions, culminating in a general strike in December, the first joint strike since 2013. The proposal remains under negotiation with social partners. Employers' associations broadly welcomed the package as a solid starting point for negotiation, while acknowledging room for improvement, however trade union confederations firmly reject the proposal, characterising it as a setback that weakens worker protections and tilts the balance of power towards employers. The Government intends to preserve the reform's "core pillars" while entertaining targeted adjustments.



The main changes include the following:

Parental leave can amount to 6 months if shared between parents, if not it is reduced; fathers must take 14 consecutive days, immediately after the birth, instead of the current 7; breast-feeding at work to have a 2 year limit; the removal of the standalone right to take leave for pregnancy loss; inclusion of a broader definition of minimum services in strikes; increase in the initial duration of fixed-term contracts from 6 months to 1 year and maximum duration from 2 to 3 years; reinstatement of individual working time banks by agreement; no need to reinstate an unlawfully dismissed worker if the employer alleges that it is detrimental of the company's operation; simplification of dismissals for cause for micro and small companies; the possibility of employees waiving credits when they are dismissed; end of restrictions on outsourcing dismissals 1 year after dismissal; continuous working hours in the private sector for workers with a child under 12, or, regardless of age, with a disability, chronic illness or cancer; easier refusal by the company of remote work requests; employees with service commission contracts will only be entitled to compensation if it has lasted at least six years; the end of the 180-day probationary period for first jobs.



These changes aim to reposition the balance between employers and employees. Simplifying dismissal procedures offers efficiency and lower costs, but still requires strong justification or the dismissal may be unlawful. The return of the individual hour bank signaled adaptability, while raising concerns about the potential undermining of collective bargaining and responsible management of working time. Extending fixed-term contracts can increase representation of under-represented groups but may also be felt as greater job insecurity.



The proposed changes to the Labour Code point to a consolidation of more modern labour management practices, by easing administrative frictions and expanding participation, yet they also sharpen the trade-off between flexibility and security, given this, vigilant safeguards, robust justification standards, and meaningful collective dialogue will be needed.

Throughout 2026 employers should keep a watching brief and prepare for either an amended bill or a broad enactment.



Looking ahead to 2026



New e-sick leave system

In December 2025, regulations introduced an online electronic sick leave processing system, applicable from January 2026. Sick leave certificates will be issued by physicians and sent electronically to employers, who must use the platform to receive reports, submit salary compensation requests and access medical commission decisions.

The new “e-sick leave” portal is expected to significantly simplify the process of tracking of sick leave, saving time for both the employees and the employers, increasing transparency and improve the efficiency of absenteeism management.



Under the new Law, doctors and healthcare institutions will only issue sick leave certificates electronically, and employers must use the “eSick Leave” module on Serbia’s eGovernment platform. From early 2026, employees will no longer need to hand-deliver sick leave certificates, and the Labour Law termination ground for failing to submit a certificate on time will no longer apply. The Law doesn’t change healthcare rules or sick leave rights – it mainly improves the speed and efficiency of information exchange between doctors and employers, with additional features like electronic salary calculations and e-objections available from April 2026.

Key practical points include:

- paper exchange will continue for sick leave cases opened under the old rules even after 1 January 2026;
- employers can register multiple portal users (including external payroll providers) with access limited to the eSick Leave section; and
- daily email notifications will be sent about new cases and status changes (it’s recommended to use a monitored inbox rather than the APR-registered email).



Employers generally won’t see diagnoses unless an employee explicitly allows it, and non-compliance can trigger fines from RSD 200,000–500,000 for legal entities and RSD 5,000–50,000 for responsible individuals. Overall, the portal is expected to save time, improve transparency, and work across the country – including rural clinics – though paper documents may still be issued in rare exceptional cases.



Looking ahead to 2026



New legislation on dispute resolution relating to workplace fairness

The Workplace Fairness (Dispute Resolution) Bill was announced on 14 October 2025, setting out the process for individuals to address workplace discrimination with their employers.

Formal adjudication of disputes will be kept as a last resort. Employees alleging discrimination will first be required to raise the matter internally for resolution in accordance with the workplace's grievance handling process. Where the matter is not resolved internally, the worker may then escalate the matter by bringing the dispute for mediation. The mediation request must be made within:

- one month of the discriminatory decision, if the decision was made pre-employment (e.g., hiring);
- six months of the discriminatory decision, if the decision was made during the employment; or
- one month after the end of the employment, if the discriminatory decision occurred after the employment ended.



Where the parties are able to settle the dispute during mediation, the agreement may be registered with the High Court as a binding agreement between the parties. Where either party fails to comply with the terms of the agreement, the other party may commence enforcement against the breaching party.



If parties are unable to come to an agreement during mediation, the dispute may be filed with the Employment Claims Tribunal (if it has a value of up to SGD 250,000) or the High Court (if the claim is for more than SGD 250,000). This marks an increase in the jurisdiction of the Employment Claims Tribunal, which previously could only order compensation of up to SGD 30,000.

Claims heard before the Employment Claims Tribunal will be governed by simplified rules and streamlined procedures. Parties may rely on union representation under specific conditions, but legal representation will not be allowed. By contrast, claims before the High Court will be subject to the ordinary evidentiary and procedural rules, and legal representation permitted as a matter of course. The Government has stated that the changes will take effect by the end of 2027.



Looking ahead to 2026



New definition of dependent work

From 1 January 2026, the definition of “dependent work” under the Slovak Labour Code will no longer require that work be performed “during working hours determined by the employer.” The change targets misclassification risks where self-employed contractors or single-member companies perform work meeting the other hallmarks of employment. Labour Inspectorates may reclassify such arrangements as employment, with the minimum fine for illegal employment increasing to EUR 4,000 (or EUR 8,000 where two or more individuals are involved). Employers should review contractor engagements, update documentation, and prepare for potential inspections.



Compensation for sick leave

From 1 January employers will be required to cover sick leave compensation for the first 14 calendar days (instead of 10). The Social Insurance Agency will begin payments from day 15. This change shifts additional cost and administrative responsibility to employers and may warrant adjustments to absence management processes and budgeting.



Increase to minimum wage and statutory allowances

The national minimum wage will rise to EUR 915 per month from 1 January 2026. Statutory minimum premiums for weekend work and night work will increase correspondingly. Employers should update payroll parameters, review pay bands and ensure compliant application of supplementary pay entitlements.



Legislative proposal of Equal Pay Act

A draft Act to implement the EU Pay Transparency Directive would require employers to maintain a gender-neutral remuneration structure based on objective criteria (including skills, effort, responsibility and working conditions), and grant employees rights to information on average remuneration by gender. Employers with 100–249 employees would report gender pay differences every three years; those with 250+ employees would report annually. Employers should monitor the legislative process and assess readiness for transparency, data reporting and equal pay compliance. The Directive states that national laws should be in place by June 2026.



Looking ahead to 2026



Labour law amendments

Various key amendments to the Labour Relations Act 66 of 1995 ("LRA") and other employment legislation have been proposed, which could potentially be enacted during the course of 2026. A few of the key proposed amendments to the LRA are outlined below:

Reduced protection against unfair dismissal during the first few months of employment

Proposed amendments to the LRA, if enacted, will have the effect that the requirement that a dismissal must be substantively and procedurally fair will not apply to new employees during the first three months of employment or during a longer probation period specified in a contract of employment which is reasonable and operationally justifiable. However, dismissal of these employees could still be automatically unfair. Automatically unfair dismissals are considered the most egregious forms of dismissal in our law and are predominantly centred around dismissals based on discriminatory grounds or where an employee has been dismissed following a transfer of business or for reasons relating to the transfer.



Reduced protection for high earning employees

Currently, employees could be awarded reinstatement with full back pay or compensation up to a maximum of 12 months' remuneration in the case of an ordinary unfair dismissal or up to a maximum of 24 months' remuneration in the case of an automatically unfair dismissal. Proposed amendments to the LRA will cap the total amount that is payable in respect of ordinary unfair dismissal and unfair labour practices (except where the unfair labour practice is related to whistleblowing) to an amount prescribed by the Minister. This amount is determined to be ZAR 1,800,000 per annum adjusted annually based on the CPI. Employees earning more than this amount will also not be entitled to be reinstated when unfairly dismissed, unless their dismissal was automatically unfair.



Various other changes

Other changes which have been proposed, include the amendment of the definition of "unfair labour practices" which will now be limited to unfair suspension or any other disciplinary action short of dismissal (and which currently also includes disputes related to unfair labour practices related to promotion, demotion, probation, training or the provision of benefits). The proposed amendments also reaffirm that disciplinary processes do not need to be overly formal in order for these to be considered fair, and that a fair procedure is one in which the employee has been given an adequate and reasonable opportunity to respond to the reason for dismissal. This was also recently confirmed by the new Code of Good Practice: Dismissal.



Continuing adjustment to 2025 changes

Employers are expected to continue adjusting to the changes which were introduced during 2025, including adjusting their parental leave policies to align to the recent Constitutional Court judgment in *Van Wyk* and updating their disciplinary policies where necessary to align to the new Code of Good Practice: Dismissal.



Looking ahead to 2026



Working hours register

Following the rejection of the bill to reduce the working week to 37.5 hours in September 2025, the Spanish Government approved fast-track proceedings to reform the working hours register. Although the final text is still pending, the reform is expected to introduce a mandatory digital time-recording system with real-time, verifiable access for workers, trade unions and the Labour Inspectorate, aimed at strengthening compliance with agreed working conditions, work-life balance and the right to digital disconnection.



Directive on Platform Work

The Directive improves working conditions and data protection for platform workers by clarifying employment status, regulating algorithmic management, and setting minimum labour rights. It applies EU-wide and must be implemented by 2 December 2026, regardless of the platform's location.



Directive on Pay Transparency

The Pay Transparency Directive seeks to reduce wage gaps by requiring employers to disclose salary criteria and allow employees to request pay data. Spain must implement the directive by 30 June 2026. Spain has not yet published a draft law to transpose the Directive on pay transparency, although the Government has confirmed it must do so by 7 June 2026. While a basic equal-pay framework already exists, key elements of the Directive – such as thresholds for pay reporting and joint pay assessments, public reporting obligations, objective gender-neutral pay-setting criteria, and strengthened remedies and sanctions – are not yet defined and will require legislative development. The future transposition will significantly expand employers' obligations, particularly on gender pay-gap reporting, transparency rights, and enforcement mechanisms.



Directive on establishment and operation of European Works Councils

Directive (EU) 2025/2450, adopted on 26 November 2025, strengthens European Works Councils by amending Directive 2009/38/EC to ensure more effective transnational information and consultation rights in multinational groups. It clarifies the concept of "transnational matters", reinforces employers' obligations regarding the establishment and functioning of EWCs, enhances resources and access to justice for workers' representatives, and introduces stronger sanctions for non-compliance. In force since late December 2025, Member States, including Spain, have two years to transpose the Directive, requiring multinational companies to review and adapt their European-level employee information and consultation frameworks.



Looking ahead to 2026



Stricter rules on labour immigration

The Government has proposed new rules aimed at tightening the conditions for labour migration and preventing system abuse. A requirement for comprehensive health insurance and a salary threshold are being introduced as conditions for work permits.

Previously, the salary requirement for being granted a work permit was set at 80% of the median wage, but it is now proposed that this be increased to 90% of the median wage, corresponding to approximately SEK 33 390. However, certain occupational groups are proposed to be exempt from these salary requirements.



Certain occupational groups will be excluded from the possibility of being granted work permits. Furthermore, work permits may be denied if the employer has been subject to specific sanctions, or is suspected of, or has been convicted of, certain criminal offences.

The new proposals have been criticised from an employer's perspective, as they will create administrative and financial burdens. Furthermore, concerns have been raised that the stricter requirements will limit employers' ability to hire foreign workers. Employers may face a tighter labour supply in certain occupations, leading to greater reliance on EU/EEA hiring and potentially accelerating the upskilling of local talent to meet labour needs.

The proposed legislative changes are set to come into force on 1 June 2026.



Stricter penalties for employers

The special penalty fee for employers who hire foreign nationals without the right to reside or work in Sweden is proposed to be increased.

Two new offences are being introduced in the legislation: exploitation of foreign labour and trafficking in work permits.

The proposed legislative changes are set to come into force on 1 June 2026.



Looking ahead to 2026



Minimum wage

In Turkiye, there is a yearly review of the rates and limits of the minimum wage, severance pay and administrative fines. The rates for 2026 were announced by the Ministry of Labour and Social Security on 24 December 2025 and will come into effect on 1 January 2026. However, an additional increase may take place during the second half of 2026 due to high inflation rates. The minimum wage will apply as TRY 33,030 gross from 1 January 2026 (increased from TRY 26,005.50 gross).



Severance pay cap

The severance pay cap is updated every six months. From 1 July 2025 to 31 December 2025, the severance pay cap is TRY 53,919.68 gross. The new adjustment regarding the severance pay cap took place on 6 January 2026. The new cap amounting to TRY 64,948.77 will be effective between 1 January 2026 and 30 June 2026.



Inclusive and sustainable labour market framework

The 2026 Presidential Annual Program sets out policy priorities aimed at establishing an inclusive and sustainable labour market structure, focusing on increasing employment, reducing informality, strengthening occupational health and safety practices, and advancing flexible working models. Measures supporting the labour market participation of disadvantaged groups – including women, young people, and persons with disabilities – and promoting flexible working arrangements are expected to contribute to a more accessible, secure, and balanced working life throughout 2026.



Announcements on SME support measures

At the meeting of the Planning and Budget Committee of the Grand National Assembly of Turkiye held on 5 November 2025, it was announced that credit limits for small and medium-sized enterprises ("SMEs") had been expanded. It was further noted that SMEs have been receiving TRY 2,500 per employee since the beginning of the year to support the preservation of their workforce. The Committee indicated that, as of 1 January 2026, both the per-employee support amount and the scope of eligible sectors and enterprises are expected to be increased.



International Workforce Advisory Board – new regulatory framework

On 18 October 2025, the Regulation on the Working Principles of the International Workforce Advisory Board was published, setting out a clearer framework for the Board's functions. The Board is now tasked with contributing to Turkiye's international workforce strategy, monitoring developments, and providing policy recommendations aligned with sectoral and regional priorities. The Board's work throughout 2025 is expected to shape policy in 2026, particularly in areas such as foreign workforce employment and work permit procedures.



Looking ahead to 2026



New rules on employing people with disabilities

Starting 1 January 2026, employers must follow new requirements for calculating the quota for people with disabilities, confirming employment, and submitting reports. The purpose of these changes is to ensure fair inclusion of people with disabilities in the workforce.

Employers must comply with updated quotas for employing people with disabilities: one person per workplace for companies with 8–25 employees, 4% for companies with more than 25 employees, and 2% for medical and rehabilitation institutions. To count toward the quota, employment must meet three conditions: main place of work, salary above minimum, and full or adapted working hours.

Reporting compliance with these requirements will now be done quarterly.

The changes are expected to improve the inclusion of people with disabilities in the workforce.

A key risk for employers is the introduction of a compensatory contribution instead of fines for non-compliance with the quota. This contribution is not fixed and must be calculated considering the average salary, the number of months in the quarter, and the number of unfilled quota positions.

Employers should review staffing plans to ensure compliance with the updated quotas. It is recommended to verify which positions can be allocated for people with disabilities, consider new hiring if the quota requirements are not met, and adjust internal processes for quarterly calculation and reporting.



Employee reservation procedure updated

On 9 December 2025, new rules for reserving employees during martial law came into effect. The changes introduce an accelerated procedure for processing reservation lists and establish an obligation for employers to promptly cancel reservations when grounds no longer exist.



Until 1 February 2026, critical enterprises can use an accelerated process: reservation lists will be processed within 24 hours instead of the usual 72. These enterprises no longer need to wait five days between applications to cancel employee reservations. The next application can be submitted immediately after the previous one is processed.

The limit remains unchanged: no more than 50% of conscripted employees may be reserved. Companies must monitor staff changes and promptly adjust reservations to ensure compliance with this limit.

The changes will significantly improve the efficiency of employee reservation and cancellation processes, allowing critical enterprises to act faster and maintain operational stability. At the same time, a risk for employers is the increased responsibility to monitor staff changes and promptly adjust reservations to comply with the limit, as failure to do so may result in violations and potential sanctions.



Employers can already use the accelerated reservation procedure. It is essential to monitor staff changes and promptly adjust reservation lists to maintain the 50% limit.

Legal and HR teams should also monitor further legislative developments, as labour regulations during martial law remain subject to frequent changes.



Looking ahead to 2026



Employment Rights Act 2025 (ERA) comes into force marking a new era in UK employment law

The ERA gained Royal Assent on 18 December 2025 and will be phased in over two years; with 2026 changes taking place in February, April and October. The ERA sets out a significant framework of rights, and on most issues the specific details (which will be made via secondary regulations following consultation) have yet to be published. Some headline changes such as the reduction in the qualifying period for unfair dismissal to six months and the removal of the compensatory cap for unfair dismissal are scheduled to take effect in 2027 but will require employers to take preparatory steps in 2026. The new additional test for collective consultation scheduled for 2027 means that multisite employers will need a centralised system to track redundancies across each legal entity operating throughout the UK. If employers do not have a centralised system, in 2026 they may wish to look into what steps they need to take to prepare for the 2027 changes. Key reforms currently expected to take effect in 2026 are set out below.



February 2026 – Several trade union changes will come into effect which will make it easier for trade unions to call industrial action. These include additional protections to make it automatically unfair to dismiss an employee for taking part in industrial action regardless of length, the simplification of the balloting procedure and shorter notice periods for industrial action.



April 2026 – Key changes include the doubling of the maximum protective award for failure to consult on collective redundancies, from 90 to 180 days' pay, as well as paternity leave and unpaid parental leave becoming 'day one' rights. In addition, sexual harassment will become a category of protected disclosure under the whistleblowing regime, and the lower earnings limit and three-day waiting period for statutory sick pay will be removed. The trade union recognition process will also be simplified, and electronic and workplace balloting will be introduced. The Government has said they want employers to comply on a voluntary basis with the new provisions on Equality Action Plans, before this becomes a mandatory requirement in 2027.



October 2026 – Changes anticipated include making it automatically unfair to dismiss an employee who refuses to accept certain changes to their contract of employment (known as the "fire and rehire" changes), strengthening the duty to prevent sexual harassment at work by requiring employers to take *all* reasonable steps, and reintroducing employer liability for third-party harassment. There will be protection against detriment for taking industrial action, an extension of the time limit for employees to bring most claims in employment tribunals from three months to six months, and new trade union rights relating to information and access. Notably the requirement to provide information to workers on the right to join a trade union in the written statement and at periodic intervals will affect all employers and is not limited to those employers who recognise unions. Employers in the UK who have not previously worked with trade unions will need to prepare for these changes and consider an industrial relations strategy.



The ERA will shift the balance of UK employee relations, with a stronger union voice, increased employee rights, higher volumes and cost of employment litigation, and for some employers, less flexibility around workforce planning and agency workers. The magnitude of the changes means there are board level implications around the risk profile and costs involved in managing the workforce.

For HR and legal teams, it is key to understand what is changing and when, and to audit current arrangements. This will include reviewing template employment contracts and relevant workplace policies and procedures. Well-drafted contractual provisions such as those relating to probationary periods will be important because of the shorter qualifying period for unfair dismissal. Equally important will be the training given to managers to deliver those new policies and procedures.





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