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On your radar

Key employment issues across Europe and beyond

On Your Radar | January 2019

Welcome to our latest edition of CMS On your radar

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The CMS employment team

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Belgium

Development

The dismissal of an employee who refused to work without a headscarf (in circumstances where she did not wear a headscarf at the beginning of her employment) is not discriminatory. This recently published judgment by the Labour Court of Brussels from 28 May 2018 is one of the first decisions to apply the Achbita case from 14 March 2017 delivered by the European Court of Justice.

Description

The court ruled that the employee was not dismissed because of her religious convictions, but because of her refusal to comply with a dress code imposed by the employer on all employees. The court considered that the internal rule of the company did not amount to direct discrimination because of its general character. The employer invoked the 'principle of neutrality' although this was not explicitly included in the employment contract or in the work regulations.

According to the Court, there is also no indirect discrimination because a consistent and systematic prohibition of all employees from wearing visible, ideological signs is an appropriate means of achieving the legitimate objective set out, namely the company's policy of neutrality.

Effective date

Impact and risk

Like the Court of Justice, a Belgian court has now ruled that the obligation to dress neutrally must form part of a policy of neutrality which is pursued in a coherent and systematic manner and which aims, in a general and indiscriminate manner, at the visible wearing of signs of political, philosophical or religious convictions. In addition this policy should only apply to employees who come into contact with clients.

This is an important observation because the debate about religious characteristics in the workplace, like many European countries, is also ongoing in Belgium.

Future actions

To avoid disputes (and, of course, insofar as the employer wishes to do so), it is advisable to explicitly include the principle of neutrality in the employment contract, the work regulations or an internal policy, taking into account the criteria defined by this case law.

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Bulgaria

Development	Description	Effective date	Impact and risk	Future actions
Parliament has adopted a new Law for People with Disabilities.	Bulgarian employers shall hire people with permanent disabilities, as follows: i. employers with 50 to 99 employees - one person; ii. employers with 100 and over 100 employees - 2 per cent of their average payroll numbers. The above obligation has been introduced in addition to the existing employers' obligation to maintain a certain percentage of workplaces for employees under occupational rehabilitation.	Ongoing, effective as of 1 January 2019 The adoption of the Rules of Application of the Law for People with Disabilities is still pending.	Employers must meet the requirements for employment of people with permanent disabilities, including the requirement to adjust the workplace conditions to their needs. The new requirements increase the additional administrative and financial burden on employers who have to guarantee equal treatment of people with permanent disabilities.	Where there has been non-fulfilment of the obligation to employ people with permanent disabilities, employers shall pay a monthly compensation contribution of 30 per cent of the minimum wage for the country for each vacancy which should have been designated and occupied by a person with a permanent disability.
Parliament has set new minimum gross monthly salary and new maximum monthly insurable income for the country.	Parliament has set the following new limits: i. minimum gross monthly salary - BGN 560 (approx. EUR 285), and ii. maximum monthly insurable income - BGN 3,000 (approx. EUR 1,530).	Ongoing, effective as of 1 January 2019	The increased thresholds will affect the planned salary budget of the companies. The increase in the maximum insurable income will lead to lower net salaries for employees, whose salary is above the insured maximum. In turn, some companies will increase the salary of their employees to cover the reduction in net income.	In the long-term, the increased expense for employees' salaries may result in staff cuts where they aim to compensate for the increased costs.

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China

Development	Description	Effective date	Impact and risk	Future actions
The PRC Individual Income Tax Law has been changed. Employees will be able to deduct certain personal expenses relating to education, medical treatment, housing and support for elders from their income for individual income tax.	In the past, employees should pay income tax on their salaries apart from the social insurance and housing fund contributions payable by the employees. With the change of the PRC Individual Income Law, some personal expenditure of the employees such as: some expenses incurred on their own continuing education, or their children's education, or some medical expenses for serious illness, a certain amount of the housing loan interest/rent, or some expenses for supporting elders can all be deducted from the income of the employees for individual income tax.	1 January 2019	According to the amended law, the deduction can be made either by the employer at the time of withholding income tax from monthly salaries, or by the employees themselves as part of their annual tax return declaration (during the period from 1 March to 30 June of the following calendar year). However, if an employee asks the employer to make a preliminary deduction in relation to the costs of education, housing loan interest/rent, or support for elders, the employer shall not refuse. Due to historic reasons, most employees are expected to ask the employer to make the preliminary deduction. This will not only increase the administrative work of the employer in relation to managing the individual income tax issues of their employees, but will also bring additional obligations on the employer in relation to keeping the personal data of the employees confidential.	The employer may wish to ask the employees to choose in advance whether the employees will ask the employer to make the monthly preliminary deduction or to make the annual declaration by themselves. If any employee asks the employer to make the preliminary deduction as the individual income tax withholding agent, the employer may wish to ask the employee to provide his/her personal information through a remote tax App developed by the State Administration of Taxation. If the employee can only provide the personal information directly to the employer, the employer must ask the employee to provide such information in writing and duly update the information if there is any change. Further, no matter how the employer obtains the personal information of the employee, the employer must keep such information confidential.

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Colombia

Development	Description	Effective date	Impact and risk	Future actions
Decree 2451 of 2018 by which the Government sets the Colombian Legal Minimum Monthly Wage (CLMMW) for 2019 Decree 2452 of 2018 by which the Government sets the monthly legal transportation allowance for 2019	The Colombian Legal Minimum Monthly Wage (CLMMW) for 2019 was set at COP $828,116. The monthly legal transportation allowance for 2019 was set at COP $97,032.	From January 1st, 2019 (for both decrees)	Employment contracts with *ordinary salaries* (a salary that only includes the remuneration for the ordinary work) equal to or estimated with regards to the proportion of the CLMMW will be subject to an adjustment considering the current value. Employees that earn up to two CLMMW will be entitled to the payment of the legal transportation allowance. Employees that earn up to two CLMMW and have been working for up to three months in the Company are entitled to receive mandatory working clothing. Employment contracts with *integral salaries* agreements (a salary that also includes the payment of the fringe benefits, among others) will be subject to the respective adjustments. Fines that can be imposed by the relevant Labour Authorities will be adjusted in accordance with the current CLMMW. Limits to the income base for payment of the contributions to the Social Security System will be adjusted in accordance with the current CLMMW.	To adjust payroll rates in accordance with the current CLMMW and the legal transportation allowance from January 1st, 2019. To determine which employees are entitled to receiving the monthly legal transportation allowance and the mandatory working clothing. To verify whether employment contracts including integral salary agreements observe at least the current legal minimum integral salary amount (COP $10,765,508) in order to enjoy all the legal effects relating to Article 132 of the Colombian Labour Code. Otherwise, further adjustments should be required to be in comply with the current regulations.

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Croatia

Development	Description	Effective date	Impact and risk	Future actions
Recent amendments to the Minimum Wage Act and the Labour Market Act aim to provide more security and higher standards for employees, as well as to decrease unemployment rates. In addition, a sweeping tax reform (including the change to the Contributions Act), effective as of 1 January 2019, will impact both employers and employees.	The Minimum Wage Act includes the general definition of the minimum wage, and stipulates that the Croatian Government should determine the exact sum for each calendar year by 31 October of the preceding year, in consultation with social partners and an expert commission. The monthly minimum wage for 2019, amounts to HRK 3,750 gross (approx. EUR 500 gross). This sum does not include wage increases for overtime work, night work and work on Sundays or national holidays. The Labour Market Act, defines measures of active employment policies, prescribes conditions for receiving unemployment benefits for various recipients and defines the status of seasonal workers and individuals hired for the first time in their chosen profession without establishing an employment relationship.	1 January 2019	This is a further increase of the minimum wage. In the amendments to the Contributions Act, two types of social contributions, previously paid out by employers, are being revoked – (i) the unemployment contributions and (ii) the occupational health and safety contributions (to be paid out of state budget). The health insurance contributions are increased by 1.5%. All of the measures should lead to significant cost reductions for employers (current projections state savings of up to HRK 900 million (approx. EUR 120 million). If the employer fails to pay employees the prescribed minimum wage, a monetary penalty in the amount of HRK 60,000 – 100,000 (approx. EUR 8,000 – 13,333) may be imposed (per employee!).	The Minimum Wage Act will revoke an employers' right to deduct 50% of the basis for the calculation of social contributions for their employees' who receive the minimum wage by 1 January 2021. Employers currently using this deductibility option can continue using it in 2019 and gradually reduce the deduction to 25% in 2020 before the option is revoked in 2021.

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Czech Republic

Development	Description	Effective date	Impact and risk	Future actions
Private sector employers can agree with *any* managerial employee on the possibility of recalling the employee from his/her role, provided that it is simultaneously agreed that the managerial employee may also resign from that role. (In Czech law the principle of recalling an employee means that the employer should then consider them for another role. If another role is not available then the employee would be made redundant.)	In its ruling File No. 21 Cdo 1073/2017 dated 15 August 2018 the Czech Supreme Court has answered a long discussed question on whether the employer may agree on the possibility of recalling the employee from the role with any managerial employees or only with those fulfilling criteria set out by Section 73 par. 3 of the Czech Labour Code (e.g. employees directly reporting to the statutory body or directly reporting to employees who directly report to the statutory body).	15 August 2018	According to the Czech Supreme Court Section 73 par. 3 of the Czech Labour Code is not mandatory, but discretionary regulation. Therefore, it is possible to deviate from it and determine the range of roles of managerial employees for which it can be agreed on the possibility of recalling the employee from their role by means of collective or other agreement or by internal regulation. The only condition that has to be fulfilled is that, the managerial employees must fulfil the conditions stipulated by Section 11 of the Czech Labour Code (i.e. employees who are authorised, at the individual management levels, to determine and impose working tasks on subordinate employees, organise, direct and control their work and give them binding instructions).	The risk of invalidity of the contractual provision allowing the employer to recall the managerial employee from his/her role in situations when the managerial employee does not fulfil conditions set out in Section 73 par. 3 of the Czech Labour Code should be mitigated. The employers may now safely agree with their managerial employees on the possibility of being recalled. Employers should note that the employment relationship does not terminate upon the recall. However, the possibility of recall may, under certain conditions, ease the separation.

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France

Development

In response to the “yellow jackets” movement, the French Government unveiled a series of measures. The Bill (n°018-1213) was passed following a fast-track procedure and adopted by Parliament on 24 December 2018.

It contains several social and economic provisions: it specifically allows employers to give their employees a tax-free bonus up to 1,000 euros.

Description

The tax-free bonus may benefit all the employees of the company or only employees whose remuneration is below a ceiling determined by an agreement or decision of the employer.

The tax exemption will only apply up to 1,000 euros and if:

- the bonus is granted to employees who earned less than three time the value of the annual minimum wage, i.e. 53,944.80 euros;
- the bonus is awarded to employees who are bound by an employment contract on 31 December 2018 (or on the payment date if it’s prior to December 2018) ;
- the bonus is paid between 11 December 2018 and 31 March 2019;
- the bonus does not replace any wage raises nor prior existing bonuses.

Effective date

The bonus may be granted to employees between 11 December 2018 and 31 March 2019.

Impact and risk

The amount of the bonus can be the same for every employee or can vary in its amount between employees based on criteria such as their level of remuneration, their level of classification, their effective presence in 2018 or their working time duration.

The tax-free bonus can be implemented through:

- a collective bargaining agreement;
- an agreement between the employer and unions that are representative within the company;
- an agreement concluded within the social and economic committee;
- a referendum adopted by a 2/3 majority vote of the employees;
- or, if it is taken prior to 31 January 2019, a unilateral decision. In such case, the social and economic committee is informed of this decision by 31 March 2019.

Future actions

Employers must be extremely careful when drafting their decision or collective bargaining agreement.

If one of the criteria presented above is not met, the Social Security Authority may seek reassessment up to 3 years after the bonus was paid.

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Germany

Development

The Act on the Further Development of the Law Governing Part-Time Work (Gesetz zur Weiterentwicklung des Teilzeitrechts) has been included in the Part-Time and Fixed-Term Employment Act (Teilzeit- und Befristungsgesetz). It contains provisions on so-called bridging part-time employment (Brücken-teilzeit).

According to this Act, employees can reduce their working hours for a limited period of one to five years and return to full-time work based on legal entitlement.

Description

The following requirements must be met for the employee to be entitled to bridging part-time employment:

- More than 45 employees must be employed at the company
- The employment relationship must have existed for more than six months
- In companies with 46 to 200 employees, only one in 15 employees is entitled to bridging part-time employment (no "unreasonableness")
- No conflicting operational reasons

Effective date

1 January 2019

Impact and risk

The government estimates that in 2019 approximately 143,000 employees in the private sector will file an application for bridging part-time employment.

For employers the bridging part-time employment primarily means more difficulties in personnel planning:

- In the future, more "returnees" from part-time work will have to be taken into account than was previously the case due to parental and nursing care leave
- Especially with regard to management positions of highly qualified employees, it is likely that it will be difficult to counterbalance the temporary reduction of working hours by hiring temporary replacements

Future actions

Companies with 46 to 200 employees must (electronically) record and continuously update the number of employees in bridging part-time employment if they wish to consider rejecting an application on the grounds of unreasonableness.

Upon receipt of an application for bridging part-time employment, companies should note down the deadline set at one month (not 4 weeks!) prior to the desired commencement of bridging part-time employment. If the employee has not received the written rejection of the application by then, bridging part-time employment will take effect as requested.

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Italy

Development	Description	Effective date	Impact and risk	Future actions
Article 18 of the Italian Bill of workers which regulates the consequences against unfair dismissals does not expressly govern the amount of time which may pass between the employer becoming aware of a disciplinary act, and sending its letter to the employee containing the complaint regarding that act. Such “lateness” has been interpreted by case-law as the employer’s intention to waive any disciplinary measures. In some cases it has been used to declare a dismissal as being unfair, and the employer has been ordered to reinstate the dismissed employee.	The United Divisions of the Italian Court of Cassation has ruled that a late disciplinary dismissal shall require the reinstatement of the dismissed employee. This judgment observes that the legislator’s intention is to be interpreted as willingness to consider the sole reimbursement (from 12 to 24 months’ salary) in favour of unfairly dismissed employees as a general rule only. The Court specified that this principle of timeliness is infringed only in cases of “*considerable and not justifiable delay*”, to be evaluated on a case-by-case basis, leaving open questions in individual cases as to the reason for delay e.g. complex investigations, as well as where the organisational structure affects knowledge of when the misconduct took place.	Applicable principle	While we cannot exclude the possibility of a different court opinion in future, the case law approach on this question of timing and delay now appears quite consolidated.	We suggest evaluating carefully the duty to proceed without delay in disciplinary proceedings, and not to postpone disciplinary measures unless a complex investigation is required.

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Monaco

Development	Description	Effective date	Impact and risk	Future actions
The French Finance Act n°2016-1917 of December 29th, 2016 and the Ordinance n°2017-1390 of September 22nd, 2017 have provided a new way of collecting French taxes which consists in withholding income tax. This procedure, already implemented in most of European countries, involves: • The employer who must collect every month his employees' income tax on the behalf of the Tax Administration. • The employee who has to submit his tax declaration every year. • It necessarily impacts the cross-border countries like Monaco.	This new French regulation has raised two types of concerns for the Monegasque employers and employees: • About its scope of application; • About the potential role and responsibilities of the Monegasque employers and employees towards French Tax Administration.	1 January 2019	Considering no new Tax Treaty was signed between France and Monaco, and according to Article 204 C of the French General Tax Code, Employees' incomes, paid by employers not established in France, are not collected by them on behalf of the French Tax Administration, but are subject to a direct withdrawal on employees' bank account. Therefore: - Contrary to French employers, Monegasque employers cannot be found liable in case of mistake, delay or non-payment of their employees' income tax, as they do not collect it on behalf of the Tax Administration. - Still, Monegasque employees living in France who do not submit their tax declaration, who make mistakes about it, or who do not pay their taxes, will be sanctioned by the French Tax Administration.	The French Tax Administration recommends that foreign employers inform their employees about the new procedure applied to them and about their obligations towards the Tax Administration. However, we consider that absent any legal ground for such recommendation, it is unlikely that a Monegasque employer could be found liable before Monegasque jurisdictions for a breach of contract for solely not having informed his Employee about the withholding income taxes procedure.

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Netherlands

Development

The Ministry of Social Affairs and Employment has decided to extend the duration and scope of a grant scheme which should enable all employees of 45 and above to receive guidance on their future capabilities.

The former grant scheme was meant for employees of 50 and above and working in specific roles and sectors.

Description

The aim of the grant scheme is to support employees of 45 and above to develop themselves, to increase their employability and to prevent unemployment.

The coaching can be done by offering group sessions and one-on-one sessions or by one-on-one sessions only.

By coaching, these employees should get a better understanding of changes affecting their current roles, such as the impact of technologies. In case additional schooling is necessary, the employee should be informed about the possibilities of such schooling.

Effective date

28 December 2018 until 10 January 2020.

Impact and risk

Although it is the registered coach who is entitled to the grant per individual employee if all formalities have been met, we foresee that this new grant scheme will trigger more employers to offer their employees individual training and support through a professional coach. This is likely to strengthen the employability of employees which in light of the impact of technologies on jobs is a positive development.

Future actions

This development is aligned with the obligation on employers to provide for schooling in case positions change and/or if the employee is no longer able to perform in his/her current role for example due to illness.

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Peru

Development

Recently, the President of the Republic Martín Vizcarra publicly declared that it was necessary to make reforms to resolve the rigidity and high non-wage costs of the labour market. Even though these declarations led to the resignation of the Minister of Labour, who opposed such changes, a few days later, the President declared that his government does not intend to carry out a labour reform that would cut workers' acquired rights. This new presidential statement makes it unclear if the government really intends to make the labour market more flexible.

This issue has generated controversy in the media and concern expressed publicly by various economists, who insist that the government should modify the legal regime of labour stability recognised in the Constitution, for the sake of greater inclusion and greater dynamism of the economy that could also help to raise the salaries.

Description

The Peruvian Constitution states verbatim that "the law gives the worker adequate protection against arbitrary dismissal."

The law establishes that the adequate protection against arbitrary dismissal is the payment of compensation of up to 12 monthly salaries, and only in cases of dismissals carried out in a discriminatory manner should the Judge declare the dismissal null and order the reinstatement of the employee.

However, since 2001, the Constitutional Court and the Supreme Court have changed this rule, by ordering the reinstatement of employees dismissed for any reasons, including workers whose fixed-term contracts are not renewed. In this way, since then, the judiciary is presently ordering the reinstatement of all dismissed workers who demand reinstatement in their employment if the employer does not justify the dismissal.

These rulings are establishing new criteria which are often contrary to the existing legal norms.

Solution Proposals

Among the measures that some experts are proposing to make labour stability more flexible are the following:

- Convince the Judges of the Constitutional Court about the convenience of modifying their criteria, which is quite uncertain.
- Modify the Constitution in order to specify that the adequate protection against arbitrary dismissal is exclusively the payment of compensation, and that only in cases of discrimination can restitution proceed. This measure could also be quite difficult to implement.
- Increase the amount of compensation for dismissal provided by law, so that the proposed constitutional amendment does not imply a lack of protection for workers.
- Create a new labour regime for new employment contracts in small companies, without job stability.

Impact and risk

According to international competitiveness reports, Peru is one of the countries with higher rigidity to hire and fire workers, which generates lower productivity, lower growth in employment and wages, greater impact on young people and women and greater labour informality.

Economists believe that if the government does not make the labour market more flexible, the informality of Peruvian society will continue to increase, affecting the generation of formal employment and making employment more precarious.

Economists consider that there is excessive labour rigidity because the cost of severance pay in Peru is high compared to countries such as Chile, Colombia and Mexico, but above all because judges practically prevent companies from firing their workers, not only without justification, but also when they commit faults at work, and when companies request the Ministry of Labour authorize them to cease personnel for economic, technological or similar reasons, such requests being generally rejected by the authority.

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Poland

Development	Description	Effective date	Impact and risk	Future actions
Changes in storage of personal files. As of 1 January 2019 Polish employers can store personal files as hard copies or in electronic form. Previously, hard copy was the only available option. The new law also reduces the retention period of personal files from 50 to 10 years.	Instead of keeping hard copies of personal files, the new law enables employers to digitalise them. However, digitalisation must cover all personal files stored by a company. It is impossible to cherry pick the documents you will digitalise. The new 10-year retention period runs from the end of the calendar year in which an employment relationship is terminated. It relates to: (i) employees hired after 1/01/2019; and (ii) employees hired between 1/01/1999 and 31/12/2018, provided that the company submits a specific report to the Social Insurance Institution. If the employer does not provide a report, it will still be required to keep employee documentation for 50 years.	1 January 2019	If an employer decides to switch to electronic storage, it will have to scan all hard copy files of current and former employees and sign them with a qualified digital signature/stamp. Digitalisation does not exempt an employer from the duty to issue a hard copy of some documents (e.g. the employment contract). The employer will be obliged to store all digital documents in an IT system which must meet strict safety criteria. Employers have a duty to inform all current and former employees about the digitalisation of their personal files. The information must include a 30-day deadline for collecting files. An employee can collect hard copies of personal files within 30 days of receiving the information.	An employer will have to introduce a special security system to guarantee that all documents are stored in the proper way, if it decides to switch to electronic storage. For example, it must ensure the identification of any person viewing the documents and must provide detailed meta-data for every uploaded document. Once an employment contract is terminated or expires, along with providing a work certificate, employers will need to inform employees about how and for how long their personal files are stored, the employee's right to collect them after this period, and the employer's right to destroy them if they are not collected in due time.

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Romania

Development	Description	Effective date	Impact and risk	Future actions
Limitations on the use of day workers. Day-workers were attractive primarily due to the tax regime i.e. only income tax, but no social contributions (e.g. pensions, health insurance), was payable on revenues obtained by day-workers.	The use of day workers has been restricted, as follows: - an individual can perform a maximum 120 days in any calendar year as a day worker, irrespective of the number of beneficiaries (certain exceptions apply); - beneficiaries cannot use the same individual for day work for a period exceeding 25 continuous calendar days (after this period, an employment agreement will need to be put in place); - the use of day workers has been restricted only to unqualified work, provided on an occasional basis, and only in a limited number of industries/ activities including: agriculture and hunting; forestry; fishing and aquaculture.	29 December 2018	The new legislation severely limits the industries/activities which may rely on day-labour. Prior to this change, a large number of other industries - including hotels/leisure, restaurants and catering, waste collection, wholesale of agricultural products and livestock, landscaping etc - were also eligible for using day-workers. Companies using day-workers will need to reassess whether they are still eligible to do so. Failure to observe the limitations triggers the risk of a fine up to RON 20,000 (approx. 4,450 EUR) for the beneficiaries. Individuals who work more than the maximum period permitted as day-workers during one calendar year also face a fine of up to RON 2,000 (approx. 445 EUR).	The restrictions brought in by the recent legislation also mean that beneficiaries which previously procured labour from day-workers may need to hire individuals on employment contracts.

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Singapore

Development	Description	Effective date	Impact and risk	Future actions
The Employment (Amendment) Bill was passed in Parliament on 20 November 2018. The Bill will introduce sweeping changes to Singapore's primary labour legislation, the Employment Act ("EA") when it comes into effect.	The changes will include the following:- • Widening the reach of the EA to cover higher-paid workers, including all professionals, managers and executives ("PMEs"); • Expanding the powers of the Employment Claims Tribunal (which presently only hears salary-related disputes) to include wrongful dismissal claims. • Extending additional protections such as overtime pay, hours of work and rest days to more workers.	1 April 2019	Employers of PMEs in Singapore should take note of the following:- • The EA presently confers statutory protections to employees earning less than SGD 4,500. Once the new legislative changes come in to force, these statutory protections (i.e. minimum days of paid sick leave, notice periods before dismissal, etc) will apply to all PMEs. • Employee contracts should be reviewed and/or revised for compliance with EA requirements before 1 April 2019.	We recommend that organisations employing staff in Singapore approach legal counsel to review their present employment arrangements to ensure compliance with the EA amendments when they come into effect.

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Slovakia

Development	Description	Effective date	Impact and risk	Future actions
A new amendment to the Labour Code prohibits employers from imposing upon their employees binding confidentiality obligations concerning the working conditions of the employees (including salary conditions).	It has been common practice for employers to impose upon their employees binding confidentiality obligations in relation to the salary of the employees. The explanatory note to the Labour Code amendment states that the introduction of an absolute ban on restrictions on the free communication of salary conditions should contribute to the application of the principle of equal pay for equal work. Similarly, the respective ban should prevent social dumping in relation to third-country employees.	1 January 2019	All provisions of employment agreements, contracts on work carried out outside employment and internal regulations prohibiting employees from disclosing their working conditions shall be invalid.	Employers should refrain from including confidentiality provisions which concern the working conditions of employees in employment agreements, contracts on work carried out outside employment and internal regulations; if any such provisions are contained in existing documents, employers should refrain from enforcing them against employees.

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Spain

Development

Adoption of two new regulations:

- Royal Decree 1462/2018, increasing the minimum inter-professional salary; and
- Royal Decree-Law 28/2018, approving new employment measures, aiming to increase Spanish Social Security income.

Description

The new regulations include, among others, the following measures:

- Collective bargaining agreements may establish a compulsory retirement age;
- Removal of certain types of employment contracts and measures linked to unemployment rates;
- Increase of the minimum inter-professional salary by 22,3%;
- 7% and 22% increase in the maximum and minimum social security contribution basis, respectively;
- 40% increase in social security contributions of temporary contracts of 5 or less days;
- change in Social Security contribution rates for professional contingencies.

Effective date

1 January 2019

Impact and risk

- Labour-related costs are likely to increase for employers in Spain.
- That said, the increase in the minimum inter-professional salary will affect companies which are currently paying some of its employees a gross annual salary below EUR 12,600.
- Following the removal of the employment contract "for support of entrepreneurs", companies with less than 50 employees will no longer be able to enter into contracts with a 1-year probationary period.

Future actions

Companies incorporated in Spain should take into consideration the possible economic impact which may arise from the newly adopted employment and social-security related regulations.

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Ukraine

Development	Description	Effective date	Impact and risk	Future actions
Increase of minimum wage and penalties for employment law breaches.	From 1 January 2019, the minimum statutory monthly wage is raised from UAH 3,723 (EUR 117) to UAH 4,173 (EUR 132), and financial penalties against employers for breaches of employment legislation linked to minimum wages respectively increase.	1 January 2019	The financial risks for breaches of employment legislation increases.	Ukrainian employers should be thoroughly attentive to their compliance with the national labour law rules.
The State Labour Service of Ukraine has approved an annual plan of state labour law inspections for 2019 year.	An annual plan of state labour inspections is available on the website http://dsp.gov.ua/, including almost 17,000 inspections to be conducted by the State Labour Service of Ukraine in 2019.	1 January 2019	Many companies in Ukraine will be inspected in 2019.	

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United Arab Emirates

Development	Description	Effective date	Impact and risk	Future actions
New visa structures to be introduced early 2019. In November 2018, further details were announced regarding long-term visa options for certain categories of expats.	The categories are as follows: **Investors:** Investors may be eligible to 5 or 10 year visas depending on satisfying a number of eligibility requirements. **Entrepreneurs** Entrepreneurs with a previous project with at least AED500,000 invested or that are approved by an accredited business incubator in the UAE can apply for a five-year multiple-entry visa and may be eligible to upgrade to an investor visa. **Specialised talents** The following categories of worker may be entitled to a ten year visa: doctors, scientists , creatives, subject to fulfilling two additional requirements. **Exceptional students** Post-graduate students with a grade of at least 95% in secondary school level and a distinction of at least 3.75 GPA upon graduation from universities within and outside the UAE can get a five-year visa.	Awaiting confirmation of Effective Date, but expected early 2019.	The grant of long-term visas is an appealing attribute for the UAE, and is intending to bring in new talent and retain existing talent, especially in under-represented fields. The new visa categories recognise emerging fields, such as entrepreneurs. Also recognised are innovative specialists, such as doctors conducting advanced medical research. Previously, highly educated students would be forced to locate themselves elsewhere when looking for employment opportunities, so the new visa allows graduates time to consider their career opportunities, and even to look into an entrepreneurial role on graduation.	Employers should make sure they know which of their employees may be eligible for the relevant categories, so they can apply for a long-term visa rather than the standard visa renewable every three years.

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United Kingdom

Development

Executive Pay Ratio Reporting and Workforce Engagement Measures to be contained in the annual Directors Report

These rules apply to listed companies with more than 250 employees.

Description

In scope employers must publish as part of their directors' remuneration report, the ratio of their CEO's total remuneration to the median, 25th and 75th percentile full time equivalent remuneration of their UK employees.

Companies can report their ratios in three different ways.

Additional rules apply to listed companies (again, with more than 250 UK employees) to include a statement as part of their directors' report summarising how directors have engaged with employees and had regard to employee interests.

Effective date

Applies to in scope companies with reporting periods from 1 January 2019

Impact and risk

There is likely to be a great deal of media interest in the pay ratios figures.

It is recommended that the figures are sent to communication teams before being published.

In relation to the workforce engagement provisions, the new provisions require a statement summarising how the directors have engaged with employees, how they have had regard to employee interests and the effect of that regard, including on the principal decisions taken by the company in the financial year. This expands on the existing requirement to provide information about employee involvement.

This will involve additional steps to be taken by directors to consult with staff regarding important decisions by the company.

Future actions

Given the complexities involved in the structure of the remuneration packages of executives, it is recommended that remuneration schemes are reviewed and this aspect is given careful consideration before analysing and reporting the figures.

The Regulations stipulate that total pay and benefits should be included. Many companies are expected to provide a narrative to explain their executive pay ratio on a similar basis to gender pay.

Directors should be considering how they will engage and inform employees about key business decisions.