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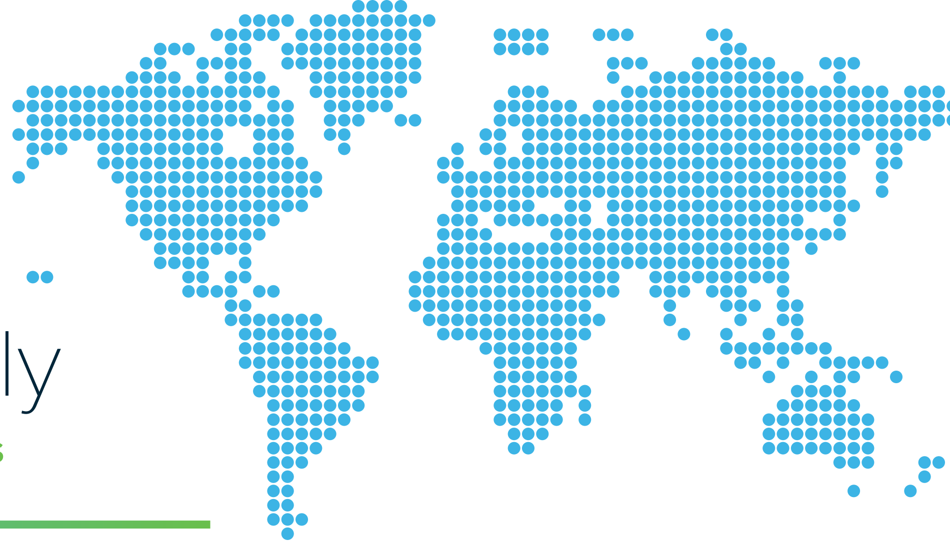

LABOR AND EMPLOYMENT LAW UPDATES FROM AROUND THE GLOBE

QUARTER 2, 2026

Geida D. Sanlate, Littler Editor

This newsletter brings together a curated collection of legal updates by attorneys from Littler offices and contributing firms worldwide. Read the latest headlines from our featured countries. To receive the Global Guide Quarterly by email, subscribe at www.littler.com/subscribe-GGQ.

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Australia

Payday Superannuation Contributions Take Effect

New Legislation Enacted

Authors: Naomi Seddon and Michael Whitbread – Littler

Effective July 1, 2026, Australia's superannuation guarantee regime moved from a quarterly contribution model to a payday-based model. Under the new framework, employers must ensure superannuation guarantee contributions are received by the employee's superannuation fund, with sufficient information to allocate the contribution, within seven business days after the relevant payday.

The reforms do not change the superannuation guarantee rate, which remains 12%, but employers will need to calculate contributions by reference to qualifying earnings, rather than the prior quarterly framework. Qualifying earnings include ordinary time earnings, salary sacrifice superannuation contributions, commissions, and other amounts currently included for superannuation guarantee purposes.

Victoria Limits Use of NDAs in Workplace Sexual Harassment Matters

New Legislation Enacted

Authors: Naomi Seddon and Michael Whitbread – Littler

Victoria's Restricting Non-disclosure Agreements (Sexual Harassment at Work) Act 2025 went into effect on July 1, 2026, and restricts the use of non-disclosure agreements in workplace sexual harassment matters in Victoria. The Act covers sexual harassment experienced at work or in connection with work, including by volunteers.

Under the Act, an NDA that prevents a worker from discussing workplace sexual harassment, or naming the alleged harasser who is 18 or older, will generally be unenforceable unless statutory preconditions are met, including that the NDA is requested by the complainant, reflects their choice and preference, is not the result of pressure or undue influence, and is accompanied by a prescribed information statement and review period.

Employment Thresholds and Minimum Wages Increase

New Order or Decree

Authors: Naomi Seddon and Michael Whitbread – Littler

Effective July 1, 2026, several Australian employment law monetary thresholds increased. The high-income threshold for unfair dismissal claims rose from AUD 183,100 to AUD 190,100, with the maximum unfair dismissal compensation cap increasing to AUD 95,050 for dismissals occurring on or after that date. The same AUD 190,100 threshold will apply to certain contractor unfair deactivation and unfair termination remedies, and the application fee for a range of Fair Work Commission claims increased to AUD 92.70.

Australia's National Minimum Wage also increased to AUD 1,004.90 per week, or AUD 26.44 per hour. In addition, minimum modern award wages generally increased by 4.75%, from the first full pay period on or after July 1, 2026.

Federal Court Issues Generative AI Guidance

New Regulation or Official Guidance

Authors: Naomi Seddon and Michael Whitbread – Littler

On April 16, 2026, the Federal Court of Australia issued its Use of Generative Artificial Intelligence Practice Note (GPN-AI), setting expectations for the use of generative AI in Federal Court proceedings. The guidance recognizes that generative AI may improve efficiency, reduce costs, and support access to justice, but states that it must be used responsibly and consistently with existing legal and professional obligations.

The GPN-AI applies to all persons who appear before or file documents with the court, including represented parties, self-represented litigants, witnesses, and third parties producing documents under subpoena or court order. It identifies higher risk uses, including pleadings, submissions, evidence, and documents involving confidential, privileged, private, or protected information. Where disclosure is required by the GPN-AI or court order, parties must be able to identify what generative AI tool was used, how it was used, and for what purpose.

Victoria Proposes Statutory Work from Home Right

Proposed Bill or Initiative

Authors: Naomi Seddon and Michael Whitbread – Littler

The Equal Opportunity Amendment (Work from Home) Bill 2026 introduced into the Victorian Legislative Assembly on June 16, 2026, moved to second reading on June 17, 2026. If passed, the Bill would amend the Equal Opportunity Act 2010 to create a statutory right for eligible employees to work from home for up to two days per week where reasonable. Eligible employees would also be entitled to reasonable costs for working from home, such as hardware and access to the employer's secure online environment. The proposed right would commence on September 1, 2026, with a delayed commencement date of July 1, 2027, for employers with fewer than 15 employees.

The proposed entitlement would apply to full-time employees, part-time employees, and regular casual employees, with pro-rated arrangements for those working less than full time. Disputes regarding the reasonableness of working from home would proceed first to the Victorian Equal Opportunity and Human Rights Commission for conciliation, with unresolved matters proceeding to the Victorian Civil and Administrative Tribunal.

Austria

Supreme Court Clarifies Protection Against Dismissal for Asserting Employment Claims

Precedential Decision by Judiciary or Regulatory Agency

Authors: Linda Gahleitner and Armin Popp – Littler

Section 105(3)(1)(i) of the Austrian Labour Constitution Act (ArbVG) protects employees from dismissal for asserting claims arising from their employment relationship. In a December 16, 2025, decision (8 ObA 56/25f), the Austrian Supreme Court clarified that this protection is only available where the employer has disputed the employee's claim.

According to the court, the mere assertion of a claim is not sufficient. If the employer complies with the claim, a subsequent dismissal cannot be challenged under Section 105(3)(1)(i) ArbVG. The decision clarifies the scope of the provision and confirms that an employer's clear dispute of the employee's claim is a prerequisite for a successful dismissal challenge on this ground.

Supreme Court Reclassifies Employee Protection Clause and Noncompete

Precedential Decision by Judiciary or Regulatory Agency

Authors: Linda Gahleitner and Armin Popp – Littler

Austria's Supreme Court recently reaffirmed that contractual provisions will be evaluated based on their substance rather than their title. The court reviewed an "employee protection clause" that prohibited a former employee, for 12 months after termination, from soliciting or employing employees of the former employer or its affiliated companies. The clause further provided that even attempting to recruit employees for a new employer would constitute a breach.

The Court held that the provision amounted to a noncompete clause within the meaning of Austrian Employee Act Sections 36 *et seq.* because it restricted the employee's professional activity after the employment relationship had ended. Consequently, the clause is subject to statutory requirements governing non-compete agreements, regardless of the label applied by the parties.

Belgium

New Working Time Rules and Cap on Notice Periods

New Legislation Enacted

Authors: Isabel Lysens and Julie Rousseau – Littler

The Act of May 18, 2026 introduced significant changes to working time regulations and termination rules. The Act abolished the general prohibition on night work and allows employers to organize working time through a more flexible general framework. It also reduces the minimum weekly working time for part-time employees from one-third to one-tenth of a full-time schedule and introduces a more flexible regime for night work, particularly in the distribution and e-commerce sectors.

In addition, for employment contracts commencing on or after June 1, 2026, the Act introduces a 52-week cap on employer-issued notice periods and technical adjustments to employability measures in contracts with long notice periods.

New One-Week Notice Period for New Hires

New Legislation Enacted

Authors: Isabel Lysens and Julie Rousseau – Littler

Belgium has enacted the Act of June 3, 2026 amending Article 37/2 of the Employment Contracts Act, providing a reduced notice period at the start of employment. For employment contracts commencing August 1, 2026, a notice period of one week applies during the first six months of employment. The rule applies equally in cases of dismissal by the employer and resignation by the employee, effectively reintroducing a system like the former trial period.

The Act does not apply to ongoing employment contracts, started before August 1, 2026, which remain subject to the standard notice periods.

For employers, this change reduces dismissal costs and significantly increases flexibility during the early stage of employment, allowing quicker workforce adjustments while limiting termination exposure.

New Law Expands Voluntary Overtime

New Legislation Enacted

Authors: Isabel Lysens and Julie Rousseau – Littler

The Act of May 18, 2026 increased the annual cap on voluntary overtime to 360 hours per employee and 450 hours per employee in the hospitality sector, effective April 1, 2026. The legislation also exempts up to 240 overtime hours from overtime premiums, social security contributions, and taxation, while simplifying administrative requirements through renewable annual employee agreements.

The Act introduces specific eligibility conditions for part-time employees who may only perform voluntary overtime after three years of service and in the event of a temporary increase in workload.

Overall, the reform strengthens voluntary overtime as a practical workforce planning tool, enabling employers to increase capacity without triggering compensatory rest obligations or internal overtime limits, while maintaining targeted safeguards for part-time workers.

New Temporary Indexation Cap and Additional Employment Measures

New Legislation Enacted

Authors: Isabel Lysens and Julie Rousseau – Littler

The Program Act of May 30, 2026 includes a temporary cap on automatic salary indexation for employees earning more than EUR 4,000 per month, with implementation occurring in stages beginning June 1, 2026, and January 1, 2028. The law also introduces a new employer wage moderation contribution linked to the savings resulting from the capped indexation. Public statements by the Minister of Employment indicate that enforcement may initially apply with a degree of flexibility.

The legislation also introduces changes to employer social security reductions, including the abolition of certain target group reductions, notably those relating to collective working time reductions and the introduction of a four-day workweek. The reduction for first hires is adjusted with a lower financial benefit but an extended scope covering additional hires. The law further strengthens enforcement tools in cases of social security fraud by allowing criminal courts to impose the loss of social security contribution reductions for employers who intentionally fail to declare employees or make fraudulent declarations.

Finally, mandatory worker registration requirements are introduced on construction sites, to be implemented no later than January 1, 2027.

Reform Expands Flexi-Job System Across All Sectors

New Legislation Enacted

Authors: Isabel Lysens and Julie Rousseau – Littler

Belgium has adopted a reform of the flexi-job scheme, which has been approved by Parliament and is expected to enter into force on July 1, 2026, following publication in the Belgian Official Gazette. The reform significantly expands the system by making flexi-jobs available in sectors, both public and private sectors, unless a sector formally opts out through collective agreements. It also introduces more flexibility, including:

- Relaxing restrictions on full-time employees working for related companies and allowing temporary agency workers to combine assignments with flexi-job work, provided they do not work for the same end user simultaneously.
- Allowing pensioners to take up a flexi-job immediately after retirement, based on a real-time eligibility check.
- The cap on flexi-job remuneration will apply only to the base salary, rather than the total compensation, allowing bonuses, overtime pay, and allowances to be granted without affecting the cap.

Overall, the reform is expected to significantly enhance workforce flexibility for employers, enabling broader use of flexi-jobs to address labor shortages and fluctuating staffing needs, while maintaining a favorable tax and social security framework for employees.

Brazil

New Federal Law Expands Paternity Leave and Job Protections

New Legislation Enacted

Authors: Marília Nascimento Minicucci and Pâmela Almeida da Silva Gordo – Chiode Minicucci Advogados

On April 1, 2026, Law # 15,371/2026 was published, establishing a phased expansion of paternity leave for births, adoptions, and placements for adoption. The law requires all companies to provide up to 20 days of paternity leave according to the following schedule:

- Effective January 1, 2027 – 10 days
- Effective January 1, 2028 – 15 days
- Effective January 1, 2029 – 20 days

The law also provides extended leave until the baby's hospital discharge when medically necessary, consistent with the rules applicable to maternity leave. During the leave, employees will receive their full salary through a social security benefit administered by the National Social Security Institute (INSS).

In addition, the law grants employees job protection from the start of paternity leave until one month after it ends and permits leave extensions in certain medical circumstances. Employees must notify their employer at least 30 days in advance of the planned start date of the leave. The same notice period applies when an employee intends to take vacation immediately following paternity leave.

Employers may suspend paternity leave if there is concrete evidence that the employee has committed domestic or family violence or has materially abandoned a child or adolescent, in accordance with applicable law.

New Workplace Health and Preventive Care Requirements

New Legislation Enacted

Authors: Marília Nascimento Minicucci and Pâmela Almeida da Silva Gordo – Chiode Minicucci Advogados

Effective April 6, 2026, new Law # 15,377/2026 requires employers to provide their employees with information regarding official vaccination campaigns and conduct awareness initiatives related to HPV and breast, cervical, and prostate cancers.

Employers must also inform employees about available diagnostic services and their right to take protected leave for preventive medical examinations without salary deductions.

New Digital and Platform Regulations

New Order or Decree

Authors: Marília Nascimento Minicucci and Pâmela Almeida da Silva Gordo – Chiode Minicucci Advogados

On May 21, 2026, the Brazilian Federal Government enacted Decree # 12,975/2026 and Decree # 12,976/2026, introducing significant developments regarding digital platforms, information governance, content moderation and online protection measures. The new rules strengthen the regulatory role of the Brazilian Data Protection Authority (ANPD).

Key aspects of the decrees include:

- Expanding governance obligations for digital platforms, with a focus on preventing and mitigating risks associated with digital fraud, online violence, coordinated disinformation campaigns, child sexual exploitation, and artificial engagement manipulation.
- Emphasizing the adequacy of platforms' internal governance, content moderation, and risk prevention mechanisms, increasing regulatory scrutiny over moderation policies, automated systems, algorithmic governance, and digital compliance structures.
- Establishing enhanced transparency, traceability, and record retention obligations.
- Expanding the ANPD's role to exercise broader supervisory, enforcement and regulatory coordination functions.
- Providing guidelines for combating digital violence against women, including expedited removal of nonconsensual intimate content; measures against digital harassment and coordinated attacks; regulatory treatment of deepfakes and AI-generated manipulated content.

Application of Sanctions Related to Psychosocial Risks Under NR-1 Suspended for 90 Days

Precedential Decision by Judiciary or Regulatory Agency

Authors: Marília Nascimento Minicucci and Pâmela Almeida da Silva Gordo – Chiode Minicucci Advogados

In a preliminary injunction issued on June 25, 2026, the Brazilian Supreme Court suspended, for an initial period of 90 days, the application of fines, notices of violation and other coercive administrative measures related to certain provisions of Regulatory Standard No. 1 (NR-1), which governs the identification, assessment and management of psychosocial risks in the workplace.

The decision acknowledged the importance of incorporating psychosocial risks in occupational risk management and emphasized that protecting workers' mental health is a legitimate objective of the regulation. However, in its preliminary assessment, the court concluded that the current wording contains overly broad concepts regarding the conduct expected from employers and the criteria that may support notices of violation and other administrative sanctions, which may undermine legal certainty.

New Official Channel to Access Employees' Social Security Leaves and Benefit Information

New Regulation or Official Guidance

Authors: Marília Nascimento Minicucci and Pâmela Almeida da Silva Gordo – Chiode Minicucci Advogados

Brazil launched "INSS Empresa" on May 18, 2026, providing employers with direct access to information concerning employees' social security leave and benefit status. Available data includes benefit type, filing and approval dates, duration, and current status. This official channel was established by Ordinance DTI/DIRBEN/INSS No. 156/2026. Access is granted through a gov.br account, using a digital certificate linked to the company's corporate tax ID.

The measure also permits delegation of access to third parties, increasing the importance of governance controls related to powers of attorney, permission management, and the handling of sensitive employee information.

Canada

Prince Edward Island: New Employment Standards Act in Force June 30, 2026

New Legislation Enacted

Authors: George Vassos and Joe St. James – Littler

Effective June 30, 2026, Prince Edward Island's new Employment Standards Act introduces a range of updated minimum standards governing hours of work, leave entitlements, and termination. The legislation reduces the standard workweek, and overtime pay threshold, from 48 to 44 hours and introduces new scheduling requirements, including advance notice of work schedules and minimum rest periods between shifts. It also expands leave entitlements by adding a combination of unpaid and paid sick leave, as well as extended unpaid medical leave and short leave for citizenship ceremonies.

The Act also provides earlier access to enhanced vacation entitlements, allowing employees to qualify for three weeks of paid vacation after five years of service, and updates the calculation of public holiday pay. Changes to termination provisions include earlier eligibility for notice after 90 days of employment and the introduction of a mass termination framework for larger workforce reductions. The time limit for filing complaints has been extended, and enforcement mechanisms have been strengthened through the introduction of administrative penalties.

Manitoba: New Attachment Leave and Limits on Employer-Required Sick Notes

New Legislation Enacted

Authors: George Vassos and Joe St. James – Littler

Effective June 1, 2026, Manitoba introduced amendments to the Employment Standards Code establishing a new unpaid attachment leave, which provides eligible employees with up to 16 weeks of unpaid leave following the placement of a child through adoption or surrogacy, after seven consecutive months of employment. The leave is structured similarly to other statutory leaves and includes job protection and reinstatement rights.

Additional amendments, effective November 28, 2026, limit the circumstances in which employers may require a sick note for illness or injury. Employers will generally only be permitted to request documentation in defined situations, such as longer absences or repeated absences over a calendar year. The amendments also expand the range of healthcare professionals who can provide sick notes and require employers to reimburse employees for reasonable costs associated with obtaining such documentation where it is requested.

Federal: Equal Pay Provisions Effective October 20, 2026

New Legislation Enacted

Authors: Shana French and Cameron Miller – Littler

Amendments to the Canada Labour Code introducing new equal pay requirements for federally regulated employers will go into effect on October 20, 2026. The amendments prohibit wage differences between employees performing similar work based solely on differences in employment status, such as full-time, part-time, or temporary roles. The similarity assessment focuses on the substance of the work performed, requiring consideration of skill, effort, responsibility, and working conditions within the same industrial establishment.

The amendments permit certain pay differences based on recognized factors such as seniority, merit, productivity, or other prescribed criteria, including geographic differences or recruitment and retention needs. The amendments also establish a process allowing employees to request a wage review, requiring employers to respond in writing within 90 days. Where non-compliance is identified, employers must address disparities by increasing wages rather than reducing them, and parallel obligations apply to temporary help agencies operating in the federal sector.

Quebec: New Regulation on the Prevention of Sexual Violence in the Workplace

New Legislation Enacted

Authors: Isabelle Duclos and Luc-Alexandre LeBlanc – Littler

Quebec has adopted a new regulation under the Act respecting occupational health and safety establishing requirements aimed at preventing and addressing sexual violence in the workplace. The regulation will come into force in stages, with most obligations effective May 27, 2027, and training requirements taking effect in 2028. The regulation reflects a broader approach to workplace health and safety that includes psychological and social risks.

The regulation applies in a broad range of work-related contexts, including virtual communications and work-related social activities, and requires employers to implement measures that address risks in these settings. Employers must provide written information to employees on identified risks, preventive measures, and reporting procedures, and establish a formal process for handling complaints that includes a designated, impartial individual and safeguards to ensure complaints are addressed appropriately. It also introduces mandatory training for all employees every three years on prescribed topics related to sexual violence in the workplace.

Ontario: Court of Appeal Sends Equity Dispute to Delaware

Precedential Decision by Judiciary or Regulatory Agency

Authors: Gerald Griffiths and Alexis Lemajic – Littler

In *Friel v. HUB International Limited* (2026 ONCA 313), the Ontario Court of Appeal considered whether a dispute over vested share options should proceed in Ontario or Delaware, concluding that the matter belonged in Delaware. The employee's relationship with the company was governed by separate agreements: an employment agreement with an Ontario arbitration clause, and an option agreement that incorporated a Delaware forum selection clause.

The court determined that the dispute arose from the equity arrangement rather than the employment relationship, relying on explicit language in the option agreement stating that the share grants were not employment compensation and did not form part of the employment contract. As a result, the arbitration clause in the employment agreement did not apply. The court also upheld the enforceability of the Delaware forum selection clause, finding that it did not deprive the employee of access to a remedy despite some inequality in bargaining power.

China

Interim Rules Strengthen Basic Rights Protections for Over-Age Workers

New Order or Decree

Authors: Grace Yang and Jerry (Gongyu) Zhang – Littler

In May 2026, the Ministry of Human Resources and Social Security and four other authorities issued the Interim Provisions on the Protection of Basic Rights of Over-Age Workers, effective July 1, 2026. The provisions are China's first dedicated rules addressing protections for individuals who continue working after reaching the statutory retirement age, a growing issue as China implements retirement-age reforms and faces an aging workforce. The rules clarify that employers using over-age workers must protect core rights, including minimum wage, work-related injury insurance coverage, overtime pay at standard rates, observance of public holidays and rest days, and a 36-hour monthly overtime cap.

For employers, the new rules are a reminder to review retirement-rehire, consultant, part-time, and flexible staffing arrangements involving older workers, particularly where such workers are managed like employees or perform paid work arranged by the company.

Draft Simplified Personal Information Protection Measures for Small Personal Information Handlers

Proposed Bill or Initiative
Authors: Grace Yang and Jerry (Gongyu) Zhang – Littler

In April 2026, the Cyberspace Administration of China (CAC) released the draft Simplified Measures for Personal Information Protection by Small Personal Information Handlers for public comment. The draft would apply to personal information handlers that process the personal information of fewer than 100,000 individuals and is intended to reduce compliance burdens for smaller organizations while maintaining the core requirements of China's Personal Information Protection Law and related regulations.

Among other changes, the draft would simplify certain notice, consent, compliance audit, personal information protection impact assessment, security incident, and internal governance requirements for qualifying organizations. The draft would exempt qualifying small personal information handlers from China's data export security assessment, standard contractual clause, and certification requirements in certain circumstances, including when employee personal information is transferred overseas for cross-border human resources management under lawfully adopted employment rules and collective contracts, and when fewer than 100,000 individuals' personal information (excluding sensitive personal information) has been transferred overseas during the relevant calendar year.

State Council Issues Five-Year Employment-First Strategy Plan

Trend
Authors: Grace Yang and Jerry (Gongyu) Zhang – Littler

On June 17, 2026, China's State Council issued the Plan for Implementing the Employment-First Strategy During the 15th Five-Year Plan Period (2026–2030), setting out the government's labor-market priorities for the next five years. The plan signals areas likely to receive increased policy support, funding, and local implementation attention. The plan emphasizes employment stability, high-quality and full employment, improved job matching, support for college graduates and other key worker groups, vocational skills training, expansion of service-sector and emerging-industry employment, and adaptation to artificial intelligence and other technological developments.

Colombia

Ministry of Labor Reinforces Disciplinary Process Requirements

New Legislation Enacted
Author: María Paula Monroy – Littler

Colombia's Ministry of Labor Circular 0048, published on May 22, 2026, reinforces the requirement that employers provide five business days between the notification of a disciplinary hearing and the hearing day.

It also reinforces the Supreme Court's decision stating that if termination for just cause is not contemplated in the Internal Work Regulations as a disciplinary measure, the company can terminate the contract without the need to follow the corresponding disciplinary process.

New Labor Guidelines for the Private Security Sector

New Regulation or Official Guidance
Author: María Paula Monroy – Littler

The Ministry of Labor issued a circular unifying the guidelines on working hours in the private security and surveillance sector in response to the concerns of the guild following the implementation of Laws 2101 of 2021 and 2466 of 2025. The circular reaffirmed that workers can work up to 12 hours a day, by written agreement, without exceeding the weekly limit of 60 hours, including overtime.

Maternity Leave for Same-Sex Couples

Precedential Decision by Judiciary or Regulatory Agency

Author: María Paula Monroy – Littler

The Constitutional Court confirmed that in cases of same-sex couples, both mothers in a same-sex couple may access maternity leave benefits. This decision adds to other recent rulings in which the Constitutional Court established that adoptive couples can freely agree on the distribution of maternity and paternity leave, without gender or sexual orientation as a factor.

This decision consolidates a line of jurisprudence that seeks to eliminate legal gaps and structural barriers that have affected diverse families.

Costa Rica

New Breastfeeding and Milk Expression Enters into Effect

New Legislation Enacted

Authors: Marco Esteban Arias and Albin Superví Fernández – Littler

Legislative Decree No. 10895, published on April 23, 2026, in the Official Gazette, introduced specific obligations for employers regarding breastfeeding and breast milk expression, including:

- New time periods for the exercise of rights related to breastfeeding and breast milk expression, applicable to both ordinary and overtime working hours;
- Provision of adequate spaces for breast milk expression; and
- Adjustments to work shifts.

Employers are now subject to inspection and enforcement proceedings and may be held liable for noncompliance.

Mandatory Registration of Email Addresses for Corporations

New Legislation Enacted

Authors: Marco Esteban Arias and Albin Superví Fernández – Littler

Effective June 4, 2025, all newly incorporated business entities must include an email address in their articles of incorporation for the receipt of judicial, administrative, and registry-related notices. Failure to do so constitutes a registration defect and will prevent the entity's registration.

Existing companies were required to comply by June 4, 2026, by registering an email address through a public deed executed by the legal representative or approved by the shareholders or partners and published in the Official Gazette. As of June 5, 2026, the Registry no longer processes filings submitted by companies that have not registered an email address.

Croatia

Undeclared Work Reforms Reduce Employer Exposure

New Legislation Enacted

Authors: Marija Gregorić and Marta Telebuh – Babić & Partners Law Firm

Amendments to the Act on Suppression of Undeclared Work (Amendments), enacted in June 2026, reduce from six years to one year the period in which employers found liable for undeclared work are publicly listed. This is particularly significant in the context of recent amendments to the Foreigners Act, in which established cases of undeclared work not only have reputational consequences, but also may negatively affect an employer's ability to obtain work permits for foreign workers. In addition, the Amendments abolish the publication of compliant employers.

The Amendments also provide that when a worker lawfully employed on a part-time basis with one employer is found performing undeclared work for another employer, it is presumed that the worker is employed by the latter employer for the remaining hours up to full-time working hours.

Collective Agreement for Trade

New Order or Decree
Authors: Marija Gregorić and Marta Telebuh – Babić & Partners Law Firm

Effective April 1, 2026, the Croatian Minister of Labor extended the application of new amendments to the Collective Agreement for Trade to all employers operating within the retail and wholesale sectors. The amendments primarily increase minimum wage thresholds established under the original agreement.

Collective Agreement for Hospitality

New Order or Decree
Authors: Marija Gregorić and Marta Telebuh – Babić & Partners Law Firm

Effective May 1, 2026, the Croatian Minister of Labor extended the application of the new Collective Agreement for Hospitality to all employers and workers in the accommodation and food service industries. The key provisions of the agreement include a clear distinction between managerial personnel and employees with special authority, with special rules applicable to each category. The agreement also introduces the concept of workplace violence, expanding further non-harassment protection. Further, it establishes minimum wage thresholds across four job complexity levels, together with mandatory salary supplements.

Czech Republic

Supreme Court Reaffirms Worker Misclassification Principles in the IT Sector

Precedential Decision by Judiciary or Regulatory Agency
Authors: Tomáš Procházka and Kateřina Demová – Aegis Law

In a recent decision concerning the IT sector, the Supreme Court reaffirmed the key criteria for distinguishing dependent employment from self-employment, including subordination, integration into the client's organizational structure, and economic dependence. The court emphasized that long-term cooperation carried out under employment-like conditions may amount to employee misclassification, regardless of how the parties have labeled their contractual relationship.

Supreme Court Strengthens Equal Pay Standards

Precedential Decision by Judiciary or Regulatory Agency
Authors: Tomáš Procházka and Kateřina Demová – Aegis Law

In a notable ruling, the Supreme Court confirmed that employees performing the same work or work of equal value are entitled to equal remuneration unless any differences are objectively justified. The court rejected reliance on regional pay distinctions as a standalone justification and emphasized the need for transparent, consistent and evidence-based pay criteria.

Unified Monthly Employer Reporting System Launched

Important Action by Regulatory Agency
Authors: Tomáš Procházka and Kateřina Demová – Aegis Law

As of April 1, 2026, the unified monthly employer reporting system came into effect as part of a broader digitalization initiative. The system is intended to consolidate multiple employer reporting obligations into a single electronic submission and streamline communication between employers and public authorities. Employers need to adapt their HR and payroll systems to the new reporting format and applicable deadlines. With any major digital transition, practical implementation issues may arise, and employers should monitor further guidance and practical developments issued by the relevant authorities.

Proposed Legislation on Platform Work

Proposed Bill or Initiative
Authors: Tomáš Procházka and Kateřina Demová – Aegis Law

A draft law regulating work through digital platforms is currently being prepared in response to the EU Platform Work Directive. The draft is expected to clarify the employment status of platform workers, including introducing a legal presumption of an employment relationship based on indicators of control, and setting criteria for determining whether the work should be treated as dependent employment. The draft may also impose new transparency and reporting obligations on platform operators.

Pay Transparency Directive Implementation Underway

Proposed Bill or Initiative
Authors: Tomáš Procházka and Kateřina Demová – Aegis Law

A draft proposal regarding pay transparency has been published. The proposal introduces a range of new employer obligations, including a ban on requesting applicants' pay history, mandatory disclosure of salary ranges during recruitment, structured remuneration systems, and expanded employee rights to pay-related information. It would also increase pay transparency through gender pay gap reporting, a general prohibition on pay confidentiality, and stronger enforcement mechanisms and penalties.

Denmark

Bankruptcy Termination of Pregnant Employee Upheld

Precedential Decision by Judiciary or Regulatory Agency
Author: Bo Enevold Uhrenfeldt – Littler

On March 26, 2026, the Western High Court ruled that the termination of a pregnant employee in connection with her employer's bankruptcy did not violate the Danish Equal Treatment Act.

The court held that the assessment must be based on the circumstances existing at the time of termination with the key question being whether the termination was justified by the bankruptcy rather than the employee's pregnancy or a potential business transfer.

The court emphasized that all employees were terminated simultaneously within the statutory deadline, that they were placed on unpaid leave due to a lack of funds, and that the business had ceased operations. At that time, negotiations on a possible transfer were not sufficiently advanced to ensure an agreement. Accordingly, the Court concluded that the termination was genuinely driven by the bankruptcy and not linked to pregnancy or a subsequent transfer, and therefore the employer was acquitted.

Housing Allowance for Foreign Employees Upheld

Precedential Decision by Judiciary or Regulatory Agency
Author: Bo Enevold Uhrenfeldt – Littler

On May 6, 2026, the Danish Labor Court ruled that a collective bargaining provision requiring employers to pay a housing allowance to employees who were not resident in Denmark at the start of their employment or posting did not violate EU rules on nondiscrimination, free movement of workers, or the freedom to provide services. The challenge was brought by a Lithuanian construction company, which argued that the allowance disproportionately affected foreign employers because they are more likely to employ workers residing outside Denmark.

The Labor Court ruled that eligibility for the allowance depends solely on an employee's place of residence at the start of employment or posting, regardless of nationality or whether the employer is Danish or foreign. The court further found no evidence that the measure in practice affected foreign employers more adversely than Danish employers. The court also emphasized that the supplement was to be paid only to employees whose hourly wage did not exceed the minimum wage including the housing allowance. According to the statistical data presented, these employees belonged to the lowest-paid segment of the construction industry.

Handshake Requirement Found Discriminatory

Precedential Decision by Judiciary or Regulatory Agency
Author: Bo Enevold Uhrenfeldt – Littler

On May 13, 2026, the Danish Supreme Court ruled that a student teacher had been subjected to indirect discrimination on grounds of religion after a public primary and lower secondary school terminated her teaching internship because, for religious reasons, she did not wish to shake hands with men.

The Court found that the municipality failed to demonstrate that the requirement was necessary because it had not sufficiently explored whether alternative and less restrictive forms of greeting could accommodate both the student teacher's religious beliefs and the municipality's equality objectives. However, no compensation was awarded, as the court considered that the student teacher could have contributed more to finding a solution and that the termination of the internship had limited practical consequences.

Danish Supreme Court Clarifies Employer Liability for Work-Related Injuries

Precedential Decision by Judiciary or Regulatory Agency
Author: Bo Enevold Uhrenfeldt – Littler

On May 21, 2026, the Danish Supreme Court ruled that the Region of Southern Denmark was not liable for a social educator's psychological injury, despite the employee developing PTSD after being exposed to violence and threats while working in a psychiatric department. The court confirmed that employer liability must be assessed under the general negligence rule, interpreted in light of the Working Environment Act's requirement to ensure that work is planned and carried out in a fully safe and healthy manner, covering both physical and psychological conditions. The court ruled that when assessing liability, emphasis should be placed on the inherent risks of the work, the likelihood of psychological injury, and the preventive measures implemented by the employer.

The Supreme Court further emphasized that exposure to aggressive or threatening behavior may be an unavoidable feature of certain occupations and does not, by itself, establish that working conditions are unsafe. As the Region of Southern Denmark had implemented various workplace safety measures and there was no evidence that the work environment was generally unsafe, the Region had not acted negligently and was therefore not liable.

Loss-of-Earning-Capacity Claim Returned for Reconsideration

Precedential Decision by Judiciary or Regulatory Agency
Author: Bo Enevold Uhrenfeldt – Littler

In a judgment of April 28, 2026, the Danish Supreme Court ruled that the National Social Appeals Board had applied an incorrect legal standard when rejecting an employee's claim for compensation for loss of earning capacity under the Danish Workers' Compensation Act. The case concerned a municipal employee who suffered a workplace injury in 2000 and was later granted a flex job due to reduced working capacity. The Supreme Court emphasized that compensation may be awarded where there is a clear and permanent loss of income of at least 5%, corresponding to a loss of earning capacity of 15%.

The Court further emphasized that an occupational injury does not need to be the sole cause of reduced working capacity, provided that it forms part of the overall causal chain. Because the Appeals Board had applied a stricter interpretation than that established in case law and failed to properly consider the role of the injury, the Supreme Court remanded the matter to the Appeals Board for a reassessment. The judgment confirms that even relatively limited but permanent losses may entitle claimants to compensation and is expected to affect future assessments of cases involving complex issues of causation.

Dominican Republic

New Criminal Code Creates Corporate Criminal Liability and Redefines Corporate Compliance Standards

New Legislation Enacted

Authors: Javier A. Suárez and Albin Superví Fernández – Littler

A new Criminal Code, to take effect on August 4, 2026, represents one of the most significant changes for the business sector in terms of legal risk and corporate compliance.

Under the new framework, companies may face criminal consequences not only for actions taken by directors and officers but also for failures involving oversight, prevention, and internal compliance controls. The reform significantly increases the importance of corporate governance, compliance, and risk-management programs.

Egypt

New Rules Govern Employment of Women and Night Work

New Order or Decree

Authors: Abdalla Shohdy and Seifeldin Hamad – ADSERO - Ragy Soliman & Partners

Ministerial Decree No. 75 of 2026, which went into effect on May 18, 2026, introduced new rules governing the employment of women in Egypt, particularly regarding hazardous work, pregnancy and breastfeeding protections, and night work. The decree reaffirms equal treatment and equal pay principles and prohibits pregnant or breastfeeding employees from performing work involving specified chemical, physical, biological, or mechanical risks. It also requires employers to provide suitable daytime work during protected maternity periods and allows women to continue performing administrative or supervisory duties where exposure to prohibited risks is avoided.

The decree also provides that employers may engage women in night work only where appropriate health, safety, transportation, and workplace protection measures are in place and, in certain cases, after obtaining approval from the competent Labor Directorate. Employers in sectors such as manufacturing, chemicals, healthcare, logistics, and construction will need to review workplace safety procedures, shift scheduling practices, transportation arrangements, and maternity-related policies to ensure compliance with the new requirements.

New Labor Market Observatory Framework Established

New Order or Decree

Authors: Abdalla Shohdy and Seifeldin Hamad – ADSERO - Ragy Soliman & Partners

Ministerial Decree No. 74 of 2026, effective May 18, 2026, established a Central Coordinating Labor Market Observatory within the Ministry of Labor to improve labor market planning and workforce development in Egypt. The observatory is tasked with collecting and analyzing labor market data, monitoring employment trends, coordinating regional observatories, and issuing periodic reports to support employment policies and skills development initiatives. Regional observatories will operate through steering and executive committees that include representatives from government bodies, employers, industry, and academic institutions.

The decree also requires government entities, investors' associations, and business organizations to participate in observatory activities by providing labor market data, supporting research efforts, and contributing to policy implementation.

Sunday Remote Work Requirement Extended

New Order or Decree

Authors: Abdalla Shohdy and Seifeldin Hamad – ADSERO - Ragy Soliman & Partners

Council of Ministers Decree No. 982 of 2026, which entered into force on April 3, 2026, introduced a mandatory requirement for certain private-sector entities to implement remote work on Sundays beginning April 5, 2026, where operationally feasible and without affecting business continuity. The obligation applies to sectors including ICT, financial and accounting services, marketing, media, real estate, remote training, nonprofit organizations, professional unions, and administrative functions such as HR, legal, and accounting roles that can be performed remotely.

The measure was subsequently extended through May 2026 by Ministerial Decree No. 1305 of 2026 and through June 2026 by Decree No. 1572 of 2026. Exemptions apply to sectors where remote work is not practicable, including healthcare, transportation, infrastructure, industrial operations, and education, as well as other roles requiring on-site presence. Although the Decree does not specify penalties for noncompliance, violations remain subject to general enforcement provisions of the Labor Law, and employers are expected to comply where applicable.

Finland

Changes to Fixed-Term Employment Contracts, Layoff Notice, and Re-Employment Obligations

New Legislation Enacted

Authors: Samuel Kääriäinen and Anni Kaarre – Dottir Attorneys Ltd.

Amendments to the Employment Contracts Act went into effect on June 1, 2026. Key provisions include the following:

- **Fixed-term Employment Contracts:** A fixed-term employment contract, for a period not to exceed one year, may be concluded without justified reason if it is the first employment relationship between the parties in the preceding five years.
- **Re-Employment Obligation:** The obligation to re-employ following the termination of employment now applies only to employers that regularly employ at least 50 employees. However, all employers remain obliged to offer work to employees they have made redundant on production-related or economic grounds.
- **Notice Period for Layoffs:** The statutory notice period for layoffs is reduced from 14 days to seven days.

Supreme Court Clarifies Wage Suspension Standards During COVID-19 Disruptions

Precedential Decision by Judiciary or Regulatory Agency

Authors: Samuel Kääriäinen and Anni Kaarre – Dottir Attorneys Ltd.

In KKO 2026:49, the Supreme Court of Finland held that the COVID-19 pandemic was an unforeseeable and exceptional event beyond the control of both the employer and the employee within the meaning of the Employment Contracts Act. Such an event may, in principle, justify suspending wage payment after the first 14 days of a work interruption.

However, the Court found that the employer failed to prove that the employee – in this case, a teaching assistant – had been prevented from performing their work as a result of the COVID-19 restrictions. The Court found that the employee could have carried out the duties of a teaching assistant in connection with remote teaching. Accordingly, the statutory conditions for suspending wage payment were not met, and the employer remained liable to pay wages for the entire period of the work suspension.

Agency Workers Subject to the Temporary Work Agency's Normally Binding Collective Agreement

Precedential Decision by Judiciary or Regulatory Agency

Authors: Samuel Kääriäinen and Anni Kaarre – Dottir Attorneys Ltd.

In KKO 2026:45, the Supreme Court held that, pursuant to Chapter 2, Section 9(1) of the Employment Contracts Act, the employer was entitled, on the basis of its membership in an employers' association, to apply the normally binding collective agreement to the employment relationships of temporary employment agency workers.

The employer in the case applied a normally binding collective agreement to the plaintiffs, who were temporary agency workers, which differed from the universally binding collective agreement the employer applied to its own employees, performing the same work. The plaintiffs unsuccessfully argued that the universally binding collective agreement should apply to their employment.

Joint Recommendations for Workplaces in Case of Drone Threats

New Regulation or Official Guidance

Authors: Samuel Kääriäinen and Anni Kaarre – Dottir Attorneys Ltd.

The labor market organizations, together with the Ministry of Economic Affairs and Employment and the Ministry of Social Affairs and Health, have issued joint recommendations for workplaces on responding to drone threat situations. The recommendations reflect the summer 2026 situation, where armed drones may occasionally stray into Finnish territory, prompting rescue authorities to issue public danger warnings. During such situations, authorities instruct people to remain indoors, as it is unsafe to stay outside. Official danger warnings and the instructions they contain must be followed.

The recommendations state that employers should continue paying wages when an employee is prevented from working due to an official drone threat warning. Workplaces should also adopt measures to minimize risks to employees' health and safety, while reducing disruption to employers' operations as far as possible.

Proposed Changes to Carrying Over Annual Holiday

Proposed Bill or Initiative

Authors: Samuel Kääriäinen and Anni Kaarre – Dottir Attorneys Ltd

On June 16, 2026, the Finnish Government submitted a legislative proposal to Parliament introducing changes to the Annual Holidays Act regarding carrying over annual holiday leave.

Although an employer and employee should jointly agree on the timing of carried-over leave,

if the proposal is adopted, an employer would be entitled to refuse an employee's request to take carried-over leave at a particular time if doing so would cause disruption to the employer's production or service operations or would prevent the fair scheduling of annual holidays and carried-over leave. The disruption must be such that it cannot reasonably be avoided through ordinary work arrangements.

According to the Government proposal, the amendments would become effective on January 1, 2027. The proposal also includes a transitional provision, under which employees may still schedule their carried-over leave in accordance with the current rules, provided that the leave is taken no later than October 31, 2027.

France

High Court Recognizes Indirect Sexual Harassment Claims

Precedential Decision by Judiciary or Regulatory Agency

Authors: Guillaume Desmoulin and Magali Marguerite – Littler

In a ruling dated May 28, 2026, the French Court of Cassation held that an employee may successfully allege sexual harassment even if they are not directly targeted by the remarks or conduct in question. In this case, a female employee alleged a hostile work environment based on remarks and behavior directed at her colleagues, to which she was nonetheless exposed. The Court of Appeals had dismissed her claim on the grounds that there were no acts directed specifically towards her.

The French Court of Cassation overturned this decision concluding that conduct with sexual or sexist connotations impacts all exposed employees, even without individual targeting. Thus, the court held, the existence of a humiliating or degrading environment is sufficient to constitute sexual harassment.

Mutual Separation Offer During Sick Leave Not Presumed Discriminatory

Precedential Decision by Judiciary or Regulatory Agency
Authors: Guillaume Desmoulin and Magali Marguerite – Littler

In a decision dated June 17, 2026, The French Court of Cassation held that the offer of a mutual termination agreement during a period of sick leave does not, in and of itself, constitute grounds for discrimination based on health status. While the employee in this case was on sick leave, the employer had, on several occasions, proposed entering into a mutual termination agreement. The employee claimed that this fact indicated that the subsequent termination was based on discrimination related to his health condition. The court rejected the claim and dismissed the case.

Revised Pay Transparency Bill Advances

Proposed Bill or Initiative
Authors: Guillaume Desmoulin and Magali Marguerite – Littler

On June 5, 2026, France's Ministry of Labor introduced a revised draft bill implementing the EU Pay Transparency Directive. If adopted, the legislation is expected to be implemented beginning in April 2027.

The proposal would require salary-range disclosures in job postings, prohibit inquiries into applicants' salary history, ban pay confidentiality provisions, and expand employee access to compensation information. The bill also refines the definition of "work of equal value" by requiring evaluation based on objective factors such as skills, responsibilities, experience, working conditions, and physical or mental demands. Violations could result in enhanced sanctions, including potential criminal liability and exclusion from public procurement opportunities.

Germany

Federal Labor Court Rejects Presumption of Receipt for Registered Mail

Precedential Decision by Judiciary or Regulatory Agency
Author: Maria Rutmann – Littler

In a decision dated May 7, 2026 (Case No. 2 AZR 184/25), the German Federal Labor Court held that service by registered mail with delivery confirmation *(Einwurf-Einschreiben)* is not sufficient to establish a presumption of receipt.

The employer in the case had invited an employee to participate in an occupational integration management procedure (BEM), which was a prerequisite for dismissal on grounds of illness, by registered mail with delivery confirmation. The claimant expressly denied having received the invitation. The German Federal Labor Court upheld the lower court decision that, in light of the digital delivery process used by Deutsche Post, registered mail with delivery confirmation no longer gives rise to a presumption of receipt.

For practical purposes, this means that the most reliable method remains service by a messenger. This may be a professional courier service or a trusted employee. To preserve evidentiary value, the messenger should not be a managing director or other party representative, as such individuals may not be accepted as independent witnesses in court proceedings.

Federal Labor Court Clarifies Consultation Period for Disability Representatives

Precedential Decision by Judiciary or Regulatory Agency
Author: Alke Helene Sundermann, LL.M. – Littler

In a January 29, 2026, decision (Case No. 2 AZR 128/25), the German Federal Labor Court held that an ordinary dismissal during the statutory waiting period was invalid because the employer had not properly completed the consultation of the Representative Body for Severely Disabled Employees *(Schwerbehindertenvertretung)*. The court confirmed that the representative body must generally be given one week to submit its comments before an ordinary dismissal is issued. This period also applies to public-sector employers, which may not rely on potentially shorter consultation periods under the applicable staff representation laws.

An employer may issue the dismissal before the one-week period expires only if the representative body has clearly provided a final response. In this case, a stamped acknowledgment marked “noted” merely confirmed receipt and did not constitute a final statement or a waiver of the remaining consultation period.

Strict Compliance Required in Mass Dismissal Procedures

Precedential Decision by Judiciary or Regulatory Agency
Author: Lucas A. Gropengiesser – Littler

In decisions issued on April 1, 2026 (Case No. 6 AZR 157/22; Case No. 6 AZR 152/22), Germany’s Federal Labor Court held that dismissals in collective redundancy processes are invalid if a mass dismissal notification is not filed or if the notification is submitted before completion of the works council consultation. The court confirmed that German law requires a strict sequence: first consultation with the works council, then notification to the employment agency, and only thereafter are dismissals permitted. Any deviation renders the dismissals ineffective.

Bill to Amend the General Act on Equal Treatment

Proposed Bill or Initiative
Author: Dr. Markus Schmechel – Littler

On May 6, 2026, the Federal Government passed a draft bill amending the General Act on Equal Treatment (AGG), which implements EU regulations strengthening protection against discrimination. The draft bill enables the Federal Anti-Discrimination Agency *(Antidiskriminierungsstelle des Bundes)* to participate in court proceedings concerning discrimination by providing legal representation or submitting statements at the court’s request.

The draft bill also introduces optional and free mediation proceedings for alternative dispute resolution under the AGG allowing a person who feels discriminated against to contact the Federal Anti-Discrimination Agency to request mediation before filing a lawsuit and extending the deadline for filing a lawsuit until the conclusion of the mediation proceedings.

In addition, the draft bill also extends the deadline for asserting claims under the AGG from two months to four months.

Germany Has Not Yet Implemented EU Pay Transparency Directive

Legal Compliance
Author: Elisa Grote – Littler

Germany did not meet the June 7, 2026, deadline for implementing the EU Pay Transparency Directive. To date, only a report by an expert commission is available, setting out key recommendations for transposition into German law. Based on current statements, implementing legislation is not expected before 2027.

Although the Directive generally does not apply prior to its implementation under German law, courts may interpret existing German law, including the German Pay Transparency Act *(Entgelttransparenzgesetz)*, in light of the Directive, particularly regarding employees’ rights to information. The Directive may also become relevant at an earlier stage in the context of recruitment processes.

Guatemala

Income Tax Reform on Salaries Introduces Significant Changes for Employers and Employees

New Order or Decree
Authors: Heidy Chinchilla Trampe and David Gartenberg – Littler

On April 28, 2026, the Congress of the Republic of Guatemala approved Decree 13-2026, which amends various provisions of the Tax Update Act regarding Income Tax (*Impuesto Sobre la Renta* or ISR) applicable to employment income.

Among the most significant changes is the incorporation of adjustment mechanisms linked to the minimum wage, to prevent future wage increases from generating higher taxes for lower-income employees. Previously, the annual deduction of GTQ 48,000 remained fixed despite periodic increases in the minimum wage. However, under the new framework, the annual deduction may be adjusted based on annual minimum wage increases. As part of the transitional measures, the decree establishes a one-time extraordinary deduction of GTQ 3,024 applicable to the 2026 fiscal period, which may be used without the need for supporting documentation.

Honduras

Amnesty Program Takes Effect for Tax, Municipal, Water Service, and IHSS Obligations

New Order or Decree
Authors: Ángel Herrera and Marielos Acosta – Littler

Individual taxpayers, companies, and employers can now take advantage of temporary benefits to regularize their outstanding obligations without paying fines, surcharges, or interest.

Decree No. 78-2026, approved by the National Congress and published in the Official Gazette on June 12, 2026, has entered into force, establishing several amnesty programs aimed at facilitating compliance with tax and social security obligations.

Minimum Wage Adjustment for 2026 and 2027

Precedential Decision by Judiciary or Regulatory Agency
Authors: Ángel Herrera and Marielos Acosta – Littler

The Ministry of Labor and Social Security (SETRASS) announced that, following tripartite negotiations among worker representatives, employers, and the Government, an agreement was reached regarding minimum wage adjustments for 2026 and 2027. The agreement was formalized in Agreement No. SETRASS 233-2026, published on April 29, 2026, and establishes minimum wage increases based on employer size across all economic sectors.

The agreement provides for the following minimum wage adjustments:

- **1-10 employees:** 6% in 2026; 6% in 2027
- **11-50 employees:** 6% in 2026; 6% in 2027
- **51-150 employees:** 7% in 2026; 7% in 2027
- **151 or more employees:** 7% in 2026; 7.5% in 2027

The increases apply across Honduras's 11 economic sectors, including already established in the country, including agriculture, industry, commerce, construction, transportation, and financial services, among others.

Educational Bonus Updated for 2026

Precedential Decision by Judiciary or Regulatory Agency
Authors: Karla Andonie and Marielos Acosta – Littler

The Ministry of Labor and Social Security of the Republic of Honduras updated its Educational Bonus schedule for 2026, pursuant to Educational Bonus Law (Decree No. 43-97). The updated bonus is applicable to public sector entities and private companies with 16 or more employees under the following conditions:

- It applies to employees with school-age children enrolled in kindergarten, primary, or secondary education.
- The employee's salary must not exceed the equivalent of two minimum wages.
- The benefit is issued as a one-time annual payment following the first quarterly examination period of the academic year.
- The amount is proportional to the time worked during the year.
- Payment is made per family, rather than per child.

The bonus is not considered part of the base salary for the purposes of calculating employment benefits, such as severance, the thirteenth-month salary, or the fourteenth-month salary.

Labor Inspections Will Now Require Proof of RAP Contributions

Trend
Authors: Karla Andonie and Marielos Acosta – Littler

The Ministry of Labor and Social Security of Honduras has begun requiring, within its investigative powers, the submission of payroll records evidencing contributions to the Private Contributions Regime (RAP). Accordingly, during labor inspections, authorities may request proof of compliance with employer obligations related to affiliation with and contributions to RAP, as part of a comprehensive verification of compliance with labor and social security regulations.

Hungary

Courts Rule on Same Work, Different Payment

Precedential Decision by Judiciary or Regulatory Agency
Author: Zoltán Csernus – VJT & Partners Law Firm

Recent Hungarian court decisions provide additional guidance regarding equal pay, equal treatment, and employer liability. The courts confirmed that different labor market conditions and different legal or regulatory environments applicable to employees performing the same job within different areas of the employer's operations may constitute a lawful justification for setting different levels of remuneration. The Hungarian Labour Code sets out the criteria that may be considered in determining whether work is of equal value. Among these criteria, a lawful distinction between employees may be based on the fact that they are employed under different labor market conditions.

Equal Treatment for "Other Situations"

Precedential Decision by Judiciary or Regulatory Agency
Author: Zoltán Csernus – VJT & Partners Law Firm

The provisions of the Equality Act, including the one applicable to so-called "other situations," can only be interpreted within a specific, given context, not in general terms. This context may be the workplace environment or a group of other employees. Whether an employee was subjected to different, disadvantageous treatment compared to other employees must be examined within this context.

The Employer's Strict Liability for the Employee's Health

Precedential Decision by Judiciary or Regulatory Agency
Author: Zoltán Csernus – VJT & Partners Law Firm

In order to be exempt from liability for an employee's accident, the employer must prove in court that the damage was caused solely by the employee and that it was unavoidable on the employer's part. Even if an accident could have been prevented by the employer, the employer cannot be exempted from its strict liability for damages resulting from the employee's health condition.

India

Ministry of Labor and Employment Updated Central (Federal) Rules to the Labor Codes

New Legislation Enacted
Authors: Vikram Shroff and Apurva Vats – AZB & Partners

On May 8, 2026, the Government of India updated the Central (Federal) Rules to the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020. The updated Central Rules contain various procedural changes to the implementation of the Labor Codes.

Menstrual Leave Decision in Bengaluru / State of Karnataka

Precedential Decision by Judiciary or Regulatory Agency
Authors: Vikram Shroff and Apurva Vats – AZB & Partners

In an order dated November 12, 2025, the State Government of Karnataka mandated statewide provision of one day of paid menstrual leave per month, restricted to 12 days per year, to all permanent, contract, and outsourced female employees between 18 and 52, employed in establishments registered under the Act, 1948, the Karnataka Shops and Commercial Establishments Act, 1961, the Plantation Labor Act, 1951, the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, and the Motor Transport Workers Act, 1961.

On April 15, 2026, the Karnataka High Court (Dharwad Bench) issued an opinion ordering strict implementation of the existing menstrual leave policy and instructing the state to ensure compliance by issuing guidelines, circulars, and administrative instructions across all sectors.

Kerala High Court Ruling for Employees Who Have Director Title

Precedential Decision by Judiciary or Regulatory Agency
Authors: Vikram Shroff and Ananya Gandhi – AZB & Partners

In an opinion issued on May 19, 2026, the High Court of Kerala clarified that the mere designation of a person as a director would not automatically confer the status of "employer" on an individual under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Whether such an individual qualifies as an "employee" would depend on the management and control structure of the organization, which determines whether they fall within the purview of the Internal Complaints Committee (ICC) and whether the ICC has the authority to inquire into a complaint against them.

Social Security (Provident Fund) Contribution Updates for Employers

New Regulation or Official Guidance
Authors: Vikram Shroff and Apurva Vats – AZB & Partners

On May 29, 2026, the Ministry of Labor & Employment (MoLE), issued a notification under Section 2(89) of the Code on Social Security, 2020 (SS Code), providing INR 15,000 per month as the wage ceiling for the purposes of Chapter III (Employees' Provident Fund) of the SS Code.

On the same date, the MoLE issued a notification under Section 127 of the SS Code, stating that an employer shall be required to pay simple interest at the rate of 12% per annum on any amount due under the SS Code, from the date the amount became due until the date of actual payment.

This notification was deemed to have gone into effect, retroactively, on November 21, 2025.

State Level Initiatives to Align Existing Labor Laws with the Labor Codes

New Regulation or Official Guidance
Authors: Vikram Shroff and Ananya Gandhi – AZB & Partners

The following state governments have initiated measures to harmonize their labor legislation with India's central Occupational Safety, Health and Working Conditions Code (OSH):

- **Bihar:** On June 1, 2026, Bihar issued an ordinance repealing the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2025 (BSEA) to remove any overlap between the BSEA and the OSH Code.
- **Maharashtra:** On April 30, 2026, Maharashtra issued a circular clarifying that establishments employing 10 or more employees and registered under Section 3 of the OSH Code would not be required to obtain separate registration under the Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017(MSEA). Additionally, the circular clarified that when provisions of the MSEA are inconsistent with the OSH Code, the provisions of the OSH Code will prevail.
- **Haryana:** On May 4, 2026, Haryana issued a notification exempting establishments registered under the OSH Code from

the registration requirement for businesses under the Haryana Shops and Commercial Establishments Act, 1958 (HSEA). Additionally, the notification clarified that when provisions of the HSEA are inconsistent with the OSH Code, the provisions of the OSH Code will prevail.

Indonesia

Outsourcing Activities Restricted

New Regulation or Official Guidance

Authors: Stephen Igor Warokka and Indrawan Dwi Yuriutomo – SSEK Law Firm

Indonesia's Ministry of Manpower Regulation No. 7 of 2026 limits outsourcing to specified supporting activities, including cleaning, catering, security, transportation, operational support services, and certain mining, oil and gas, and electricity sector activities. The regulation also increases accountability by requiring user companies to ensure outsourcing providers fulfil workers' rights and mandating registration of outsourcing agreements. Companies have until April 30, 2028, to align existing arrangements with the new requirements.

Circular Reinforces Digital Job Vacancy Reporting Requirements

New Regulation or Official Guidance

Authors: Stephen Igor Warokka – SSEK Law Firm

Indonesia has strengthened its mandatory job vacancy reporting regime with the issuance of Ministry of Manpower Circular Letter No. M/1/HK.04/II/2026. The circular reinforces employers' obligations under Minister of Manpower Regulation No. 18 of 2024 to report job vacancies and filled positions through the SIAPKerja platform.

Employers that fail to comply may face administrative sanctions, while compliant employers may receive government recognition, including certificates and facilitated access to manpower services. The initiative forms part of the government's broader effort to modernize and centralize labor administration through a national digital employment ecosystem.

Ireland

Insolvency Reform Expands Protections

New Legislation Enacted

Authors: Lisa Collins and Ailbhe Marsh – Littler

The Protection of Employees (Employer's Insolvency) (Amendment) Act 2025 has been signed into law. The Act includes provisions which enable employees to apply to have their employer deemed insolvent for the purpose of accessing insolvency payments, and which seek to correct a legislative deficiency for people who are owed compensation for findings of gender discrimination from an informally insolvent employer, i.e., situations where companies have ceased trading but have not gone through a formal winding up process in the courts.

A further commencement order will be required for outstanding changes introduced by the Act to become effective, including those allowing for a two-year claim period for workers affected by informal insolvency to recoup money owed to them from a period beginning October 22, 1983.

New Rights for Employees Approaching Retirement Age

New Legislation Enacted

Authors: Lisa Collins and Ailbhe Marsh – Littler

The Employment (Contractual Retirement Ages) Act 2025 went into effect on June 29, 2026. The Act creates a new right for certain employees to notify their employer that they do not consent to retire at the contractual retirement age when that age is lower than 66, the current state pension age. The Act applies only when employees are subject to a contractual retirement age below the state pension age, have completed their probationary period and have notified their employer that they wish to continue working until at least their 66th birthday.

The Act has also been accompanied by the publication of an updated Workplace Relations Commission Code of Practice on Longer Working, which took effect on the same date.

Launch of the Gender Pay Gap Reporting Portal

New Regulation or Official Guidance
Authors: Lisa Collins and Ailbhe Marsh – Littler

The public side of the Gender Pay Gap reporting portal has recently been launched. The portal is currently operating on a voluntary basis, and the government has announced that legislation is being drafted to require employers to upload their gender pay gap reports to the portal by the November 2026 reporting deadline. Employers must continue to upload their 2026 reports to their website, and it is unclear whether reports from previous years must be uploaded to the portal as well.

Artificial Intelligence Bill Advances

Proposed Bill or Initiative
Authors: Lisa Collins and Ailbhe Marsh – Littler

The Regulation of Artificial Intelligence Bill 2026 (the Bill) has been published and is working its way through the legislative process. The Bill is necessary to implement Regulation 2024/1689 (the EU AI Act). Under the Bill, AI used in HR practices may be reviewed by Irish regulators, not just internally or at the EU level. Employers are treated as the “deployer” of AI systems, even if the tool is purchased off-the-shelf. This means that employers have specific obligations under Article 26 of the EU AI Act.

Pay Transparency Implementation Remains Pending

Proposed Bill or Initiative
Author: Lisa Collins and Ailbhe Marsh – Littler

The implementation deadline for the EU Pay Transparency Directive passed on June 7, 2026. To date, Ireland’s transposing legislation has not yet been drafted. The Department of Children, Disability and Equality recently re-affirmed that: (i) work is continuing on the legislation required to fully transpose the Directive; (ii) implementation will happen on “a phased basis;” and (iii) employers will not be penalized for not having had all elements of the Directive completed in June 2026.

In a recent written parliamentary response, the Department noted that it is commissioning a dedicated gender-neutral job evaluation toolkit, based on the European Institute for Gender Equality’s equivalent, and that employers will be invited to attend workshops on its use in due course.

Government Announces Key Employment Initiatives

Proposed Bill or Initiative
Authors: Lisa Collins and Ailbhe Marsh – Littler

The Government’s Summer legislative program has been published, outlining the Government’s legislative priorities for the upcoming parliamentary session. The program includes the following bills: The Equality (Miscellaneous Provisions) Bill, Gender Pay Gap Information (Amendment) Bill, Pay Transparency Bill, Regulation of Artificial Intelligence Bill, and the Registration of Trade Unions Bill.

Israel

Convalescence Pay Rates Increased

New Order or Decree

Author: Adar Moussel – N. Feinberg & Co. Law Office

As of June 1, 2026, the convalescence allowance in the public sector has been updated to NIS 511.60 per day, replacing the previous rate of NIS 471.40. In the private sector, an agreement signed on June 22, 2026, provides for an increase in the convalescence allowance rate from NIS 418 to NIS 451.50 per day. According to the Ministry of Labor, the convalescence allowance is a mandatory employee benefit that employers must pay to eligible employees; it is usually paid once a year.

The revised rate is subject to the issuance of an expansion order by the Ministry of Labor, which will extend its applicability to all employees and employers.

Reimbursement to Employers of Pension Contributions During Reserve Duty Becomes Permanent

New Order or Decree

Author: Adar Moussel – N. Feinberg & Co. Law Office

Employers are required by law to continue making pension fund contributions for employees serving in reserve duty. In response to the extensive reserve duty mobilization during the recent war, temporary regulations were introduced granting private-sector employers reimbursement for these costs. Under the arrangement, the National Insurance Institute reimburses employers at a rate of 20% of the employee's qualifying daily income multiplied by the number of reserve-duty days.

On April 29, 2026, Amendment No. 265 to the National Insurance Law made this reimbursement mechanism a permanent arrangement, replacing the temporary regulations that were originally set to expire on March 31, 2026.

Deferral of Foreign Workers' Deposit Requirement in the Commerce and Restaurant Sectors

New Order or Decree

Author: Adar Moussel – N. Feinberg & Co. Law Office

On June 30, 2026, the Labor and Welfare Committee approved an amendment postponing the commencement of the mandatory deposit for foreign workers employed in the commerce and restaurant sectors from July 1, 2026, to January 1, 2027. As a result, employers in these sectors will not be required to make deposit payments during the second half of 2026. Instead, the deposits relating to the period from March through November 2026 will be transferred in a single payment beginning in January 2027.

The postponement was approved to allow the Population and Immigration Authority additional time to complete the operational and technological preparations required to implement the program, which is expected to cover up to 20,000 additional foreign workers.

The amendment does not alter employers' underlying obligation to set aside the relevant amounts, and foreign workers' entitlement to the deposited funds remains unchanged.

New Mandatory Safety Training Requirements for Foreign Construction Workers

New Order or Decree

Author: Adar Moussel – N. Feinberg & Co. Law Office

The Labor and Welfare Committee has approved amendments to the Work Supervision Organization Regulations (Provision of Information and Employee Training), introducing, for the first time, a mandatory eight-hour safety training program for foreign workers entering the construction industry in Israel. The training must be provided in the worker's native language and will focus on high-risk topics such as working at height, electrical safety, and scaffolding. The regulations generally require the training to be conducted in person but permit remote instruction subject to the approval of the workplace safety officer. Remote training programs must include employee identification, participation monitoring, and real-time documentation of completion.

The new regulations will go into effect on October 16, 2026, as a two-year temporary measure designed to assess their effectiveness. Foreign workers who have been in Israel for up to 18 months, as well as workers arriving during the first three months following the effective date, will be required to complete the training within three months. Thereafter, newly arriving foreign construction workers will be required to complete the training within one month of their arrival. Workers who have been employed in Israel for more than 18 months will be exempt from the training requirement.

Italy

Italy Implements EU Pay Transparency Directive

New Legislation Enacted
Authors: Carlo Majer and Alessandra Pisati – Littler

Italian Legislative Decree No. 96/2026, enacted on May 7, 2026, and effective June 7, 2026, implements EU Directive 2023/970, introducing a comprehensive framework to strengthen the principle of equal pay for equal work or work of equal value through enhanced pay transparency.

The Decree requires employers to disclose the initial salary or salary range and the relevant collective bargaining agreement before recruitment, while prohibiting requests for applicants' salary history. During employment, workers are granted the right to obtain information on the criteria used to determine pay, pay progression and career advancement, as well as aggregated pay data by gender for employees performing the same work or work of equal value. Employers with at least 100 employees are also required to periodically report on the gender pay gap and, where an unjustified difference of at least 5% is identified and not remedied within six months, to carry out a joint pay assessment with workers' representatives.

Ivory Coast

April 2026 Employment Reform

New Legislation Enacted
Authors: Nuno Gouveia and Eric Megalou – Miranda Alliance - Cabinet Megalou

On April 15, 2026, seven decrees applicable to all employers went into effect, repealing Labour Code provisions that were nearly 30 years. Key provisions in the decrees include:

- Decree No. 2026-197, Employment Contracts: Replaces the submission of contracts to the Youth Employment Agency with a monthly statement of new hires and exempts workers who are nationals of ECOWAS and UEMOA member states from prior visa requirements.
- Decree No. 2026-199, Internal Regulations: Requires employers who do not have staff representatives or a trade union to consult with workers designated by their peers.
- Decree No. 2026-200, Conciliation of Collective Labour Disputes: Simplifies the conciliation procedure for collective labor disputes.
- Decree No. 2026-201, Part-time Work: Part-time work is no longer capped at 30 hours per week and removes all provisions relating to the collective rights of part-time workers, social security contributions, priority access to full-time employment, and annual reporting.
- Decree No. 2026-202, Works Council: Provides that the establishment of a works council is mandatory in any company with a workforce of at least 300 permanent employees in one year.
- Decree No. 2026-204, Accommodation for Employees: New requirements apply to employers that provide housing for non-local permanent workers.
- Decree No. 2026-207, Health and Safety at Work: Overhauls the health and safety framework applicable to all employers.

Kingdom of Saudi Arabia

Saudization Requirements Expanded for Administrative Roles

New Order or Decree

Authors: Sara Khoja and Sarit Thomas – Clyde & Co

Ministerial Decision No. 132249 mandates 100% Saudization of a wide range of supporting administrative professions across all private sector entities, applied at entity level and based on the actual nature of work performed in line with the Saudi Unified Classification of Professions.

The targeted roles span multiple categories, including:

- **Administrative and clerical roles:** Administrative assistants, secretaries, executive secretaries, typists, data entry operators, registry clerks, copyists and government relations clerks.
- **Reception and front-of-house roles:** Receptionists (including hotel and patient reception), complaints and information clerks.
- **HR and people-related roles (all levels)**: HR clerks, HR specialists, recruitment, compensation and workforce planning roles, as well as HR managers and heads of function.
- **Public relations and communications roles:** PR specialists, consultants, internal communications, events and awareness roles, and PR managers.
- **Translation and language roles:** Translators, interpreters, proofreaders and linguistic specialists.
- **Logistics and support roles:** Storekeepers, inventory and shipping clerks, customs agents and clearance roles.
- **Security and support roles:** Security guards and monitoring roles.
- **Administrative leadership roles:** A range of management positions linked to HR, administration, organizational development and labor affairs.

Effective April 5, 2026, the Saudization requirement applies immediately to certain roles, while other HR, PR, administrative specialist, and managerial positions are subject to a grace period ending October 5, 2026. After the applicable deadline, all covered positions must be filled exclusively by Saudi nationals. Further, compliance is monitored independently of Nitaqat quotas through government systems that cross-reference job classification, wage, and social insurance data. Employers may face penalties for noncompliance, including misclassifying roles or assigning covered positions to non-Saudi employees.

Developed Nitaqat Program Procedural Guide 2026

New Regulation or Official Guidance

Authors: Sara Khoja and Sarit Thomas – Clyde & Co

The Nitaqat program is Saudi Arabia's Saudization system that requires companies to employ a certain percentage of Saudi nationals. The Developed Nitaqat Program Procedural Guide updates the operation of Nitaqat 2.0 (Ministerial Decision No. 182495) by introducing an entity-based model, under which Saudization is assessed across all branches carrying out the same economic activity, rather than at individual establishment level. It also replaces fixed Saudization thresholds with a dynamic, sector-specific framework, where compliance is determined by reference to the entity's Saudization rate, economic activity, and total workforce. Thresholds for each Nitaqat band are now calculated using a logarithmic formula ($Y = M \times \log(X) + C$), with activity-specific constants set for 2026–2028, meaning Saudization targets increase progressively with workforce size rather than through fixed headcount brackets.

While the Nitaqat band structure remains unchanged (Low Green to Platinum, with Red below), entry thresholds are no longer fixed and vary by sector and headcount, resulting in wider divergence between industries. The Guide also links band classification more directly to access to MoHRSD services, with Low Green now carrying meaningful restrictions (including suspension of new visas and profession changes), reinforcing the need for ongoing compliance monitoring. In practice, employers must track their Saudization rate, applicable threshold and band position on Qiwa, the official Saudi Arabia platform for business owners, employees, and service providers, as headcount changes or restructuring may affect compliance at entity level.

Lebanon

Additional Professions Reserved for Lebanese Nationals

New Order or Decree

Authors: Fadi Nader and Maya Moughanni – Bridge Legal Group

On May 12, 2026, Lebanon's Minister of Labor issued Decision No. 1/38, published in the Official Gazette (Issue No. 22, May 21, 2026), expanding and updating the list of professions, trades, crafts and business activities restricted exclusively to Lebanese nationals. The restrictions, which took effect immediately, affect both employment and ownership rights in a broad range of sectors, including public administration, education, healthcare, technology, tourism, construction, media, and professional services.

The decision preserves prior sector-specific arrangements issued under earlier decrees and continues to allow exemptions for foreign nationals born to a Lebanese mother, those of Lebanese decent, those married to Lebanese nationals, and other qualifying categories, subject to Ministerial discretion and sector-specific economic needs.

Social Security Family Allowances Increased

New Order or Decree

Authors: Fadi Nader and Maya Moughanni – Bridge Legal Group

Effective May 1, 2026, based on Decree No. 2923 of April 24, 2026, and implemented through NSSF Circular No. 831 dated May 4, 2026, the NSSF issued an update to family allowances and the maximum earnings subject to social security deductions. Under the new framework, the maximum monthly earnings subject to deductions under the Family and Educational Allowances branch, as governed by Article 68 of the NSSF Law, is increased to LBP 28,000,000 per month.

For employees covered by Articles 46 to 48 of the NSSF Law, the monthly family allowance is limited to LBP 7,875,000, comprising LBP 2,100,000 per spouse and LBP 1,155,000 per child, subject to a maximum of five children.

Malaysia

Succession Plans for Category II and III Employment Passes to Take Effect in 2027

New Regulation or Official Guidance

Author: Selvamalar Alagaratnam – Skrine

The Expatriate Services Division of Malaysia's Immigration Department announced that the mandatory local succession plans required for Category II and III Employment Pass (EP) applications will take effect on January 1, 2027, as part of a phased implementation of the revised expatriate salary policy.

Under the revised policy, the minimum salary thresholds have also been increased to MYR 20,000 and above for EP Category I, MYR 10,000 to MYR 19,999 for EP Category II, and MYR 5,000 to MYR 9,999 for EP Category III. For the manufacturing sector, a special revised minimum salary of MYR 7,000 applies instead for EP Category III.

Social Security Coverage Expanded to Non-Work Injuries

New Regulation or Official Guidance

Author: Selvamalar Alagaratnam – Skrine

Effective June 1, 2026, the LINDUNG 24 Jam nonemployment injury scheme has been expanded as part of the amendments to the Employees' Social Security (Amendment) Act 2026. The expanded scheme provides comprehensive protection for eligible local and foreign employees against accidents occurring outside working hours or not directly related to their duties. Contributions under the expanded scheme are fully borne by employees at a rate of 0.75% for the first two years (Phase 1), 1% for the following three years (Phase 2), and 1.25% from the sixth year onwards (Phase 3), subject to the current wage ceiling of MYR6,000.

SOCSO Compliance Grace Period Ends on June 30

New Regulation or Official Guidance

Author: Selvamalar Alagaratnam – Skrine

Employers who fail to comply with the Employees' Social Security Act have until June 30, 2026, to voluntarily register their business and employees with the Social Security Organization (SOCSO) without facing penalties. Upon conclusion of the grace period, SOCSO will commence enforcement initiatives to identify and take action against employers who fail to comply with the requirements of the Act.

Following the grace period, employers that fail to register employees or remit required contributions may face penalties, interest, and prosecution.

Amendement to the Employment Act 1955 Under Consideration

Proposed Bill or Initiative

Author: Selvamalar Alagaratnam – Skrine

A total of 25 proposed amendments to the Employment Act 1955 were discussed by the Labour Department of the Ministry of Human Resources in June 2026. Among the proposed amendments are the introduction of a definition of "workplace discrimination" that is limited to cash payment-based discrimination, the repeal of Section 58A which would ensure employees covered by collective agreements also receive minimum statutory benefits, an amendment to Section 59 which removes the entitlement to a rest day for employees on paternity leave, an amendment to Section 60E to increase the minimum statutory annual leave based on years of service, and an amendment to Section 60K which adds further compliance requirements for employers seeking to obtain approval to hire foreign workers.

The proposed amendments remain in the discussion stage, and a bill has not yet been presented for debate in Parliament.

Mexico

Mexico Reduces the Standard Workweek

New Legislation Enacted

Authors: Monica Schiaffino and Valeria Cutipa Hernandez – Littler

On May 1, 2026, an amendment to the Federal Labor Law was published, introducing significant changes to the parameters under which work shifts, overtime, and breaks must be organized, and incorporating new obligations for employers regarding the monitoring and management of working hours. The amendment establishes a gradual reduction of the maximum weekly workweek to 40 hours. The amendment also increases the overtime cap from nine to 12 hours per week, which may be distributed up to four hours per day and up to four days per week, and must be paid at double the regular rate. Any overtime exceeding 12 hours per week must be paid at triple the regular rate. In total, regular and overtime hours combined may not exceed 12 hours per day under any circumstances, and overtime may not exceed 16 hours per week.

One of the changes that will have the greatest impact on companies operating in Mexico is the implementation, effective January 1, 2027, of the requirement to maintain an electronic record, in which at least the start and end times of the workday must be recorded, and which must be made available to the authorities upon request. The Ministry of Labor will issue regulations governing the application of and exceptions to this record-keeping requirement.

Read the full article on Littler.com.

The Netherlands

Flexible Work Reform Advances

Proposed Bill or Initiative
Author: Wouter Heere – Littler

On May 12, 2026, the Dutch House of Representatives adopted the Flexible Workers (Increased Security) Act (*Wet meer zekerheid flexwerkers*). The bill introduces amendments to the rules governing flexible work arrangements. Zero-hours contracts will largely be abolished and replaced by "bandwidth contracts" (*bandbreedtecontracten*), under which employers and employees must agree on a minimum and maximum number of working hours. The maximum number of hours may not exceed 130% of the agreed minimum. Employees may refuse work in excess of the agreed maximum, and employers must offer a contract with a higher working-hour scope where employees structurally work additional hours.

Under the bill, a new chain of temporary employment contracts may only commence after an interruption period of three years, replacing the current six-month interruption period. In addition, the bill strengthens the legal position of temporary agency workers by requiring that they receive employment conditions at least equivalent to those of comparable employees directly employed by the hirer and by shortening certain phases of temporary agency employment.

The bill has now been submitted to the Senate for further consideration. If adopted by the Senate, the legislation is currently expected to enter into force on January 1, 2028.

Nigeria

Court Clarifies Limits of Employee Privacy Rights

Precedential Decision by Judiciary or Regulatory Agency
Authors: Ugonna Ogbuagu and Adejumoke Ademola – ǼLEX

In *Dr. Uchenna Jerome Orji Esq. v. Mr. Daniel Okereke & Ors* (NICN/ABJ/40/2025), delivered on May 18, 2026, the National Industrial Court clarified the limits of employee privacy rights, holding that workplace documents relating to an employee do not automatically attract constitutional or statutory privacy protection simply because they concern that employee.

The claimant in the case challenged the circulation of a university promotion appeal report, arguing that it formed part of his confidential personnel record and that its disclosure breached his constitutional right to privacy and the Nigeria Data Protection Act 2023. The court disagreed, holding that the report was an institutional document prepared for the registrar to facilitate the university's decision-making process, rather than a document forming part of the claimant's confidential personnel file. As such, its internal circulation did not constitute a breach of the claimant's privacy rights.

Employer's Responsibility in Handling Workplace Sexual Harassment Complaints

Precedential Decision by Judiciary or Regulatory Agency
Authors: Ugonna Ogbuagu and Adejumoke Ademola – ǼLEX

In *Offor Vivian Chekwube v. African Foundries Limited* (NICN/IB/111/2020), delivered on June 1, 2026, the National Industrial Court reaffirmed that an employer's failure to properly investigate or address allegations of sexual harassment may amount to condoning the misconduct, with significant consequences for the employer.

The claimant in the case alleged that she was dismissed after reporting repeated sexual harassment by her line manager. Although the employer maintained that it had investigated the complaint and relied on background checks to justify the dismissal, it failed to produce either the investigation report or the documents supporting the failed background checks. The court held that the employer had failed to establish the reason for the dismissal and that its handling of the sexual harassment complaint amounted to condoning the alleged misconduct. Consequently, the court awarded damages for wrongful termination, and punitive and exemplary damages regarding the employer's handling of the complaint, together with the claimant's outstanding salary and costs.

The decision reinforces the importance of conducting prompt, impartial and well-documented workplace investigations.

Norway

Proposed Reform Expands Occupational Injury Coverage

Proposed Bill or Initiative

Author: Nina Thjømøe – Littler

The Norwegian government has proposed amendments to the National Insurance Act aimed at expanding employees' access to occupational injury compensation and modernizing the current framework. Key changes include a broader definition of "occupational accident," removing the requirement that an incident be sudden or unusual. Injuries resulting from a more-than-negligible work-related risk may now qualify as occupational accidents. This is expected to particularly affect healthcare, care services and emergency services, where physical strain and risk exposure are part of normal duties.

The proposal also clarifies evidentiary rules for occupational disease claims, easing the burden of establishing causation, and extends coverage to injuries sustained during mandatory training and preparedness exercises.

The proposal (Prop. 93 L (2025–2026)) is before Parliament, with certain provisions proposed to take effect from January 1, 2026, and others from January 1, 2027, subject to approval.

Panama

New Residency Pathway for Long-Term Students

New Order or Decree

Authors: Yeris M. Nielsen and Ericka Muñoz – Littler

The Republic of Panama, through the Ministry of Public Security, issued Executive Decree No. 03 of February 6, 2026, through which the National Immigration Service (SNM) created the Permanent Resident subcategory for Students within the broader Permanent Resident category. This new subcategory applies to any foreign nationals who have completed or are currently pursuing continuous studies for over six years in the Republic of Panama.

Individuals who apply for this immigration status will be granted a two-year provisional permit, provided they comply with the general requirements established under Decree Law No. 03 of February 22, 2008, and submit a certification issued by an educational institution confirming the completion of over six years or demonstrating that they have held Temporary Resident Permits for six consecutive years. Upon completion of the two-year provisional period, applicants may become eligible to apply for Permanent Residency. Further, minors who seek to apply for this immigration status must submit applications by both parents of the minor; one parent with the authorization of the other parent; or by a third party holding legal custody and guardianship of the minor.

Peru

Employer Obligations for Employees Exposed to Prolonged Solar Radiation

New Order or Decree

Authors: César Gonzáles Hunt and Amable Vasquez Baiocchi – Philippi Prietocarrizosa Ferrero DU & Uría

Supreme Decree No. 003-2026-SA, published on April 14, 2026, specifies employers' occupational health and safety obligations regarding employees' prolonged exposure to solar radiation. The decree requires employers to: (i) include, within the Occupational Health and Safety Management System, the management of risks arising from exposure to solar Ultraviolet Radiation (UVR), adopting the necessary measures to guarantee employees' health and safety; (ii) identify hazards and assess risk levels arising from exposure to solar UVR to establish the necessary prevention and protection measures; and (iii) provide personal protective equipment to all employees exposed to UVR.

Supreme Court Invalidates Outsourcing Restrictions

Precedential Decision by Judiciary or Regulatory Agency
Authors: César Gonzáles Hunt and Amable Vasquez Baiocchi – Philippi Prietocarrizosa Ferrero DU & Uría

In its November 3, 2025, judgment, released on April 1, 2026, the Permanent Chamber of Constitutional and Social Law of the Supreme Court of Justice declared Supreme Decree No. 001-2022-TR, which amended the Regulations of the Outsourcing Law, null and void in its entirety.

Accordingly, all the amendments introduced by that regulation are without effect, including the prohibition on outsourcing activities falling within the so called "core of the business," the criteria for identifying such "core of the business," the new grounds for deeming outsourcing arrangements invalid in connection with activities falling within the "core of the business," and the obligation to adapt existing contracts to that prohibition.

New Protections for Employees Diagnosed with Cancer

New Regulation or Official Guidance
Author: César Gonzáles Hunt and Amable Vasquez Baiocchi – Philippi Prietocarrizosa Ferrero DU & Uría

On June 5, 2026, Supreme Decree No. 008-2026-TR was published amending three labor regulations to implement Law No. 32431, which protects the labor rights of employees diagnosed with cancer under the private sector regime (Legislative Decree No. 728), the administrative career regime (Legislative Decree No. 276), and the civil service regime (Law No. 30057).

The amendments prohibit dismissals based on an employee's cancer diagnosis, treatment, or related effects, with any such termination deemed null and void. Employers must demonstrate a valid, health-related-independent reason for dismissal; otherwise, the dismissal is presumed to be discriminatory. The regulations also require employers to make reasonable workplace adjustments to enable affected employees to perform their duties without compromising their health or safety.

Philippines

Supreme Court Clarifies Labor-Only Contracting Standards

Precedential Decision by Judiciary or Regulatory Agency
Authors: Emerico O. de Guzman and Franchesca Abigail C. Gesmundo – Angara Abello Concepcion Regala and Cruz Law Office

In *Delera v. Philippine Foremost Milling Corp.*, published on May 7, 2026, the Supreme Court clarified when a contractor may be considered a legitimate job contractor rather than a labor-only contractor. Here, contract workers were placed on floating status after their assignments ended. When the contracting company that deployed them later offered them reassignment opportunities, they declined and instead filed suit against the company, claiming that it was a labor-only contractor and that the companies where they worked were their true employers. The Supreme Court disagreed and upheld the status of the contracting company as a legitimate job contractor.

The Court ruled that the absence of tools or equipment does not automatically make a contractor a labor-only contractor where the work consists of manual and ancillary tasks that require no specialized machinery. The decision reconciles earlier rulings and provides additional guidance regarding legitimate contracting arrangements.

New Requirements for Implementing Flexible Working Arrangements

Precedential Decision by Judiciary or Regulatory Agency
Authors: Emerico O. de Guzman and Franchesca Abigail C. Gesmundo – Angara Abello Concepcion Regala and Cruz Law Office

In *Bacani v. Fiber Textile*, published on May 19, 2026, the Supreme Court found that petitioners were constructively dismissed due to the lack of employee consent in implementing a flexible working arrangement. The Supreme Court recognized the following requisites for a valid flexible work arrangement under Department of Labor and Employment (DOLE) Department Advisory No. 2, Series of 2009:

- The adoption of a different work schedule or scheme is expressly and voluntarily supported by a majority of the workers affected, i.e., there should be consultation with the employees before a part-time work arrangement is adopted and implemented;
- The implementation of a non-traditional work arrangement should be temporary, and a reduction of workdays, specifically, should not exceed six months;
- The appropriate DOLE Regional Office must be notified prior to implementation; and
- The employer must be experiencing actual or reasonably imminent economic difficulties or national emergencies, and the adoption of flexible work arrangements must be done in good faith to cope with such circumstances.

Failure to provide notice to the DOLE does not, on its own, automatically invalidate an otherwise valid flexible work arrangement, but renders the employer liable for nominal damages of PHP 100,000.00 per affected employee. However, where the failure to notify the DOLE is coupled with noncompliance with the other requisites for a valid flexible work arrangement, as in this case, the arrangement becomes unlawful and may constitute constructive dismissal.

Direct SEBA Certification Process Eliminated

Precedential Decision by Judiciary or Regulatory Agency
Authors: Emerico O. de Guzman and Franchesca Abigail C. Gesmundo – Angara Abello Concepcion Regala and Cruz Law Office

On April 29, 2026, the DOLE issued Labor Advisory No. 07, Series of 2026, permanently discontinuing direct requests for Sole and Exclusive Bargaining Agent (SEBA) Certification following a judicial determination that the underlying regulatory framework was invalid.

Previously Rule VII of DOLE Department Order No. 40-03, as amended, allowed a legitimate labor organization to obtain SEBA Certification without a certification election when it was the only union operating within the bargaining unit. However, in *San Miguel Integrated Logistics Services, Inc. v. Department of Labor and Employment, et al.*, CA-G.R. SP No. 184711 (May 29, 2025), the Court of Appeals declared Rule VII invalid as having been issued ultra vires. In response, DOLE suspended the implementation of Rule VII through Labor Advisory No. 10, Series of 2025, effective August 1, 2025. From that date, requests for SEBA Certification were treated as petitions for certification election. Following the finality of the Court of Appeals' decision, DOLE has directed all regional offices and stakeholders to permanently discontinue the direct SEBA certification process, effective immediately.

As a result, labor organizations seeking recognition as the exclusive bargaining representative must now do so through a formal certification election process.

Poland

New Powers of the Labor Inspectorate

New Legislation Enacted
Authors: Jaroslaw Karlikowski and Natalia Bigdowska – Wardynski & Partners

On April 7, 2026, an amendment to the Act on the National Labor Inspectorate was published in the Journal of Laws (the Act). Under the amended Act, labor inspectors may issue administrative decisions converting civil law contracts, including business-to-business contracts, as employment contracts when the work performed meets the criteria for an employment relationship as defined in the Labor Code.

The Act also increases fines for offenses against employees' rights, allows the National Labor Inspectorate to issue individual interpretations, and introduces several organizational changes designed to streamline the Inspectorate's work.

At the same time, the President announced that the amendments will be referred to the Constitutional Tribunal for post-enactment constitutional review. The new provisions will remain in force unless the Tribunal rules them unconstitutional. In general, the Act will enter into force on July 8, 2026.

New Version of the Bill Implementing the Pay Transparency Directive

Proposed Bill or Initiative
Authors: Jaroslaw Karlikowski and Natalia Bigdowska – Wardynski & Partners

On May 4, 2026, the long-awaited second version of the bill for comprehensive implementation of the Pay Transparency Directive was published. The key changes introduced by the bill compared to its previous version include the following:

- Job evaluation rules, including rules governing cooperation with trade unions on evaluation criteria, job classifications, and determination of employee categories, have been expanded;
- The deadline for responding to employees' pay information requests has been extended from 14 to 30 days from the date of submission of the request; and
- The method for calculating the number of employees to determine reporting obligations has been clarified.

The bill is now subject to further public consultation and may be further amended. The Bill provides that its effective date will be six months after it is published in final form, which will be at the end of 2026, but more likely in 2027.

Parliament Advances Anti-Mobbing Reforms

Proposed Bill or Initiative
Authors: Jaroslaw Karlikowski and Natalia Bigdowska – Wardynski & Partners

On June 19, 2026, the *Sejm*, lower house of the Polish Parliament, passed the bill on preventing mobbing, discrimination and other undesirable workplace behaviors.

The key amendments include the following:

- Employers will be required to take "systematic" measures to prevent mobbing and discrimination.
- In proceedings for compensation or damages arising from infringement of personal rights, discrimination, or mobbing, the court may not dismiss the claim when the circumstances indicate that it is well-founded on grounds other than those invoked by the employee. In other words, an employee may obtain compensation even if the claim incorrectly characterizes the undesirable conduct as mobbing.
- The bill will go into effect three months after its final publication.

The bill will now be referred to the Senate, the upper house of the Polish Parliament, which may result in further amendments.

Proposed Minimum Wage Increase for 2027

Proposed Bill or Initiative
Authors: Jaroslaw Karlikowski and Natalia Bigdowska – Wardynski & Partners

The Ministry of Labor announced that it would recommend to the Council of Ministers that the minimum wage for 2027 be set at PLN 4,986 and the minimum hourly rate at PLN 32.60. This represents an increase of PLN 180 (3.7%) and PLN 1.20 (3.8%), respectively compared to the current year.

The Ministry's recommendation will now be considered by the Council of Ministers and will then be discussed in the Social Dialogue Council. If the social partners fail to reach an agreement within the Social Dialogue Council, as in previous years, the Council of Ministers will set the minimum wage by September 15, 2026.

Portugal

New Road Transport Rules Consolidate Working Time and Tachograph Obligations

New Order or Decree
Authors: Rute Gonçalves Janeiro and Maria Beatriz da Silva – Littler

Decree-Law no. 84/2026, of April 13, 2026, provides a new legal framework regulating certain aspects of working time for mobile workers in road transport activities. It also addresses rules concerning driving times, breaks, daily and weekly rest periods, and the installation and use of tachographs.

The law reinforces employers' compliance obligations in three main areas. First, companies must ensure compliance with working time limits, rest periods and working time recording requirements, particularly when employees are not subject to tachograph use. Second, the law updates the rules on tachographs, including installation, use, data retention and inspection requirements. Third, it confirms that employers may be liable for infringements committed by drivers, unless they can demonstrate that work was organized in a way that allowed compliance with the applicable rules.

Equal Pay Requires Comparability, Not Merely the Same Professional Category

Precedential Decision by Judiciary or Regulatory Agency
Authors: Rute Gonçalves Janeiro and Maria Beatriz da Silva – Littler

The Évora Court of Appeal clarified that employees belonging to the same professional category are not automatically entitled to identical remuneration. The Court confirmed that differences in pay may be lawful where they are supported by objective criteria regarding differences in the nature, quantity or quality of the work performed.

However, the judgment also makes clear that such differences must be based on real and sufficiently relevant distinctions between employees. A merely occasional task carried out by one employee, without a consistent or material difference in the work actually performed is not sufficient to justify a permanent remuneration difference.

Inappropriate Employee Conduct Towards the Public May Justify Dismissal for Just Cause

Precedential Decision by Judiciary or Regulatory Agency
Authors: Rute Gonçalves Janeiro and Maria Beatriz da Silva – Littler

The Porto Court of Appeal held that employees who interact directly with the public act as the "visible face" of the employer. As a result, breaches of the duties of respect, courtesy and urbanity in the performance of public-facing functions may have a direct impact on the employer's image and reputation.

The decision confirms that, depending on the seriousness of the conduct and the surrounding circumstances, inappropriate behavior towards clients, users or members of the public may constitute just cause for dismissal. This is particularly relevant for employers operating in sectors where customer-facing roles are central to the business, as it reinforces the importance of professional conduct and reputational protection in disciplinary assessments.

Missed Deadline for Implementing EU Pay Transparency Directive and Potential Legal Consequences

Legal Compliance
Authors: Rute Gonçalves Janeiro and Maria Beatriz da Silva – Littler

The deadline for implementing the Directive (EU) 2023/970 on pay transparency expired on June 7, 2026. As of the end of June 2026, Portugal remained among the EU member states that had not yet completed its implementation.

Although the Directive does not automatically become directly applicable in all private employment relationships, the failure to implement it may expose member states to infringement proceedings by the European Commission and, ultimately, financial sanctions. In certain circumstances, clear, precise and unconditional provisions of the Directive may also be invoked against the state or public entities, while national courts may be required to interpret existing domestic law as much as possible in line with the Directive.

Puerto Rico

Puerto Rico Supreme Court Holds that Commercial Image Rights Require Written Transfer and Revocable Consent

Precedential Decision by Judiciary or Regulatory Agency
Authors: Erika Berríos Berríos and Diego M. Picó-Vázquez – Littler

In *Osvaldo Friger Salgueiro v. Mech-Tech College, LLC; Mech-Tech Management, LLC*; Artificial Intelligence, 2026 TSPR 30, 218 D.P.R. ___, the Puerto Rico Supreme Court held that any transfer of commercial image rights must be in writing, regardless of the nature of the relationship between the parties. The court further held that the use of a person's image for commercial or advertising purposes requires prior consent, which may be withdrawn at any time.

The plaintiff in this case initially authorized the defendant to use his image during his employment but later revoked his consent after the employment relationship ended. Because the defendant continued using the plaintiff's image despite the revocation, the court found that it violated the plaintiff's rights under Puerto Rico's Right to One's Own Image Act (Act No. 139-2011).

The decision underscores that businesses using individuals' images for commercial purposes must obtain written authorization and promptly cease such use upon withdrawal of consent or risk statutory damages and mandatory attorneys' fees.

Romania

New Rules on the Access of Foreign Workers to the Romanian Labor Market

New Legislation Enacted
Author: Corina Radu – EMPLAWRA

Emergency Ordinance No. 32/2026, effective April 2026, introduced a new and more rigorous framework for managing labor from third countries, enabling the employment of foreign nationals in sectors with acute labor shortages in Romania. It streamlined and digitalized procedures through government platforms and implemented strict controls to prevent illegal migration and labor exploitation.

The ordinance focuses on digitalization and stricter oversight of employers and intermediaries by:

- Requiring all residence permit, work visa, and employer registration applications to be submitted through the "WorkinRomania.gov.ro" portal.
- Subjecting placement agencies and direct-hire employers to enhanced authorization requirements, including fiscal compliance, at least one year of relevant activity, and clean records for labor-related, trafficking, and sexual offenses. Employers also must not present national security or money laundering risks.
- Requiring placement agencies to maintain a financial guarantee of EUR 75,000 for up to 250 foreign workers, increasing by EUR 50,000 for each additional 250 workers placed.
- Strengthening worker protections by requiring information in workers' native languages, payment of wages by bank transfer, adequate accommodation and transportation, and cooperation with authorities to prevent labor exploitation and trafficking.
- Requiring written placement contracts, in Romanian and a language understood by the worker, that include mandatory employment details and the contact information of relevant enforcement authorities.

The ordinance also introduces a List of Shortage Occupations, limiting the recruitment of third-country nationals to occupations included on the list. Certain provisions will be implemented in phases, beginning August 7, 2026.

New Mandatory Contract Templates for the Placement of Foreign Workers

New Order or Decree
Author: Corina Radu – EMPLAWRA

On June 11, 2026, the Ministry of Labour published Order No. 655/2026 approving the standard template for contracts used in the placement of foreign workers. Placement agencies and the employers engaging them are required to use the standardized contract templates exclusively when bringing foreign workers to Romania. The standardized contract agreements include service agreements between the placement agency and the Romanian employer, placement contracts between the placement agency and the foreign worker, and individual employment contracts between the Romanian employer and the foreign worker.

Contracts that do not comply with the mandatory elements set out in these templates are deemed null under the law. Essential elements of the contracts include:

- All placement related costs must be borne exclusively by the employer. Placement agencies are prohibited from charging any fees or commissions to foreign workers for mediation or placement services.
- Remuneration must comply with at least the national gross minimum wage and must clearly specify working time and rest periods. The individual employment contract must also include the net salary and hourly rate, the amount of statutory contributions, as well as any bonuses and benefits.
- The contract must include provisions regarding accommodation and meals, or an equivalent allowance, as well as transport related expenses.
- Other express obligations include the duty to provide information to the worker, the prohibition on retaining identity documents, access to complaint mechanisms, and the employer’s obligation to provide Romanian language courses and cultural integration support for a minimum period of six months.

Draft Pay Transparency Legislation Advances

Proposed Bill or Initiative
Author: Corina Radu – EMPLAWRA

On March 30, 2026, the Ministry of Labor published a Draft Law to initiate implementation of the EU Pay Transparency Directive. The draft was submitted to the on June 17, 2026 (No. B392/2026), and the emergency legislative procedure was approved on June 22, 2026. The proposal has been circulated for review and endorsement by the relevant institutions and committees.

Key measures in the draft law include:

- Enhanced transparency on the criteria for setting pay levels and the communication of such criteria to workers;
- Strengthening employee rights to access pay-related information, including requiring employers to inform candidates in writing, before the interview, of the initial salary or applicable pay range, based on objective gender-neutral criteria;
- Mechanisms for identifying and monitoring potential pay gaps, including the right of employees to receive, in writing, the average remuneration, broken down by gender, for workers performing the same work or work of equal value;
- Additional employer obligations to justify, address, and periodically report gender pay gaps to the National Agency for Equal Opportunities between Women and Men; and
- Fines for noncompliance ranging from three to five times the national gross minimum wage, and five to 10 times for repeat violations, determined according to the minimum wage applicable at the time of sanctioning.

South Africa

Changes to Executive Remuneration Disclosure and Governance

New Legislation Enacted
Author: Tracy van der Colff – OWP Partners

On May 22, 2026, the remuneration-related provisions of the Companies Amendment Act 16 of 2024 went into effect. The amendments introduce a new statutory framework governing remuneration policies, remuneration reporting and shareholder oversight in public companies and state-owned companies, while also strengthening remuneration disclosure requirements for companies required to prepare audited annual financial statements. Such companies must now disclose the remuneration and benefits received by each director and prescribed officer on a named basis.

New Earnings Threshold Under BCEA Takes Effect

New Order or Decree
Author: Tracy van der Colff – OWP Partners

On April 17, 2026, the Minister of Employment and Labour published a new earnings threshold under the Basic Conditions of Employment Act (BCEA). Effective May 1, 2026, the annual earnings threshold increased to ZAR 269,600.90. The BCEA earnings threshold determines whether employees qualify for certain additional statutory protections under both the BCEA and the Labour Relations Act.

Employment Services Amendment Bill Targets Foreign Worker Regulation

Proposed Bill or Initiative
Author: Tracy van der Colff – OWP Partners

On June 10, 2026, the Employment Services Amendment Bill, 2026 was introduced in Parliament. The Bill proposes amendments to the Employment Services Act, 2014 aimed at, among other things, strengthening the regulation of the employment of foreign nationals in South Africa.

South Korea

New Labor Inspector Act: Key Developments and Practical Implications for Businesses

New Legislation Enacted
Author: Hoin Lee – Kim & Chang

The National Assembly recently passed the Labor Inspector Act, which reclassifies "labor supervisors" as "labor inspectors" and establishes a unified statutory framework governing their duties and authority. Previously, these powers were dispersed across multiple legislative instruments. The Act will take effect eight months after promulgation.

Key provisions include:

- **Creation of Local Labor Inspectors**, affiliated with municipal governments and authorized to conduct workplace inspections. Their jurisdiction will generally cover businesses and workplaces with fewer than 30 employees, as determined through a central-local consultative body.
- **A unified framework for inspector duties and authority,** providing a clearer statutory basis for enforcing labor standards, preventing workplace accidents, and implementing corrective measures.
- **Codification of inspection procedures and enforcement measures** into statute, strengthening their legal basis while allowing certain operational details to be addressed through administrative rules.

Government Tightens Regulation of Comprehensive Wage Schemes

New Regulation or Official Guidance
Author: Hoin Lee – Kim & Chang

Effective April 9, 2026, the Ministry of Employment and Labor (MOEL) implemented the binding "Guidelines to Prevent Misuse of Comprehensive Wage Schemes to Eradicate Unpaid Labor." Concurrently, multiple bills amending the Labor Standards Act (LSA) are pending in the National Assembly to restrict or prohibit comprehensive wage arrangements, signaling a significantly tighter regulatory environment and increased compliance risks for employers.

The developments require more detailed wage itemization, reinforce requirements to compensate employees based on actual working hours, and are expected to increase labor inspections and compliance scrutiny.

Ukraine

Tightened Rules for Deferral of Employees from Military Mobilization

New Legislation Enacted
Authors: Oleksiy Demyanenko and Inesa Letych – Asters

Ukraine has adopted amendments tightening the rules governing the deferral of employees from military mobilization. The amendments increase the minimum average salary threshold that companies must meet to qualify for the employee deferral procedure. Most employers must now meet a higher average salary threshold equal to three minimum monthly wages, up from the previous 2.5-times threshold, while the previous threshold continues to apply to enterprises operating in frontline, active combat, or temporarily occupied territories.

The amendments also introduce stricter rules for calculating deferral quotas. Employees who work for multiple employers or are already entitled to a deferment on other legal grounds will now be counted only once when determining a company's deferral quota. This change prevents the same individual from increasing the deferral quotas of multiple employers.

Disability Employment Quota Procedures Clarified

New Legislation Enacted
Authors: Oleksiy Demyanenko and Inesa Letych – Asters

Ukraine has adopted a new procedure clarifying several practical aspects for compliance with the statutory employment quota for persons with disabilities. Ukrainian employers with more than eight employees are required either to employ a prescribed number of persons with disabilities or to pay a statutory contribution in lieu of meeting the quota. In practice, however, several procedural issues remained unclear.

The new procedure addresses these uncertainties. In particular, it specifies the categories of disabilities and the supporting documents that allow an employer to count the relevant employee at double value for quota purposes. It also identifies hazardous and dangerous positions that are excluded from the calculation of the employer's total headcount for the purpose of determining the disability employment quota.

United Arab Emirates

Private-Sector Minimum Wage for Emirati Employees Increased

New Regulation or Official Guidance
Authors: Charles S. Laubach and Aloka Honemeyer – Afridi & Angell

The Ministry of Human Resources and Emiratization announced that the minimum wage for UAE nationals employed in the private sector increased from AED 5,000 to AED 6,000 per month, effective January 1, 2026. The requirement applies to new UAE national work permits, as well as renewed or amended permits from that date.

Employers that employed UAE nationals before January 1, 2026, were required to comply by June 30, 2026. From July 1, 2026, noncompliant establishments may face consequences, including exclusion of affected UAE nationals from Emiratization target calculations and suspension of new work permits until salary compliance is achieved.

New Wage Protection System Rules Introduced

New Regulation or Official Guidance
Authors: Charles S. Laubach and Aloka Honemeyer – Afridi & Angell

Ministerial Resolution No. 340 of 2026 concerning the Wage Protection System (WPS) introduces revised wage payment requirements for private sector establishments, effective June 1, 2026. As before, the resolution requires wages for the previous month to be paid by the first day of each month, with payments made after that date treated as delayed. It also increases the WPS compliance threshold to 85% of total wages due.

The resolution introduces progressive enforcement measures for delays, including electronic warnings, work permit suspensions, fines, establishment downgrades, labor dispute registration, and potential legal action.

Labor Accommodation Requirements Updated

New Regulation or Official Guidance
Authors: Charles S. Laubach and Aloka Honemeyer – Afridi & Angell

Ministerial Resolution No. 122 of 2026 updated labor accommodation requirements, introducing revised standards for certain employers and labor accommodation operators. The resolution applies to employers with 50 or more workers where the worker's monthly wage does not exceed AED 1,500 and requires covered employers to provide Ministry of Human Resources and Emiratization (MoHRE)-approved and registered labor accommodation.

The updated requirements include standards for employee welfare, health and safety, accessibility, communication, security, and supervision. These include facilities for People of Determination and injured or sick workers, multilingual information, adequate ventilation, cold drinking water, secure lockers, free internet access, visible complaints channels, 24-hour security, CCTV coverage, and a minimum ratio of one accommodation supervisor for every 200 workers.

Employers in labor-intensive sectors should review accommodation arrangements and ensure worker and accommodation data remains accurate in MoHRE systems.

United Kingdom

Employment Rights Act Reforms Continue to Roll Out

New Legislation Enacted
Author: Emily Bodger – Littler

Significant changes are being implemented in phases under the Employment Rights Act 2025 (ERA 2025). The next phase of key reforms is expected to take effect in October 2026 and include wide-ranging trade union provisions, including new trade union rights of access to workplaces, enhanced duties for employers to prevent sexual harassment in the workplace and potential liability for harassment by third parties.

The Government has made some changes to its implementation timeline published earlier in February, including:

- Reforms to nondisclosure agreements will take effect sometime in 2027;
- For terminations on or after January 1, 2027, the qualifying period for unfair dismissal charges will be reduced from two years to six months, and the cap on compensatory awards will be removed.

The Government has also published its consultation response on the new right for trade unions to request access to workplaces in advance of implementation in October 2026.

Further Restrictions on the Use of NDAs

New Regulation or Official Guidance
Author: Ben Smith – Littler

Nondisclosure agreements (NDAs) are back on the agenda, with the Government publishing a consultation in April 2026 on the Employment Rights Act 2025 measures restricting the use of NDAs that prevent workers from raising allegations of, or making disclosures about, relevant harassment or discrimination. It seeks input from stakeholders to inform regulations on the scope of the restrictions, in particular the circumstances where the ban will not apply, the procedural steps necessary to implement a relevant NDA, and whether the legislation should cover individuals beyond employees and workers.

The reforms could fundamentally change how employers approach workplace disputes where discrimination or harassment issues are involved, however there remains some uncertainty as to the timing for implementation – all we know is that the provisions are expected to take effect some time in 2027.

Further developments in this space include the passing of the Victims and Courts Act 2026 which will broaden the circumstances in which victims of crime (or those who reasonably believe they are a victim) may make allegations or disclosures of information relating to criminal conduct, notwithstanding the provisions of any NDA entered into. This will replace the existing (narrower) NDA provisions under the Victims and Prisoners Act 2024, however timing for implementation is not yet known.

Multiple Changes to Financial Services Regulation in 2026 to Improve Efficiency and Effectiveness

New Regulation or Official Guidance
Author: Lisa Coleman – Littler

On April 24, 2026, the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) implemented "Phase One" reforms to the Senior Managers and Certification Regime (SMCR). Key changes include extending the validity of criminal record checks to six months, eliminating such checks for internal transfers, allowing candidates to begin Senior Management Function (SMF) roles pending regulatory approval, extending the deadline for submitting SMF applications to 12 weeks, giving firms up to six months to report changes to Statements of Responsibilities, and reducing the timeframe for providing regulatory references from six weeks to four. New guidance was also issued on handling regulatory references when an employee leaves before a misconduct investigation is complete. Additional reforms effective July 10, 2026, include increasing the thresholds for Enhanced SMCR firms and removing certain overlapping certification requirements.

Further changes are expected under Phase Two, which will be addressed in a forthcoming Financial Services and Markets Bill. The proposed reforms aim to reduce the regulatory burden of the SMCR by streamlining the Conduct Rules and reducing the number of senior management functions requiring pre-approval. In addition, new guidance on non-financial misconduct in regulated firms will take effect on September 1, 2026. Together, these changes are intended to improve the efficiency and effectiveness of the SMCR while strengthening the regulatory framework for addressing workplace misconduct in the financial services sector.

Immigration Update – Guidance on Right to Work Checks

New Regulation or Official Guidance
Author: Ben Maitland – Vanessa Ganguin Immigration Law

The Home Office has issued guidance regarding the right-to-work duties of sponsoring employers. There had been some uncertainty in March 2026, regarding updated guidance on right-to-work checks, which the Home Office clarified in April 2026, stating that employers with a sponsor license were required to conduct such checks on anyone they "directly engage," including nonemployees. That left businesses potentially liable to have to check the right to work of self-employed contractors, even those engaged on only a one-off basis.

However, in May 2026 the guidance reverted to the situation before March, to the relief of HR teams. The guidance is now clear that sponsors only need to do right to work checks on people they employ or sponsor.

Updated Draft EHRC Code of Practice for Services, Public Functions and Associations

Proposed Bill or Initiative
Author: Stephanie Compson – Littler

On May 21, 2026, the Equality and Human Rights Commission provided Parliament with an updated draft Code of Practice for services, public functions and associations (the Code). Parliament has 40 days to review it and, if it does not disapprove of it, the UK Government will set a date for it to go into effect. The Code provides practical guidance and examples of discrimination and harassment in the provision of services, public functions and associations.

The Code does not apply to workplace discrimination or harassment, which is governed by different provisions of the Equality Act 2010 and for which there is a separate Code of Practice for Employment. The Employment Code has not yet been updated for legislative and case law developments.

United States

Mid-Year Paid Family Medical Leave Update – June 2026

New Legislation Enacted
Authors: Stephanie Mills-Gallan and Ellen Donovan McCann – Littler

It is the time of year when many state paid family and medical leave programs roll out mid-year updates to benefit levels and related metrics. Several jurisdictions have now issued updated state average weekly wages (SAWW) used to calculate benefit payouts. The timing and scope of these changes vary by jurisdiction, requiring employers to stay closely attuned to state-specific developments. For example, effective between late June and July 2026, Colorado, Maine, Oregon, Rhode Island, and Washington all increased their SAWW figures, resulting in higher maximum weekly benefits for eligible claimants. The District of Columbia is also expected to increase its maximum Paid Family Leave benefit effective October 1, 2026, with the new amount to be announced following the recent increase in the District's minimum wage.

Read the full article on Littler.com.

July is the New January – 2026

New Legislation Enacted
Authors: Joy Rosenquist and Carole Wilder – Littler

Each new year, employers in the United States are accustomed to hearing about all the laws that go into effect on January 1. State legislatures across the country, however, are active all year long, and as we have said before, July is the new January.

For example, Virginia enacted the most new laws taking effect this summer, including laws relating to pay transparency, child labor, non-competes, workplace violence, and employee background checks for certain employers. Several other states, including Florida, Georgia, Hawaii, Idaho, and Kentucky have also enacted laws relating to employee background checks, particularly for employers in healthcare-related fields. Laws relating to non-compete agreements have been another popular topic for state legislatures in Louisiana, Maine, New Hampshire, South Dakota, and Tennessee, in addition to Virginia. Also of note, Colorado, Connecticut and Georgia all have new laws further defining a "service animal" for purposes of disability discrimination law. And a number of states have new laws regarding child labor. Finally, several states are implementing laws further regulating Transportation Network Companies (TNCs) and relationships with their drivers.

Read the full article on Littler.com.

What Employers Need to Know About Pension Fund Withdrawal Liability After *M & K Employee Solutions v. Trustees of the IAM National Pension Fund*

Precedential Decision by Judiciary or Regulatory Agency
Authors: Sarah Bryan Fask and Michael Congiu – Littler

On May 21, 2026, the U.S. Supreme Court held that when an employer withdraws from an underfunded multiemployer pension fund, the fund's actuary is not required to use assumptions that were already in place on the "measurement date" (i.e., the last day of the fund's year preceding the employer's withdrawal). The measurement date fixes facts, but not the actuary's assumptions. The actuary may select assumptions after the measurement date, so long as the assumptions are based on information "as of" the measurement date. For example, if the fund's measurement date is December 31, 2025, the actuary may set their actuarial assumptions on March 1, 2026, retroactive to December 31, 2025, provided those assumptions are based on information "as of" December 31, 2025.

The Supreme Court's decision in M & K gives multiemployer pension funds' actuaries more time to set assumptions for purposes of calculating an employer's withdrawal liability. Employers should not rely on stale withdrawal liability estimates and should be aware that funds may use later-adopted actuarial assumptions, including assumptions that can increase the liability significantly. At the same time, employers still have room to challenge whether those assumptions are reasonable and supported under ERISA.

Read the full article on Littler.com.

EEOC Rescinds Guidance on Permissible Affirmative Action

Precedential Decision by Judiciary or Regulatory Agency
Authors: Jim Paretti and David Goldstein – Littler

On June 30, 2026, the U.S. Equal Employment Opportunity Commission (EEOC) rescinded its regulatory guidance on permissible affirmative action under Title VII and the related section of its Compliance Manual. The withdrawn guidance had explained that voluntary affirmative action plans were permitted only in limited circumstances, such as to remedy discrimination or address manifest imbalances in traditionally segregated job categories, and only if they were temporary, flexible, narrowly tailored, and did not unnecessarily trammel the rights of nonbeneficiaries. The rescission also eliminates employers' ability to rely on these materials for the good-faith defense available under Section 713(b)(1) of Title VII.

While rescission of the EEOC's guidance does not reverse the Supreme Court's decisions in U*nited Steelworkers v. Weber,* 443 U.S. 193 (1979) and *Johnson v. Transportation Agency*, 480 U.S. 616 (1987), in which the U.S. Supreme Court recognized that Title VII may allow for certain voluntary affirmative action plans in limited circumstances, it is consistent with the EEOC's other efforts to signal an intention to scrutinize employment practices in which individuals appear to be treated differently based on sex, race, or national origin. This is in line with the Trump administration's ongoing attempts to eliminate the consideration of race and sex in almost all workplace contexts. While the EEOC's announcement indicated that in its view, rescission of these guidance documents "is consistent with the text of Title VII and Supreme Court precedent," whether *Weber and Johnson* still remain good law is for the Supreme Court to decide.

Read the full article on Littler.com.

Supreme Court Rules DHS Has Authority to End TPS for Foreign Nationals of Haiti and Syria

Precedential Decision by Judiciary or Regulatory Agency
Authors: Tasneem Zaman and Jorge Lopez – Littler

On June 25, 2026, the U.S. Supreme Court held that the Trump administration's decision to end Temporary Protected Status (TPS) for foreign nationals from Haiti and Syria could stand. In a 6-3 decision, the Court upheld the government's position that the Department of Homeland Security (DHS) had the authority to terminate TPS based on the language in the Immigration and Nationality Act that prohibits judicial review of nonconstitutional challenges to TPS determinations.

The ruling has immediate implications for employers, particularly those with foreign workers holding work authorizations based on a pending or approved TPS application, as it may lead to significant disruptions in the workforce. Since the Supreme Court's decision allows DHS to move forward with the revocation of TPS for foreign nationals of Haiti and Syria, those employees will lose their work authorization once TPS is revoked. Allowing these employees to continue working exposes employers to potential liability once TPS expires, resulting in substantial civil penalties and sanctions. Therefore, it is essential for employers to take specific measures to ensure compliance with federal regulations.

Read the full article on Littler.com.

Venezuela

State of Emergency after Earthquakes

New Order or Decree
Author: Daniela Arevalo – Estrategia Legal

After Venezuela was struck by two large earthquakes on June 24, 2026, Venezuela's acting president declared a State of Emergency, deploying technical, human, financial, and material resources to address the harmful effects of the earthquakes. The state of emergency was published in Decree N° 5.364 dated June 24, 2026, published in Official Gazette N° 7.039, and the U.S. Department of the Treasury Office of Foreign Assets (OFAC) issued a new General License N° 60 dated June 25, 2026, authorizing specified transactions to facilitate earthquake relief efforts up to October 23, 2026.

Employers must inspect their infrastructure with professionals to verify any possible structural damage to ensure compliance with health and safety legislation, make sure that employees may safely return to work at the premises, and consider implementing an emergency and evacuation plan. Flexible work arrangements may apply.

Supreme Court Ratifies Criteria on Salary in Foreign Currency

Precedential Decision by Judiciary or Regulatory Agency
Author: Daniela Arevalo – Estrategia Legal

In a June 9, 2026 decision, the Social Chamber of the Supreme Court of Justice held that employees bear the burden of proving payment of salary in a foreign currency, as such payment is considered exceptional. The Court further held that there is no obligation to pay salaries in foreign currency unless there is an agreement between the parties that clearly states the obligation to do so. Absent a clear agreement, the foreign currency will be treated as a currency of account rather than a currency of payment.

Operating Rules of the Workers' Productive Councils

Important Action by Regulatory Agency
Author: Gabriela Arevalo – Estrategia Legal

On June 3, 2026, the Operating Rules of the Workers' Productive Councils (WPC) were issued by the Ministry of Popular Power for Labor MPPL and published on its official web site. The new rules develop the organization, function, and competence of the WPC, and set a period of six months from its publication to incorporate the new provisions into the existing WPC provisions. The rules have been dated June 3, 2026.

The Labor Inspectorate Has Begun New Inspections of Companies

Trend
Author: Daniela Arevalo – Estrategia Legal

The Labor Ministry, through the Labor Inspectorates, has begun new inspections of companies in areas of labor, employment, social security and health regulations, according to information made public in June 2026. This new set of inspections includes verification of correct payment of salaries, overtime, holidays, profit sharing, work time, review of hiring procedures, social security regulations and contributions, health and safety conditions in the workplace, and fulfillment of the food benefit, among other things.

The verification process includes timeframes for compliance with obligations ranging from 24 hours to 15 days.

SENIAT Inspects Companies' Revenues

Trend
Author: Gabriela Arevalo – Estrategia Legal

The National Integrated Service for Customs and Tax Administration (SENIAT) is inspecting companies' revenues, including their daily transaction records, to ensure that income received by employers are properly declared and registered. Through these inspections, SENIAT verifies the fulfillment of tax obligations, including payments of contributions, withholdings, accounting books and the compliance with the Special Law for Protection of Pensions. These inspections will be carried out throughout the country.

Vietnam

Simplified Administrative Procedures for Foreign Employees in Vietnam

New Regulation or Official Guidance
Authors: Antoine Logeay and Trần Thị Kim Luyến – APFL & Partners Legal Vietnam LLC

On March 24, 2026, the Ministry of Home Affairs (MoHA) issued Decision No. 346/QD-BNV announcing amended and supplemented administrative procedures relating to foreign employees working in Vietnam (Decision 346), replacing Decision

No. 886/QD-BNV dated August 11, 2025 (Decision 886). This Decision was subsequently amended by Decision No. 526/QD-BNV (Decision 526) issued by MoHA on May 13, 2026.

While the changes are largely procedural, Decision 346 as amended streamlines documentary requirements and clarifies the applicable procedures relating to work permit exemptions, work permit applications and renewals in certain circumstances. Key changes include:

- Streamlined documentary requirements for renewal of work permits;
- Streamlined documentary requirements for renewal of work permit exemption certificates; and
- Streamlined procedures for issuance and renewal of work permits.

Decision 346 was signed on March 24, 2026, and Decision 526 was signed on May 13, 2026. Both took effect on their respective signing dates.

Removal of OSH Administrative Procedures

New Regulation or Official Guidance

Author: Antoine Logeay and Trần Thị Kim Luyến – APFL & Partners Legal Vietnam LLC

On June 9, 2026, the Ministry of Home Affairs (MoHA) issued Decision No. 641/QD-BNV, implementing administrative changes under Resolution No. 66.18/2026/NQ-CP and Circular No. 09/2026/TT-BNV.

The most significant change is the temporary suspension of several administrative requirements for employers that provide occupational safety and health (OSH) training. From July 1, 2026, through February 28, 2027, employers will no longer be required to obtain, renew, amend, or reissue certificates authorizing them to conduct certain OSH training programs. Requirements relating to the assessment of employers' eligibility to conduct in-house OSH training have also been suspended.

As a result, employers that provide OSH training may benefit from reduced administrative and compliance burdens during the pilot period.

Guidance on the Implementation of Electronic Labor Contracts

New Regulation or Official Guidance

Author: Antoine Logeay and Trần Thị Kim Luyến – APFL & Partners Legal Vietnam LLC

On May 15, 2026, the Ministry of Home Affairs (MoHA) issued Circular No. 08/2026/TT-BNV (Circular 08), providing detailed guidance on the implementation of Decree No. 337/2025/ND-CP governing electronic labor contracts.

Circular 08 does not introduce a mandatory requirement for employers to adopt electronic labor contracts. Employers may continue to enter into paper-form labor contracts in accordance with the Labour Code. Instead, Circular 08 establishes the operational framework applicable to employers that have implemented, or intend to implement, electronic labor contracts from July 1, 2026, including the operation of the national Electronic Labour Contract Platform (the Platform), contract identification, data management and related compliance requirements. Specifically, the regulations address contract identification numbers, data management requirements, long-term retention obligations, service-provider oversight, and operation of the national Electronic Labour Contract Platform.

Circular 08 went into effect on July 1, 2026, the effective date of Decree 337 governing electronic labor contracts.

Guidance on the New Administrative Procedures for Labor Registration

New Regulation or Official Guidance

Author: Antoine Logeay and Trần Thị Kim Luyến – APFL & Partners Legal Vietnam LLC

On June 9, 2026, the Ministry of Home Affairs issued Decision No. 645/QD-BNV (Decision 645) announcing the administrative procedures newly issued under the Government's Decree No. 318/2025/ND-CP dated December 12, 2025 (Decree 318).

The Decision introduces a new administrative framework for labor registration and adjustment of labor registration information. The key developments include:

- Integrated procedures for labor registration and adjustment of labor registration information for employees subject to compulsory social insurance participation.
- Direct online registration for other categories of employees:

Decision 645 takes effect as follows:

- From July 1, 2026, for employees subject to compulsory social insurance participation; and
- From January 1, 2027, for employees who are not subject to compulsory social insurance participation, and unemployed persons.

Zambia

Failure to Consult Prior to Redundancy Does Not Invalidate a Lawful Redundancy Process

Precedential Decision by Judiciary or Regulatory Agency

Authors: Peter Chomba and Bwalya Banda – Mulenga Mundashi Legal Practitioners

On May 22, 2026, in *Henry Nyambe and Others v. Lumwana Mining Company Limited* (Appeal No. 17/2025) [2026] ZMSC 11, the Supreme Court clarified the legal consequences of an employer's failure to comply with the statutory and contractual obligation to consult employees prior to implementing redundancies. The Supreme Court held that while consultation is a mandatory procedural requirement, noncompliance does not automatically invalidate an otherwise genuine redundancy exercise where the employees have received lawful redundancy benefits and the substantive basis for redundancy is not disputed.

The Supreme Court observed that the appellants challenged only the respondent's failure to consult prior to the redundancies and did not dispute either the existence of the redundancy situation or the adequacy of the redundancy package paid. Although the Supreme Court acknowledged that the failure to consult deprived the employees of an opportunity to negotiate a potentially better redundancy package, it held that this procedural default did not taint the entire redundancy process.

Supreme Court Conclusively Settles Permanent Employees' Entitlement to Severance Pay

Precedential Decision by Judiciary or Regulatory Agency

Author: Peter Chomba and Bwalya Banda – Mulenga Mundashi Legal Practitioners

On April 17, 2026, in *First Quantum Mining and Operations Limited v. Zubao Harry Juma* (Appeal No. 22/2025) [2026] ZMSC 10, the Supreme Court conclusively settled the interpretation of section 54(1)(c) of the Employment Code Act (the ECA) regarding entitlement to severance pay. The Supreme Court held that section 54(1)(c) of the ECA applies exclusively to contracts of fixed duration and does not extend to employees engaged on permanent and pensionable contracts.

In reaching its decision, the Supreme Court distinguished permanent contracts from fixed-term contracts, noting that a permanent contract has no predetermined expiration date whereas a fixed-duration contract terminates upon the expiration of an agreed period. The Supreme Court further held that the statutory scheme governing severance pay deliberately excludes employees dismissed for gross misconduct, whose entitlements are instead governed by section 51(1) of the ECA, which limits payment to wages and accrued employment benefits up to the date of dismissal. The Supreme Court also reaffirmed previous appellate authorities which held that severance pay under section 54(1)(c) of the ECA is confined to employees serving fixed-duration contracts and does not apply upon summary dismissal.

Agricultural Sector Employers Exempt from Statutory Gratuity Obligations

Precedential Decision by Judiciary or Regulatory Agency

Author: Peter Chomba and Bwalya Banda – Mulenga Mundashi Legal Practitioners

On May 15, 2026, in *James Njovu v. Hybrid Poultry Farm Limited* (COMP/IRCLK94/2022) [2026] ZMHC 77, the Industrial and Labour Division of the High Court clarified the effect of the Employment Code (Exemption) Regulations, 2020 (the Exemption Regulations) on gratuities. The Supreme Court held that although employees on long-term contracts ordinarily qualify for gratuities under section 73 of the Employment Code Act (the ECA), that entitlement does not apply in sectors exempted by the Exemption Regulations, such as the agricultural and domestic sectors.

The complainant in this case, who worked under a two-year contract in the agricultural sector, contended that the respondent had underpaid his gratuity by applying a reduced rate after five months of service. The High Court rejected that position and held that the respondent was exempt from the statutory gratuity obligation once the Exemption Regulations came into force. Accordingly, while gratuity remained payable for the period before the exemption took effect, the respondent was under no obligation to continue paying statutory gratuity thereafter.