Littler

The Global Guide Quarterly

LABOR AND EMPLOYMENT LAW UPDATES FROM AROUND THE GLOBE

QUARTER 1, 2025

Geida D. Sanlate, Littler Editor

Read the latest headlines from our featured countries. To receive the Global Guide Quarterly by email, subscribe at www.littler.com/subscribe-GGQ.

Contents

Angola

New Regulations for Nonresident Foreign Employees

New Legislation Enacted

Authors: Elieser Corte Real, Partner, and Nuno Gouveia, Partner – Miranda Alliance - Fátima Freitas & Associados

On February 18, 2025, Presidential Decree No. 49/25 was published and went into effect, regulating the professional activity of nonresident foreign employees (expatriates). This law revoked previous Presidential Decrees no. 43/17, of March 6, 2017, and 79/17 of April 24, 2017. Among the main changes the law imposes are the new rules on the duration of employment contracts for expatriate employees, as well as new procedures for registering employment contracts, including employment contracts with expatriate employees on temporary stay visas, with the employment centers. The statute clarifies that the concept of "national workforce" includes resident foreigners, which was a question under the previous regime.

New Law Defining and Classifying Labor Law Offenses

New Legislation Enacted

Authors: Elieser Corte Real, Partner and Head of Employment, and Nuno Gouveia, Partner and Head of Employment – Miranda Alliance - Fátima Freitas & Associados

On February 19, 2025, Presidential Decree No. 50/25, went into effect, defining and classifying labor law offenses in violation of Law No. 12/23, of December 27, 2023 and Presidential Decree no. 152/24, of July 17, 2024. The statute now classifies offenses as minor, serious and very serious misdemeanors, increases the applicable fines and clarifies additional penalties to which offenders may be subject. This law also establishes the administrative procedure for applying fines.

New Law Regulating Temporary Work Contracts and the Assignment of Temporary Workers

New Legislation Enacted

Authors: Elieser Corte Real, Partner and Head of Employment, and Nuno Gouveia, Partner and Head of Employment – Miranda Alliance - Fátima Freitas & Associados

On February 19, 2025, Presidential Decree No. 51/25, went into effect, regulating work assignments of temporary employees by manpower agencies. The new law provides that temporary employees must be employed under the same conditions, and for the same maximum terms (including renewals) provided for in the General Labor Law for fixed-term employees. The statute also regulates the licensing procedures for manpower agencies. The contracts for employee assignments previously concluded under Presidential Decree No. 31/17, of February 22, 2017, remain in force until their expiration date but may only be renewed in accordance with the new law.

Austria

Companies with More than 400 Employees Required to Appoint an "Accessibility Officer"

New Legislation Enacted

Authors: Linda Gahleitner, Associate, and Armin Popp, Partner – Littler Austria

Companies with more than 400 employees are now required to appoint an "Accessibility Officer" and a deputy. Accessibility officers are responsible for accessibility issues for internal and external individuals within the company and must be involved in all related internal planning processes. The area of responsibility includes not only accessibility of buildings, but also all information and communication technologies, IT equipment, access to information in plain language and much more. The tasks include, for example, putting forward suggestions for change, exchanging ideas with disability representatives and working with experts in disability organizations.

Accessibility officers perform their role on a voluntary basis for five years together with their professional duties, for which they continue to be paid. In addition, accessibility officers must be given access to training, further education and professional development to enable them to fulfil their tasks.

Accidents Resulting from Transportation on E-scooters Are Not Considered Work-Related

Precedential Decision by Judiciary or Regulatory Agency

Authors: Linda Gahleitner, Associate, and Armin Popp, Partner – Littler Austria

In principle, work-related transportation is covered by employment insurance if ordinary transportation is used. According to a decision by the Austrian Supreme Court, e-scooters do not fall under such ordinary means of transportation. Although the vehicles are becoming increasingly common in cities and are also frequently used, the court held that their use requires a high level of skill. The nature of the device results in a particular hazard, which is why an accident involving an e-scooter is not considered a work-related accident.

The End of Government Financial Support for Employees during Educational Leave

New Regulation or Official Guidance

Authors: Linda Gahleitner, Associate, and Armin Popp, Partner – Littler Austria

The Austrian government has announced plans to abolish paid educational leave. Previously, after six months of employment, employers could agree to educational leave for employees for two to 12 months during which employees received financial support from the government if they completed 20 hours per week of training.

Although educational leave can still be agreed upon with the employer, there will no longer be any government support during this time. There will continue to be support for educational leave that is already in progress or has been approved through a transitional arrangement.

Brazil

21 New Binding Rules Impacting Employers' Day-to-Day Operations

Precedential Decision by Judiciary or Regulatory Agency

Authors: Marília Minicucci, Shareholder, and Pâmela Gordo, Senior Associate – Chiode Minicucci Advogados

On February 24, 2025, the Brazilian Superior Labor Court (TST) issued 21 new binding rules to be followed by labor courts and judges when ruling in similar cases. Some of the new rules may impact companies' day-to-day operations, irrespective of ongoing labor claims. Here are a few relevant examples, related to different topics:

- Unemployment Guarantee Fund (FGTS) payments may not be made directly to employees, even in extrajudicial agreements. The payments should be wired into the FGTS account, instead of being paid directly to employees.
- There is a fine for tardiness in the payment of statutory termination payments in the event of constructive dismissal. Employers are well-advised to contact their attorney as soon as they are served with a lawsuit alleging constructive dismissal.
- A pregnant employee's resignation is only valid with the assistance of a union representative or the local authority of the Ministry of Labor and Employment.
- When a worker's termination for misconduct is reversed, the employer will be required to pay compensation to the worker.
- Employers may not "claw back" commissions on cancelled sales and sales made in installments. For sales made in installments, the commission is levied on the total value of the sale (including interest and financial charges), unless there is a policy in place providing otherwise.
- A purely visual inspection of employees' belongings is lawful and does not result in damages, as long as it occurs in an impersonal, general manner, without physical contact and without embarrassing or humiliating exposure.

New Health and Safety Action Required for Brazil Employers – Psychosocial Risks

New Regulation or Official Guidance

Author: Renata Neeser, Shareholder – Littler

In recent years, the importance of addressing psychosocial risks in the workplace has gained significant attention. In Brazil, new regulations are being implemented to ensure employers take these risks seriously. Companies with employees in Brazil have until May 26, 2025, to revise their Brazil Risk Management Program (PGR) to include psychosocial risks.

Accordingly, employers must give additional attention to this issue in Brazil, analyzing potential work stressors and adopting plans to remove or minimize them. Cross-cultural training for management will continue to be a relevant and important tool to bring awareness to cultural differences, in addition to the traditional anti-harassment trainings. Employers are encouraged to consult with multinational employment counsel regarding strategies to get into compliance in Brazil, by creating and updating their PGR, as part of their global health and safety program. Please review our article for more details.

Brazilian Superior Labor Court Ruling Session: Standardization of Issues Facing Employers

Trend/Informational

Authors: Marília Minicucci, Shareholder, and Pâmela Gordo, Senior Associate – Chiode Minicucci Advogados

On March 25, 2025, the Brazilian Superior Labor Court (TST) held a ruling session aimed at standardizing and shaping case law on several recurring topics and guiding lower courts (and litigants) in similar cases. Some of the topics discussed included: (i) employees exempt from time-tracking and the burden of proof on exemption status; (ii) outsourcing of services and subsidiary liability when workers provide services to several companies; (iii) forklift refueling and the right to a risk bonus; and (iv) employees in Social Security "limbo."

Canada

Minimum Wage Increases Announced for Four Canadian Jurisdictions

New Legislation Enacted

Authors: Monty Verlint, Partner, and Jaime Zorrilla, Articling Student – Littler LLP

The minimum wage in British Columbia, Newfoundland and Labrador, Yukon Territory and all federally regulated workplaces will increase on either April 1, 2025, or June 1, 2025. The increase is automatic and adjusted based on the consumer price index, as specified in each of the respective jurisdictions' minimum wage laws. The increases and new minimum wages are as follows:

- British Columbia: 2.6% increase | CAD 17.85 per hour (June 1, 2025)
- Newfoundland and Labrador: 2.6% increase | CAD 16.00 per hour (April 1, 2025)
- Yukon Territory: 2.0% increase | CAD 17.94 per hour (April 1, 2025)
- Federally Regulated Workplaces: 2.4% increase | CAD 17.75 per hour (April 1, 2025)

Ontario: Human Rights Tribunal Finds Job Posting for a "Qualified Woman" Did Not Constitute Discrimination

Precedential Decision by Judiciary or Regulatory Agency

Authors: Monty Verlint, Partner, and Jaime Zorrilla, Articling Student – Littler LLP

In *Horne v. Public Service Alliance of Canada*, 2024 HRTO 1788 (CanLII), the Human Rights Tribunal of Ontario (HRTO) dismissed an application alleging that a job posting stating the successful candidate would be a "qualified woman" constituted discrimination in employment contrary to Ontario's Human Rights Code (HRC). The HRTO agreed with the employer that its Employment Equity Plan (Plan) was a "special program" within the meaning of section 14 of the HRC, which provides that the implementation of a special program "designed to relieve hardship or economic disadvantage or to assist disadvantaged persons or groups to achieve

or attempt to achieve equal opportunity" does not constitute discrimination. The HRTO found the Plan was "designed to alleviate the historic and continuing under-representation of women in the workforce and the conditions of disadvantage in employment experienced by women," and other specified equity-seeking groups.

Federal Court of Appeal Affirms Nuclear Industry Alcohol and Drug Testing Requirements for Those Working in "Safety Critical" Role

Precedential Decision by Judiciary or Regulatory Agency

Authors: Monty Verlint, Partner, and Jaime Zorrilla, Articling Student – Littler LLP

The Federal Court of Appeal has upheld the constitutional validity of mandatory pre-placement and random drug testing for those in safety critical roles at class I nuclear facilities. The decision in *Power Workers' Union v. Canada (Attorney General)*, 2024 FCA 182 (CanLII) found that the government's objective of enhancing layers of risk reduction outweighed the privacy interests of employees. It also recognized that the Canadian Nuclear Safety Commission (CNSC) has the power to implement these testing procedures under Section 8 of the Canadian Charter of Rights and Freedoms.

The court found that the testing requirements were reasonable under Section 8 of the charter (unreasonable search and seizure), approving the following:

- Cutoff levels chosen to indicate recent use and increased likelihood of impairment
- Administrative procedures for challenging positive results
- Recommendations for confirmatory testing
- Nonpunitive focus on safety and treatment

The court also did not find any violations of Sections 7 (life, liberty and security of the person) or 15 (equality rights).

Federal Government Introduces Special Work-Share Measures in Preparation for Tariff War

Important Action by Regulatory Agency

Authors: Monty Verlint, Partner, and Jaime Zorrilla, Articling Student – Littler LLP

Recent changes known as special measures to Canada's Work Sharing program, effective as of March 7, 2025, have relaxed the application requirements for employers experiencing a decline in business activity due to the threat or realization of U.S. tariffs. Work Sharing is a program available through Service Canada and is designed to prevent layoffs by allowing employers and employees to make and submit agreements for approval by Service Canada to reduce employee working hours over a period of time.

Some of the major changes include:

- The maximum duration for these agreements is now 76 weeks, up from 36 weeks.
- The cooling off period requirement between agreements has been removed. In theory, employers can now reapply to have new agreements approved indefinitely.
- Streamlined oversight: Previously, employers had to tell Service Canada what "recovery efforts" they were going to engage in to put themselves in a stronger position going forward. Suggested measures included cost cutting, product development or client incentives. If employers wanted to extend agreements past 26 weeks, they had to follow up on their progress with Service Canada. Now, the focus is just maintaining viability of the business.
- Caps on the maximum work reduction (previously between 10%-60%) are now removed.
- Seasonal and cyclical employers and employees can now form agreements.
- Nonprofits can now apply based on reduced revenue.

Work Sharing special measures (or similar programs) were previously authorized during the COVID-19 pandemic, natural disasters like wildfires, sector specific downturns and the 2008 financial crisis. These changes are an indicator that the program is preparing for the potential impacts of a prolonged tariff war with broad effects to the Canadian economy as a whole.

China

Beijing Arbitration Case Confirms Workplace Bullying as Forced Termination

Precedential Decision by Judiciary or Regulatory Agency

Authors: Xi (Grace) Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

In a recently published Beijing employment dispute arbitration case, an employee working as a Business Department Manager at a medical company refused an unreasonable job reassignment to an auditing role, citing a lack of expertise. In response, the company's legal representative removed the employee's responsibilities as a Business Manager, isolated the employee in a separate office, and ordered the employee to handwrite Buddhist scriptures 100 times. The company also confiscated the employee's work equipment and publicly announced the punitive measure. The arbitration committee ruled that these actions violated the employee's right to proper working conditions in accordance with the labor contract, justifying the employee's forced resignation and awarding statutory severance.

Beijing Case Confirms Employee Termination for Conflict-of-Interest Violations

Precedential Decision by Judiciary or Regulatory Agency

Authors: Xi (Grace) Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

In a recently published Beijing employment dispute arbitration case, a senior executive at an aviation consulting firm faced dismissal for failing to disclose a significant conflict of interest. The executive had co-founded a separate company that later provided services to the consulting firm (i.e., the employer). Despite the clear requirement in the company's compliance policies to disclose any such relationships, the executive did not report this connection in the mandatory compliance declarations.

The situation came to light when email records were reviewed, revealing that the executive referred to the external business partner as their "Shanghai partner." This evidence indicated a close and undisclosed relationship between the executive and the external company, directly violating the firm's policies against conflicts of interest. Given the explicit prohibition of such conflicts in the company's policies and the substantial evidence of nondisclosure, the arbitration committee ruled that the termination of the executive was lawful and justified.

China Releases New Measures on Personal Information Protection Compliance

New Regulation or Official Guidance

Authors: Xi (Grace) Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

On February 14, 2025, China's Cyberspace Administration released the Personal Information Protection Compliance Audit Measures, effective May 1, 2025, to strengthen personal data protection. Personal data handlers will be required to conduct audits "regularly," either internally or through external professional institutions. Companies handling over 10 million individuals' personal data must conduct compliance audits at least once every two years. Authorities can mandate regulatory audits in several circumstances, such as when they detect significant risks, potential violations, or security incidents. Non-compliance with the Measures will lead to under China's Personal Information Protection Law (PIPL) and Network Data Security Regulations.

China Introduces Phased Retirement with Flexible Options

New Regulation or Official Guidance

Authors: Xi (Grace) Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

Starting January 1, 2025, China began to gradually increase the statutory retirement age, raising it from 60 to 63 for men and from 50 or 55 to 55 or 58 for women over the next 15 years. A new flexible retirement system allows employees who meet the minimum pension contribution years to voluntarily retire up to three years early, but not before the original statutory ages of 50 or 55 for female workers, and 60 for male workers. Employees choosing early retirement must provide at least three months' written notice

to their employer. Additionally, employers and employees may mutually agree to delay retirement by up to three years, with written confirmation required at least one month in advance. During the flexible retirement period, the employment relationship between the employer and the employee remains in effect, and both parties must continue to pay social insurance contributions in full and on time.

Colombia

Pension Reform Seeks to Regulate High-Income Contributions

New Order or Decree

Author: María Paula Monroy, Attorney-at-Law – Godoy Córdoba | Littler

On October 3, 2024, Colombia issued Decree 1225 of 2024, which provides guidelines for the transfer of individuals who contribute more than 2.3 times the minimum monthly legal wage (SMMLV). This decree aims to regulate the movement of high-income contributors within the pension system, ensuring their contributions are managed effectively and transparently.

Several challenges remain in implementing these reforms:

- The administration of the Savings Fund of the contributory pillar requires robust management and oversight to maintain contributor confidence.
- The generational funds scheme needs careful planning to align investment strategies with different age groups' risk profiles and retirement timelines.
- Establishing clear investment regimes is essential for optimal fund allocation.
- Developing assurance mechanisms is vital to protect the complementary individual savings component.

Leave for Menstruating Individuals

New Regulation or Official Guidance

Author: María Paula Monroy, Attorney-at-Law – Godoy Córdoba | Littler

A new regulation allows menstruating women in the Administrative Department of Public Function to work virtually from home for three days a month due to menstrual symptoms. The days may be chosen at the employee's discretion and communicated to their immediate supervisor.

List of Occupations for Mandatory Apprentice Hiring, Revised

New Regulation or Official Guidance

Author: María Paula Monroy, Attorney-at-Law – Godoy Córdoba | Littler

The National Apprenticeship Service Authority (SENA) recently issued Agreement 02 of 2025, reducing the list of occupations to be considered for determining the mandatory hiring quota for SENA apprentices in companies.

With this decision, Agreement 09 of 2025 will once again govern this purpose until a new methodological proposal for updating the list of trades and occupations is presented. All of the above, clarifying that the apprenticeship contracts signed under the now nullified Agreement 010 must continue their execution normally.

Croatia

Amendments to Foreigners Act Enhances Employment Flexibility for Foreign Workers

New Legislation Enacted

Authors: Marija Gregoric, Partner, and Matija Skender, Senior Associate – Babic & Partners Law Firm

After nearly a year in the making, Croatian Parliament adopted the much-anticipated Amendments to the Foreigners Act (Amendments) in February 2025. The goal of the Amendments is to create a more efficient and flexible system for employment

of foreign workers, driven by the fast-changing circumstances and requirements of the Croatian labor market. In addition to harmonizing the EU Blue Card provisions, the most notable changes include allowance of work permits for a longer period (now up to three years), provisions regarding the maximum number of foreign workers (as a percentage of total workforce) that an employer may employ, prohibition of discriminatory salary and employment terms, and the requirement for provision of "adequate" accommodation when it is provided by the employer, with specific minimum requirements to be prescribed in a separate regulation.

Amendments to the Maternity and Parental Benefits Act

New Legislation Enacted

Authors: Marija Gregoric, Partner, and Matija Skender, Senior Associate – Babic & Partners Law Firm

Following a rather swift legislative procedure, in February 2025 Croatian Parliament adopted the eagerly awaited Amendments to the Maternity and Parental Benefits Act (Amendments). The primary goal of the Maternity and Parental Benefits Act is to create a supportive environment for families and children with particular emphasis on creating sustainable work-life balance, enhancing the position of mothers in the labor market and encouraging fathers to be more engaged in early stages of child-rearing. The mechanisms used are financial and time-based benefits, aimed at enabling parents to provide adequate care for their children from an early age.

Most notable changes introduced by the Amendments are doubling the one-time financial support for a newborn child to approximately EUR 600; increasing the monthly salary compensation cap during the first part of parental leave for employed and self-employed parents up to approximately EUR 3,000; increasing compensation for unemployed beneficiaries and beneficiaries outside the labor system (unemployed mothers); and increasing benefits for parents of children with disabilities. The Amendments also double the duration of paid paternity leave and second adoptive parent leave to 20 working days (in case of first and second child) or 30 working days (in case of twins, third and any subsequent child).

Amendments to the Labor Market Act

New Legislation Enacted

Authors: Marija Gregoric, Partner, and Matija Skender, Senior Associate – Babic & Partners Law Firm

On January 1, 2025, Amendments to the Labor Market Act (Amendments) came into force. The Labor Market Act most notably regulates the system of unemployment benefits and policy measures aimed at increasing the employment rate.

Among the most notable amendments are a slight increase in unemployment pay in the period between the 91st and 181st day of unemployment, lowering the required prior employment period for unemployment pay from nine months to six months for employees under 30 years of age, and allowing employees to receive unemployment pay when the employer and employee terminated the employment by an agreement shortly after the employee was hired.

Draft Regulation on the Procedure for Delivery, Publication, and Recording Collective Agreements

Proposed Bill or Initiative

Authors: Marija Gregoric, Partner, and Matija Skender, Senior Associate – Babic & Partners Law Firm

In February 2025, the Croatian Ministry of Labor, Pension System, Family, and Social Policy published for public consultation the Draft Regulation on the procedure for delivery, publication, and recording collective agreements (Draft Regulation). Although receiving little to no attention from both the general public and labor law professionals, the Draft Regulation establishes a publicly accessible online registry of collective agreements.

Czech Republic

Supreme Court Decision on Immediate Termination of Employment

Precedential Decision by Judiciary or Regulatory Agency

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

The Supreme Court of the Czech Republic reviewed a case involving a casino manager who falsely reported working 558 hours more than actually worked, resulting in immediate termination by the employer. The employee contended that all assigned tasks

were completed despite absences from the workplace. However, the Supreme Court determined that the employee's manager's actions—concealing absences and falsifying attendance records—breached the trust essential for a managerial position, justifying the employer's decision for immediate termination.

Easier Access to Employment for Citizens of Taiwan

New Regulation or Official Guidance

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Attorney-at-Law – Aegis Law

The Czech government has adopted an amendment to its immigration regulations, expanding the list of countries whose citizens may work in the Czech Republic without requiring a work permit, employee card or other residence permit. As of March 1, 2025, Taiwan was added to this list. Citizens of Taiwan will only need a valid residence permit to work in the Czech Republic.

Proposed Changes for New Protections and Flexibility for Employees

Proposed Bill or Initiative

Author: Tomáš Procházka, Partner and Head of Employment, and Peter Pernis, Senior Associate – Aegis Law

The Flexible Amendment to the Labor Code, which introduces significant changes in employment regulations, has passed its second reading in the Chamber of Deputies. This amendment addresses various aspects such as terminations, probation periods, fixed-term employment, working conditions for parents, and remuneration. One of the most notable changes is the provision allowing termination without cause for nonvulnerable employees, provided they receive severance pay at least twice the standard amount. Nonvulnerable employees, unlike their vulnerable counterparts who often face job insecurity and lack of benefits, typically hold permanent positions with comprehensive benefits and legal protections. Several amendments have been submitted and will be voted on during the third reading.

Other key amendments include banning wage confidentiality clauses, increasing unemployment benefits, allowing salary payments in foreign currency, and abolishing mandatory pre-employment medical examinations for low-risk jobs. If passed, the law is expected to take effect as early as June 1, 2025.

Entry Medical Examinations to Be Abolished for Low Risk Positions

New Legislation Enacted

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

The requirement for entry medical examinations for low risk jobs, such as administrative positions, will be abolished as of June 1, 2025. This measure is intended to reduce the administrative and cost burden on employers.

New Framework for Unemployment Benefits and Retraining

New Legislation Enacted

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

The Czech Chamber of Deputies has approved an amendment to the Employment Act that revises eligibility requirements for unemployment benefits and retraining assistance. The aim is to facilitate the return of job seekers to the labor market and to increase the overall flexibility of the labor market. The amendment is expected to take effect on June 1, 2025.

Denmark

New Law Aims to Ensure Better Gender Balance in Management

New Legislation Enacted

Author: Bo Enevold Uhrenfeldt, Partner – Littler Denmark

On January 1, 2025, a new law on gender balance in management went into effect. The law implements the EU's Gender Equality Directive and requires companies to set measurable targets and processes for achieving gender balance in management of publicly listed companies. The new rules apply to all publicly listed companies unless the company 1) has fewer than 250 employees and 2) does not exceed either an annual revenue of 50 million euros or an annual balance sheet total of 43 million euros in a financial year.

Only companies that meet both criteria will be exempt.

Companies covered by the new law must ensure a balanced gender distribution in management, which is achieved if at least 40% but not more than 49% of management employees are members of the underrepresented gender. Additionally, the law imposes several other obligations on the affected companies, including fines for violations of the rules.

New Law Allows Contractor Stop at Construction Sites and Increased Fine Levels

New Legislation Enacted

Author: Bo Enevold Uhrenfeldt, Partner – Littler Denmark

On March 27, 2025, the Danish Parliament passed a bill to strengthen efforts against social dumping in Danish workplaces. The new law aims to strengthen the Danish Working Environment Authority's enforcement powers and thus serve as an additional incentive for companies on construction sites to prioritize the working environment. The law allows the Danish Working Environment Authority to issue an order to stop all work by contractors and subcontractors at a construction site (a so-called contractor stop). This measure can be applied if several companies repeatedly ignore orders from the authority and/or commit serious violations of occupational health and safety regulations. In addition, the law includes an increase in fines for companies that commit serious occupational health and safety violations.

Advocate General Calls for Annulment of EU Wage Directive

Legal Compliance

Author: Bo Enevold Uhrenfeldt, Partner – Littler Denmark

As mentioned in the previous Global Guide Quarterly, Denmark filed an action with the Court of Justice of the European Union (CJEU) in 2023 to annul the Directive on Adequate Minimum Wages (the Directive) under the provisions of the EU Treaties. On January 14, 2025, the Advocate General of the CJEU issued an opinion asserting that the EU lacks the competence to legislate on wage issues. The Advocate General emphasized that the Directive's aim to regulate "wage conditions" conflicts with EU law, specifically Article 153 of the Treaty on the Functioning of the European Union, which excludes pay-related issues from EU legislative authority. Consequently, the Advocate General concluded that the Directive on Adequate Minimum Wages should be annulled in its entirety because it conflicts with the EU's treaty framework.

The outcome of the case has not yet been decided. It is important to note that the Advocate General's opinion is not binding on the CJEU, but it can significantly impact the final decision. Ultimately, the decision rests with the CJEU.

Egypt

Employee Financial Aid Increased and Contribution Guidelines Updated for 2025

New Order or Decree

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

The Prime Minister issued Decree No. 249 of 2025, which increased the minimum statutory financial aid granted to employees by the Employees Emergency Fund (the Fund) to EGP 1,500 per month, up from the previous minimum of EGP 600 per month. The decree sets the minimum aid at 100% of the basic salary of socially insured employees. One of the Fund's financial resources is a statutory contribution paid by employers with 30 or more employees. This contribution is set at 1% of the basic salaries of socially insured employees and must be paid through a bank check to the Fund during the first half of each calendar month, along with a statement detailing the number of socially insured employees and the total of their basic salaries.

In light of the statutory annual increase in the basic minimum wage under Egyptian Labor Law No. 12 of 2003 (the Labor Law), the Fund has issued a new guideline for calculating the 1% contribution to be deducted from employees' basic salaries. The guideline specifies that for 2025, the employees' basic salary will be calculated by adding the statutory annual increase of 7% to the employees' maximum basic salary for 2024, which is EGP 2,370. Therefore, the employees' basic salary for 2025 is calculated as follows: EGP 2,370 + 7% = EGP 2,535.90, which is then rounded to the nearest 10 pounds, resulting in EGP 2,540. Accordingly, the 1% contribution for 2025 shall be calculated as EGP 2,540 x 1% = EGP 25.4 per employee.

New Minimum Wage and Hourly Pay Standards for Egypt's Private Sector

New Order or Decree

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

In line with recent presidential directives to enhance social justice and improve living standards for Egyptian citizens, the National Wage Council (NWC) met on February 9, 2025, to discuss raising the private sector's minimum wage and setting the statutory annual increase for 2025. Following this meeting, the Ministry of Planning, Economic Development, and International Cooperation issued Decree No. 15 of 2025 on February 26, 2025. The Decree approved raising the private sector's minimum wage to EGP 7,000 from EGP 6,000, effective March 1, 2025. The minimum wage will be calculated based on the employee's total earnings, including both fixed and variable components, as defined by Egyptian Labor Law No. 12 of 2003.

The Decree also set the minimum statutory annual increase for private sector employees at 3% of their social insurance subscription wage, with a minimum of EGP 250 for 2025, up from EGP 200 in 2024. Additionally, for the first time, the Decree introduced a minimum hourly wage for temporary and part-time employees, setting a net base rate of EGP 28 per hour. This aims to ensure fair compensation for those in flexible employment arrangements and prevent potential exploitation by employers. The Decree aligns with the International Labor Organization's guidelines on regular employment wage standards.

Creation of Supreme Council for Social Dialogue in Labor

New Order or Decree

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

Following the Egyptian Cabinet's approval on September 25, 2024, the Prime Minister issued Decree No. 562 of 2025, establishing the Supreme Council for Social Dialogue in Labor (the Council). The Council aims to shape labor policies, foster economic resilience, and ensure a fair and inclusive labor market. It will support sustainable development and protect employees' rights while aligning with national economic initiatives. The Council is divided into three categories: representatives of government ministries, representatives of employers' and employees' organizations, and external experts appointed by the Council's chairman. Women must constitute at least one-third of the members in each category. Members serve four-year terms and meet at least once every three months or as needed. Decisions and recommendations require a majority vote if not made by consensus, and the chairman will submit the Council's decisions to the Prime Minister every three months or as needed.

The Council's financial resources come from three main sources: allocations from the Ministry of Labor's budget, contributions from the Social, Health, and Cultural Services Fund under the Labor Law, and donations, grants, and contributions approved by at least two-thirds of the Council's members. The Council will review and provide expert opinions on labor-related legislation, ensuring alignment with national and international labor standards. It will also analyze legislative and executive gaps in international and Arab labor agreements before ratification. On an international level, the Council will review labor-related topics discussed at global and regional forums, such as the International Labor Organization (ILO), and provide input on government reports concerning international labor agreements, offering expert advice to the Ministry of Labor on relevant issues.

Draft Amendments to Labor Law: Key Changes and Provisions for 2025

Proposed Bill or Initiative

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

In February 2025, the Labor Committee and the Constitutional and Legislative Affairs Committees convened to review and discuss the draft labor law (the Draft) that is expected to replace the current 2003 labor law. Key changes in the latest version include reinstating the entitlement to maternity leave to three times instead of two, increasing the minimum number of female employees required for childcare leave entitlement from 15 to 50, and increasing paternity leave entitlement to three times. Sick leave is limited to a maximum of three months if a competent medical authority determines that an employee must refrain from work due to exposure to a contagious disease. The definition of salary is amended to include any payments received by an employee, and employers must notify the competent administrative authority at least seven days prior to amending internal regulations regarding working hours, weekly rest days, or rest periods. The timeline for approving or rejecting an employee's resignation is reinstated to 10 days, and the costs of organizing labor union elections and activities are removed from the Social Health and Cultural Services Fund.

New provisions in the Draft include the dismissal of all pending disputes regarding the 1% contribution to the Training and Rehabilitation Fund unless the concerned establishment opts to continue the dispute. Employers must ensure equal pay for male and female employees performing work of equal value, and those employing children must provide separate housing accommodations for them. Employers may maintain records in either hard-copy or electronic format, and the classification of informal sector employees is introduced, subjecting them to the same provisions as irregular employees. The legal person is explicitly stipulated to be jointly liable for the payment of any imposed financial penalties and compensation. The Draft aims to align with international labor standards and ensure fair treatment and protection of employees.

Requirements for Interacting with the Social Insurance Authority

Legal Compliance

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

The Social Insurance Authority (the SIA) has announced that it will no longer accept interactions based on a general public power of attorney. Instead, only a specialized power of attorney will be accepted, which clearly outlines the agent's specific authorization to act on behalf of the principal before the SIA. In particular, this requirement applies to submitting and receiving documents and requests. The original power of attorney must be submitted to the SIA, which will provide the agent with a certified copy that may then be used by the agent to conduct any further dealings with other SIA offices. The agent will no longer be entitled to receive any financial entitlements from the SIA on behalf of the principal.

Finland

Parliament Approves Repeal of the Bakery Workers Act

New Legislation Enacted

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

On February 19, 2025, Parliament approved a proposal repealing the last remaining provision of the Bakery Workers Act. The repealed provision had guaranteed all employees in the bakery sector compensation for work performed between 10 p.m. and 6 a.m. Following the change, night work compensation in the bakery sector will be determined through collective agreements in accordance with the generally applicable Working Hours Act, aligning the practice with other sectors. The change went into effect on March 1, 2025.

Supreme Court Rules Accident During a Work-Related Recreational Event Compensable as an Occupational Accident

Precedential Decision by Judiciary or Regulatory Agency

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

The Supreme Court assessed whether an injury during winter games organized by the employer qualified as a work-related injury under the Workers' Compensation Act. The injured employee participated in an event designed to promote community spirit among the entire staff, organized and financially supported by the employer. The employer's involvement included issuing travel orders and ensuring the event was accessible to all employees, regardless of prior sports experience. Although the winter games occurred over the weekend, and per diem payments were not provided, the Court determined these factors did not exclude the event from being classified as work-related. Ultimately, the Supreme Court ruled that the accident was compensable as an occupational accident.

Proposed Changes to Employment Termination Grounds

Proposed Bill or Initiative

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

The government has proposed legislative amendments to lower the threshold for termination based on personal grounds. Currently, the grounds for such termination must be both proper and weighty, and the employer must assess whether termination could be avoided by offering the employee alternative work. Under the proposed amendment, termination would only require a proper

reason, and the employer would no longer need to consider offering alternative work as an option, except in cases where the employee's ability to work has substantially changed, for example due to a long-term illness.

Even with the proposed amendment, the evaluation of termination on personal grounds would remain a comprehensive assessment, focusing primarily on whether it is reasonable to expect the employer to maintain the employment relationship beyond the notice period. The proposed amendments are under consideration until early April 2025, after which the government plans to submit its proposal, with the aim of having the changes take effect on January 1, 2026.

Proposal on Safeguarding Essential Work During Industrial Action

Proposed Bill or Initiative

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

On March 13, 2025, the government submitted a proposal to Parliament on safeguarding essential work during an industrial action. Finnish law currently lacks specific provisions on such work, which generally refers to tasks that must be carried out during an industrial action to prevent threats to life, health, workplace machinery and equipment, property, or the environment. The proposal introduces a duty of care for trade unions, requiring them to limit industrial action or ensure essential work is carried out even during an industrial action. Industrial action that violates this duty could be prohibited by the Labor Court.

France

Assessment of the Benefit in Kind Resulting from a Company Vehicle

New Order or Decree

Author: Guillaume Desmoulin, Partner – Littler France

In France, when an employer provides an employee with a vehicle for private use, this benefit in kind is subject to social security contributions and income tax. Previously, the method for assessing this benefit was outlined in a decree from December 10, 2002. The assessment varied based on whether the vehicle was bought or leased, whether the employer covered fuel costs, and the duration of the vehicle's use. The lump sum was calculated as a percentage of the vehicle's purchase or leasing price.

However, new rules were introduced by a decree on February 25, 2025. These rules significantly modify the valuation of benefits in kind for vehicles and ensure fair taxation and social security contributions.

Court Decision on Internal Investigations

Precedential Decision by Judiciary or Regulatory Agency

Author: Guillaume Desmoulin, Partner – Littler France

On March 5, 2025, the Court of Appeal of Bordeaux issued a decision about internal investigations, holding that an employer who organizes an internal investigation is under no obligation to give the employee access to the file and documents collected during the investigation, confront the employee with the other employees who are presenting the allegation, hear the employee's observations, or interview all employees involved in the case. The employer's only obligation is to have the investigation carried out by neutral and impartial investigators.

Misconduct During a Private Trip Not a Valid Ground for Dismissal

Precedential Decision by Judiciary or Regulatory Agency

Author: Guillaume Desmoulin, Partner – Littler France

On January 22, 2025, the French Supreme Court held that misconduct during personal time outside of the workplace cannot, in principle, justify a disciplinary dismissal unless it constitutes a breach by the employee of an obligation arising from an employment contract. In this matter, an employee engaged in outrageous behavior during a tourist trip. The court ruled that, even if the trip was paid by the company as a reward, the employee was not at work when she committed the acts and the employer did not demonstrate a significant disturbance to the business because of the employee's behavior.

Bill Regarding Employment of Experienced Employees

Proposed Bill or Initiative

Author: Guillaume Desmoulin, Partner – Littler France

A new bill aimed at promoting the employment of experienced employees and evolving labor law has been proposed. It is scheduled to be sent to the Council of State for consultation in May.

The bill includes six key provisions:

- Strengthening social dialogue on the employment and work of experienced employees
- Preparing for the second half of one's career
- Removing obstacles to the recruitment of senior jobseekers
- Facilitating end-of-career arrangements
- Improving the quality of dialogue with employee representatives
- Addressing unemployment insurance

Germany

Federal Labor Court Clarifies Burden of Proof Requirements for Termination Notices

Precedential Decision by Judiciary or Regulatory Agency

Author: Anna Müller-Nielsen, Senior Associate – Littler Germany

For a notice of termination to be effective, it must be received by the employee, and the employer must prove such receipt if the terminated employee claims not to have received it. In its judgment on January 30, 2025, the Federal Labor Court ruled that a delivery receipt and delivery status alone do not constitute sufficient proof of actual receipt. The judges noted that the delivery status does not provide enough assurance of receipt and does not specify to whom the delivery was made: whether personally to the employee, to another person in the household, or by placing it in the employee's letterbox. The case lacked information about the person delivering the mail. Consequently, the Federal Labor Court deemed the notice of termination as not received, meaning the employment relationship did not end.

Using a courier is a legally secure method for delivering a termination notice. The courier must be named and able to prove that the handwritten signed notice was in the delivered envelope. Additionally, the courier must provide details about when, where, and to whom the notice was delivered, such as whether it was placed in a letterbox, handed personally to the employee, or given to another person in the household.

Maximum Length of Probationary Periods for Fixed-Term Contracts

Precedential Decision by Judiciary or Regulatory Agency

Author: Philipp Schulte, Senior Associate – Littler Germany

It's standard practice to agree on a probationary period for the first six months of employment. For fixed-term employment contracts, the probationary period must be proportional to the duration of the fixed term. A Federal Labor Court decision on December 5, 2024 (Ref no. 2 AZR 275/23, published February 23, 2025), clarified the maximum duration of probationary periods in fixed-term employment relationships. In this case, a six-month fixed-term employment contract included a probationary period spanning the entire term of employment. The court ruled this was unenforceable and that the probationary period must be shorter than the total employment term.

The appropriate ratio between the probationary period and the fixed term of an employment contract remains unclear. Legal scholars and commentators suggest that the probationary period should range from 25-50% of the total duration of the fixed-term contract. Employers should consider this when drafting fixed-term employment agreements. Importantly, the employer's right to terminate employment freely during the first six months is not affected by this ruling.

Germany Has Voted – What Will the New Government Bring for the Working World?

Trend/Informational

Author: Dr. Stefanie Reiche, Counsel – Littler Germany

After a failed vote of confidence for Chancellor Olaf Scholz (Social Democrats), Germany elected a new Bundestag (i.e., the federal parliament of Germany) in February 2025 with the following results: Christian Democrats 28.5%, AfD (right wing) 20.8%, Social Democrats 16.4%, Green Party 11.6%, Left Party 8.8%, and others. A coalition between the Christian Democrats and Social Democrats is highly likely.

On March 8, 2025, in the run-up to coalition negotiations, the Christian Democrats and Social Democrats jointly stated, "Our claim is clear: Germany needs stability and a fresh start – for a secure future, for economic strength, and for social equity." Their common goals include a special fund of 500 billion euros for investments in infrastructure and defense, reducing bureaucracy, and advancing digitization. They also aim to:

- Increase the minimum wage to 15 euros/hour (currently 12.82 euros)
- Secure collectively agreed minimum wages by strengthening the Collective Bargaining Compliance Act for public contracts
- Make working hours more flexible to reconcile family and career by defining weekly maximum working hours instead of daily hours
- Introduce tax incentives to encourage part-time employees to expand their working hours, retired employees to continue working, and reward overtime
- Create framework conditions for digitization and AI
- Significantly facilitate qualified immigration by reducing bureaucratic hurdles, digitizing processes, and setting up an agency for highly qualified immigrants

It remains to be seen which of these goals will be prioritized in the ongoing coalition negotiations. We will keep you informed.

Hungary

Constitutional Court: Employer Responsibility for Health-Related Job Inability

Precedential Decision by Judiciary or Regulatory Agency

Author: Zoltán Csernus, Attorney-at-Law – VJT & Partners Law Firm

Under the 2023 Hungarian Labor Code, employees who were unable to perform their job due to health reasons were not entitled to sick pay, and employers were not required to find them an alternative position or pay their salary. However, the Constitutional Court ruled this provision unconstitutional and annulled it, effective February 2025.

Now, employers must either find an alternative job position for employees who cannot perform their job due to health reasons or terminate their employment. If termination is necessary, employers must provide notice pay and severance based on the employee's length of service.

Limited Judicial Review for Redundancy

Precedential Decision by Judiciary or Regulatory Agency

Author: Zoltán Csernus, Attorney-at-Law – VJT & Partners Law Firm

The Hungarian Supreme Court ruled that it is lawful for an employer to terminate an employee for redundancy if the affected employee's job position is not filled with a newly hired employee, and the court cannot review whether the redundancy was reasonable, why the affected employee was chosen, or whether the termination results in cost savings for the employer.

India

Dismissal Does Not Bar Earned Leave Payment

Precedential Decision by Judiciary or Regulatory Agency

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

On March 19, 2025, the Karnataka High Court held that employees who have been dismissed for misconduct are entitled to leave payments in accordance with applicable law. In this case, the employee was dismissed from employment for misconduct and the employer, a bank, refused to pay for accrued leave, citing the bank's service rules.

The court held that an employee has a statutory right to leave and to receive payment for accrued leave upon termination of employment under Article 300A of the Constitution of India. The court emphasized that leave payments are statutory, not discretionary, and cannot be infringed without due process.

Gratuity Forfeiture Allowed for Proven Moral Turpitude Without a Criminal Conviction

Precedential Decision by Judiciary or Regulatory Agency

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

On February 17, 2025, the Supreme Court of India confirmed that forfeiture of a gratuity is permissible when an employee is terminated for misconduct involving moral turpitude, even without a criminal conviction or initiation of criminal proceedings. The employee in this case provided a fraudulent birth certificate in the job application. The employer, a government entity, terminated their employment and forfeited their gratuity on grounds of fraud and moral turpitude.

The Supreme Court held that because the application for employment included a fraudulent act, it was considered misconduct for moral turpitude. For purposes of forfeiture of gratuity under section 4(6)(b)(ii) of the Payment Gratuity Act, 1972, criminal conviction is not mandatory if the misconduct includes moral turpitude established by the employer's internal disciplinary process. As a result of this judgment, the Supreme Court overruled its earlier judgment on the same topic (CG Ajay Babu (2018) 9 SCC 529).

Supreme Court Clarifies that an Investigative Report Must be Shared with the Complainant

Precedential Decision by Judiciary or Regulatory Agency

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

The complainant in *Ms. X v. Union of India* (Writ Petition (criminal) no (s). 284/2020), was a woman constable of the Border Security Force (BSF) who alleged sexual harassment by an officer. The BSF initially investigated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and discharged the accused. A subsequent inquiry under the Border Security Force Act, 1968, led to punishment for the accused, including imprisonment and forfeiture of service. Dissatisfied with the outcome, the complainant appealed to Supreme Court claiming that the punishment should have been imposed under the POSH Act and that the investigative report was not shared with her as required under section 13(1) of the POSH Act.

The Supreme Court held that the complainant was indisputably a "concerned party" under section 13(1) of the POSH Act and therefore was entitled to a copy of the investigative report. The court clarified that providing the investigative report to a complainant is not a mere procedural formality but crucial to upholding fairness and justice in sexual harassment matters, and that withholding an investigative report breaches the complainant's statutory right and the principles of natural justice. As a result of the violation of section 13 of the POSH Act, the court also awarded INR 25,000 in compensation to the complainant.

Nonarbitrability of Wage and Termination Disputes

Precedential Decision by Judiciary or Regulatory Agency

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

In *Dushyant Janbandhu v. M/S Hyundai Autoever India Private Limited* (CA No. 14299/2024, dated December 11, 2024), the Supreme Court held that disputes relating to payment of wages under the Payment of Wages Act 1936 and those related to termination under the Industrial Disputes Act 1947, are not arbitrable under the Arbitration and Conciliation Act, 1996.

Bengaluru Tech Sector Employees Protest Against Certain Work Practices

Trend/Informational

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

On March 16, 2025, over 100 technology and outsourcing services professionals gathered outside the state labor commissioner's office in Bengaluru to protest against excessive working hours, unpaid overtime, and the lack of legal protections in the industry. The protest, organized by the Karnataka State IT/ITeS Employees Union, was a response to recent remarks from industry leaders advocating for longer working hours, which workers condemned as exploitative.

The employees argued that excessive work hours without overtime pay violated the maximum work hours stipulated under the Karnataka Shops and Commercial Establishments Act 1961. They also claimed that the exemption of technology and outsourcing services from certain labor laws allowed these violations to go unchecked. Additional concerns raised included job terminations, non-payment of severance due to role redundancies, and the lack of safeguards against unfair labor practices.

Indonesia

New Regulation Expands Work Accident Protections and Tightens Reporting Deadlines

New Regulation or Official Guidance

Author: Dicky Tanjung, Senior Associate – SSEK Law Firm

Minister of Manpower Regulation No. 1 of 2025, which amends MoM Regulation No. 5 of 2021, introduces key updates to the Work Accident Security Program, Death Security Program, and Old Age Security Program. Notably, it expands the definition of work accidents to include acts of physical violence and sexual assault occurring in the workplace or during employment.

Additionally, the Regulation requires employers to report work accidents and occupational illnesses involving employees, including non-civil servant state employees, to the Regional Manpower Office and BPJS Employment within 48 hours of the incident or diagnosis. Failure to meet this deadline requires the employer to cover benefits directly, though they may later seek reimbursement from BPJS Employment.

Indonesia Introduces Employment Information System

Important Action by Regulatory Agency

Author: Dicky Tanjung, Senior Associate – SSEK Law Firm

Indonesia's Employment Information System and Services Application (SIAPkerja) is the newly designated official platform for employment-related services under Minister of Manpower Regulation No. 17 of 2024. It provides access to 25 services across five key categories: vocational training and productivity, job opportunities and placements, social security and industrial relations, manpower inspections and occupational health and safety, and general employment services.

SIAPkerja is available to job seekers, employers, training institutions, the government, and other stakeholders, who must first register with their Citizenship Identification Number (NIK) and other personal data.

Ireland

National Minimum Wage Increase

New Order or Decree

Authors: Lisa Collins, Associate, and Niall Pelly, Partner – Littler Ireland

The national minimum wage has increased from EUR 12.70 to EUR 13.50 per hour effective January 1, 2025.

Gender Pay Reporting Portal

New Regulation or Official Guidance

Authors: Lisa Collins, Associate, and Niall Pelly, Partner – Littler Ireland

The Minister for Children, Disability and Equality announced that a new gender pay reporting portal will be launched in Autumn 2025. Once launched, companies will be required to publish gender pay gap reports and statistics on the portal. Updated regulations are forecast to be published in May 2025, which will set the reporting threshold at organizations with 50 or more employees. These regulations are also intended to push back the reporting deadline for 2025 from December to November, giving organizations five months from the chosen snapshot date in June to submit the reports.

Updates to the Code of Practice on Determining Employment Status

New Regulation or Official Guidance

Authors: Lisa Collins, Associate, and Niall Pelly, Partner – Littler Ireland

Following the 2023 judgement of the Supreme Court in *The Revenue Commissioners v. Karshan (midlands) Ltd/ T/A Donimo's Pizza* [2023] IESC 24, the Government reviewed and updated the "Code of Practice on Determining Employment Status" (the Code). This update was carried out by an interdepartmental group comprised of the Department of Social Protection, the Office of the Revenue Commissioners, and the Workplace Relations Commission.

The Code clarified the criteria for determining employment status (i.e., whether workers are employees or independent contractors) from a tax perspective, in relation to social insurance contributions and employment rights protections.

EU Artificial Intelligence Act - First Provisions Come into Force

Legal Compliance

Authors: Lisa Collins, Associate, and Niall Pelly, Partner – Littler Ireland

In 2024, the European Parliament approved the EU AI Act, which became the world's first comprehensive set of rules for artificial intelligence. This Act went into effect in August 2024, with the majority of its provisions applicable effective August 2026. This Regulation will be applicable and binding on all EU member states without the need for additional domestic legislation.

The Act sets out a list of prohibited AI practices which pose an "unacceptable risk" to individual safety, or systems that are intrusive or discriminatory. This ban went into effect on February 2, 2025. Employers should carefully consider whether their systems employ any of the prohibited uses of AI as part of their recruitment or employment practices, and if so, ensure that these practices are not continued after February 2.

The Act will have extra-territorial scope, and international companies that are not EU-based may still find themselves subject to the Act.

Israel

Sales Commissions Must Be Included in Calculating Overtime Pay

Precedential Decision by Judiciary or Regulatory Agency

Author: Michal Feinberg-Doron, Partner – N. Feinberg & Co.

In a class action lawsuit filed by sales employees of a fashion retail chain, the Regional Labor Court in Tel Aviv ruled that sales commissions must be included as part of an employee's base salary when calculating overtime pay. The court referenced a previous decision by the National Labor Court, which dealt with a similar issue involving insurance company employees whose wages included a minimum hourly rate plus sales commissions. The National Labor Court had not established a strict rule for including commissions in the base salary for overtime calculations, stating that each case should be examined based on its specific circumstances. In this case, the Regional Labor Court analyzed the tiered sales commission model and rejected the employer's argument that commissions, being contingent on sales conditions or targets, should not be included in the base salary. The court concluded that the exclusion of commissions from the base salary in a tiered structure was unjustified, even if small sales did not qualify for commissions.

Regarding the method of calculating commissions for overtime pay, the court held that the total commissions paid in a given month must be divided by the total hours worked that month, including both regular and overtime hours. This result is then added to the value of a regular working hour and multiplied by the applicable overtime rate (25% or 50%). The court's rationale was to ensure that the provisions of the Hours of Work and Rest Law are applied to sales commissions in a manner that fits the specific circumstances of each case, thereby ensuring fair compensation for employees.

Medical Examination of Employee If Employer Suspects Validity of Sick Leave Certificate

Precedential Decision by Judiciary or Regulatory Agency

Author: Michal Feinberg-Doron, Partner – N. Feinberg & Co.

In a recent ruling, the Labor Court determined that, under certain circumstances, an employer may be entitled to require an employee to undergo a medical examination by a doctor of the employer's choosing, even if the sick leave certificate was issued by a public healthcare provider (PHP). In this case, the employee submitted a sick leave certificate from a PHP immediately after being summoned to a hearing prior to termination. The employer suspected that the employee was working simultaneously for a competing business.

The court noted that it is relatively easy to obtain a sick leave certificate from a PHP without actually visiting a doctor, often through healthcare apps. As a result, the distinction between a medical certificate issued by a PHP and one issued by a private or other physician is now considered artificial and no longer valid. The court also considered the timing and circumstances of the employer's request for the employee to undergo a medical examination.

Ultimately, the court ruled that, given the specific circumstances—where the employee prevented the employer from verifying its claims, thereby forcing the employer to extend the employment contract while continuing to pay for sick leave—the employer had the right to require the employee to undergo a medical examination by a doctor of their choosing.

Italy

Flexibility for Fixed-Term Contracts

New Legislation Enacted

Authors: Carlo Majer, Partner, and Alessandra Pisati, Associate – Littler Italy

The Decree-Law no. 202 of December 27, 2024 (commonly known as the Milleproroghe Decree) was converted into Law No. 15 on February 21, 2025. This decree has extended the validity of a specific provision in Article 19, Paragraph 1 b) of the TU on employment agreements (Legislative Decree no. 81/2015) by one year, until December 31, 2025.

Under this provision, fixed-term contracts can be extended or renewed for more than 12 months, up to a maximum of 24 months, provided there is no objection under a collective bargaining agreement. This extension or renewal must be agreed upon by both parties and justified by technical, organizational, or production needs. This measure aims to provide flexibility in employment arrangements while ensuring that such extensions are based on legitimate business requirements.

Remote Work as a Reasonable Accommodation for Employees with a Disability

Precedential Decision by Judiciary or Regulatory Agency

Authors: Carlo Majer, Partner, and Giorgia Imperatori, Senior Associate – Littler Italy

The Supreme Court ruling No. 605 of January 10, 2025, established that employees with a disability have the right to perform their duties remotely, even when company agreements on remote working do not specifically include their roles, as long as this arrangement does not impose disproportionate financial burdens on the employer for necessary tools or training. This decision recognizes remote working as a "reasonable accommodation" to ensure equal working conditions for disabled employees, in line with anti-discrimination principles outlined in EU and UN conventions.

New NCBA Agreement Enhances Benefits and Protections for Temporary Employment Agency Workers

New Regulation or Official Guidance

Authors: Carlo Majer, Partner, and Debhora Scarano, Associate – Littler Italy

On February 3, 2025, the agreement for the renewal of the National Collective Bargaining Agreement (NCBA) for Temporary Employment Agencies was signed. Among the most notable changes are:

- Increase in Availability Allowance: Employees hired under a permanent employment contract who are not working at user companies or undergoing redeployment procedures (as per Articles 25 and 25-ter of the NCBA) will now receive an availability allowance of EUR 1,000 per month, up from the previous EUR 800.
- Probation Period Adjustments: The minimum probation period for assignments lasting up to six months has been increased to two days (previously one day). For contracts lasting less than 3 days, only 1 day of probation may be applied.

Additionally, the agreement addresses the duration of staff leasing contracts to ensure clarity and fairness:

- Maximum Duration of Staff Leasing Contracts: The maximum duration of staff leasing contracts is determined by the NCBA applied by the user company. If no such regulation exists, the maximum duration for consecutive contracts is limited to 24 months.

Kingdom of Saudi Arabia

Key Changes in Compliance, Employee Rights and Contracts, Under Amendment to KSA Ministerial Decision No. 70273/1440

New Legislation Enacted

Authors: Sara Khoja, Partner and Head of Employment, and Sarit Thomas, Knowledge Management Counsel – Clyde & Co.

The Ministry of Human Resources and Social Development (MHRSD) has published updated Implementing Regulations consistent with recent amendments to the KSA Labor Law. These updates provide clarity on compliance, employee rights, and contract requirements.

- Compliance & Record-Keeping:
  - Internal policies must align with workplace regulations
  - Companies must update their national address within 10 days
  - Employers must retain training records for Saudi employees
- Employee Rights & Benefits:
  - Employers cannot retain employee documents
  - Employers must cover study fees or grant separate study leave
  - Flexible working arrangements are now regulated for Saudis
  - The probation period can be segmented for a maximum of 180 days
  - Foundation Day is a public holiday
  - Additional sick leave is granted for dialysis patients
  - A housing allowance applies to private/nonprofit sectors
  - Overtime must be paid within 60 days if not taken

- Employment Contracts & Working Conditions:
  - All contracts must be electronic and specify salary payment dates
  - Qiwa (an on-line portal) contracts must include execution and start dates, allow backdating, and regulate commission-based pay
  - Fixed-term contracts can auto-renew, and employers must clarify benefits (cash/in-kind) and cover business expenses
- Enforcement & Legal Compliance:
  - Employees can seek unpaid salaries via enforcement courts
  - Official notices must be issued through Qiwa, and conflicting contract terms are void
  - The Gregorian calendar is now the standard for employment matters
  - Contract modifications must be processed via MHRSD

National Policy for the Elimination of Forced Labor

New Regulation or Official Guidance

Authors: Sara Khoja, Partner and Head of Employment, and Sarit Thomas, Knowledge Management Counsel – Clyde & Co

Saudi Arabia has introduced the National Policy for the Elimination of Forced Labor to strengthen protections against forced labor and human trafficking. The policy builds on existing legislation, including the Labor Law, Anti-Trafficking in Persons Law, and Child Protection Law, to prohibit coercion, wage withholding, and exploitation. It establishes clear regulations requiring employers to treat workers fairly and ensures protections extend to all employees, including domestic workers. The policy also includes awareness initiatives to educate employers and employees on their rights and responsibilities. To support enforcement, it introduces stricter penalties for violations and mechanisms for monitoring compliance. Additionally, provisions are in place to assist victims with legal, medical, and psychological support. This policy formalizes Saudi Arabia's efforts to enhance labor protections and prevent forced labor.

Malaysia

Court May Consider Company's Reasonableness in a Constructive Dismissal Claim if it is a Contractual Term

Precedential Decision by Judiciary or Regulatory Agency

Author: Adryenne Lim Sue Yee, Associate – Skrine

In *Saharunzaman bin Barun v. Perodua Sales Sdn Bhd & Anor* [2025] 2 MLRA 184, the Court of Appeal reaffirmed that the appropriate test for constructive dismissal is the "contract test," which examines whether an employer's actions breached a fundamental term of the employment contract. However, where an express clause imposes a requirement of "reasonableness," the court must give it effect. In this case, a company's business was acquired at two locations and affected employees were offered fixed-term contracts without recognition of prior service. When they declined, the company transferred them to a branch significantly farther from their original workplace. The employees refused and claimed unjust dismissal.

The Industrial Court ruled in their favor, but the High Court overturned the decision. On appeal, the Court of Appeal considered whether the transfer constituted constructive dismissal, specifically assessing the reasonableness of the transfer decision, as the transfer clause in the contract explicitly required it to be reasonable.

High Court Held Immunity Claim Insufficient to Strike Out an Unjust Dismissal Claim

Precedential Decision by Judiciary or Regulatory Agency

Author: Adryenne Lim Sue Yee, Associate – Skrine

In *Alliance For Financial Inclusion (AFI) v. Nazira bt Nasir* [2025] MLJU 373, the High Court held that an unjust dismissal claim against an international organization could not be dismissed solely on the basis of immunity. The appellant argued that the Industrial Court lacked jurisdiction to hear the case due to its status as an international organization with immunity from legal proceedings. It applied to strike the claim under Section 29(fa) of the Industrial Relations Act 1967, but the Industrial Court dismissed the application.

On appeal, the High Court upheld the decision, finding that immunity is not absolute and must be assessed based on treaties, the employment contract, and the specific circumstances of the case. Since there were triable issues, the court held that the question of jurisdiction could not be determined summarily and instead, it must be fully examined by the Industrial Court.

Mexico

Increase to the UMA Value Announced for 2025

New Order or Decree

Authors: David Leal, Shareholder, and Alondra Valdez, Associate – Littler

On January 10, 2025, Mexico's National Institute of Statistics and Geography (INEGI by its acronym in Spanish) published the new values for the Unit of Measurement and Update (*Unidad de Medida y Actualización* or UMA) to take effect on February 1, 2025. The UMA is an economic reference used as a basis for calculating payments, obligations, or fines owed to the government, whether under federal or local law. Its updated value is published annually.

The values of the UMA for 2025 will be as follows:

- Daily - $113.14 MXN
- Monthly – $3,439.46 MXN
- Annual - $41,273.52 MXN

Please review our article for additional details.

Nigeria

National Industrial Court's Exercise of Jurisdiction in Domestic Employment Disputes

Precedential Decision by Judiciary or Regulatory Agency

Authors: Ugonna Ogbuagu, Partner, and Adejumoke Ademola, Associate – AELEX

On February 11, 2025, the National Industrial Court of Nigeria (NICN) reaffirmed its jurisdiction over all categories of workers, including domestic workers, in the case of *S.J. Abed General Enterprises Ltd v. Mrs. Patience Friday Emmanson* (NICN/PHC/22/2019). The dispute arose when an individual employed as a domestic worker by a company director claimed unfair treatment and alleged she was an employee of the company, not the director personally. The company sought an injunction and a restraining order to prevent the defendant from using law enforcement agencies to harass its staff, asserting no employment relationship with her.

The NICN acknowledged the principle of a triangular employment relationship, where a worker may be formally employed by one entity but effectively controlled by another. However, it found that the defendant failed to provide evidence of control by the company, confirming her engagement was a private arrangement with the director. To prevent further disruptions, the court issued a perpetual injunction against the defendant and awarded NGN 2,000,000 in general and exemplary damages, along with NGN 1,000,000 in legal costs. This decision highlights the NICN's jurisdiction over domestic workers and may pave the way for clearer guidelines on their rights and limitations in Nigeria.

National Pension Commission Reforms Approval Process for Retirement Benefits

New Regulation or Official Guidance

Authors: Ugonna Ogbuagu, Partner, and Adejumoke Ademola, Associate – AELEX

The National Pension Commission (PenCom) issued a directive on March 12, 2025, reforming the approval and payment process for retirement benefits under the Contributory Pension Scheme (CPS). Previously, under Section 55 (f) and (g) of the Pension Reform Act (PRA) 2014, Pension Fund Administrators (PFAs) were required to submit all retirement benefit applications to PenCom for approval before processing payments for holders of Retirement Savings Accounts (RSAs). Pension Fund Custodians (PFCs) could only credit beneficiaries' accounts after receiving approval from the PenCom.

Effective from June 1, 2025, the new directive removes this approval requirement, allowing PFAs to independently process and approve retirement benefits, including programmed withdrawals, annuities, voluntary contributions, and other entitlements. Under the new framework, PFCs must also disburse payments within 24 hours of receiving instructions from PFAs. Although PFAs must still seek approval from PenCom for cases involving depleted RSAs and death benefits, employers and RSA holders must align with this revised process to ensure compliance with the updated pension administration framework.

Norway

The Court of Appeal Limits Employer's Right to Dismiss Employees Due to Long-term Illness

Precedential Decision by Judiciary or Regulatory Agency

Author: Nina Elisabeth Thjøme, Partner – Littler Norway

In a recent decision by the Court of Appeal, LF-2024-154530, a dismissal based on the employee's inability to fulfill their employment contract due to long-term illness was deemed unlawful. The court found that the employee would not be able to resume work within a reasonable period, and that the employer had fulfilled their obligations to provide reasonable accommodations. Nevertheless, the court concluded, after balancing the interests of the employer and the employee, it was unreasonable to terminate the employment relationship. The Court of Appeal gave considerable weight to the fact that, due to the employee's age (57 years) and qualifications, it might be difficult for the employee to find new employment.

Proposed Amendments to Clarify the Requirements Regarding the Psychosocial Working Environment

Proposed Bill or Initiative

Author: Nina Elisabeth Thjøme, Partner – Littler Norway

The Norwegian Labor Inspection Authority has proposed amendments to the Working Environment Act regarding the requirements for the psychosocial working environment. The purpose of the proposals is to underline and clarify the regulations on employers' obligations regarding the psychosocial work environment, ensuring they contribute more effectively to good workplace practices and compliance with regulatory requirements in this area.

Peru

Approval of the new Single Text of Administrative Procedures for the Ministry of Labor

New Order or Decree

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

On February 28, 2025, Supreme Decree 002-2025-TR was published, approving the Single Text of Administrative Procedures for the Ministry of Labor and Promotion of Employment. This document consolidates all procedures available by the Ministry of Labor into one document, replacing the previous Single Text of Administrative Procedures. It reduces the number of procedures from 67 to 43 and adds some procedures such as the registration and cancellation of registration at the National Registry of Civil Construction Employees. The aim of this new consolidation is to expedite administrative procedures.

Immediate Health Benefits for Pregnant Women under EsSalud

New Order or Decree

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

Supreme Decree 001-2025-TR, published on January 14, 2025, modifies the Regulation of the Law for the Modernization of Social Security in Health, approved by Supreme Decree 009-97-SA. The decree provides that pregnant women affiliated with the National Social Security system (EsSalud) will have immediate access to health benefits from the moment of their affiliation.

Enhanced Pension Benefits for Fishing Workers

New Order or Decree

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

Supreme Decree 024-2025-EF, published on February 25, 2025, amends the Regulation of Law 30003, which governs the Special Pension Regime for Fishing Workers, originally approved by Supreme Decree 007-2014-EF. The Decree stipulates that insurance coverage for disability, survivor, and burial expenses for fishing workers will be calculated based on contributions made within a specified period. Additionally, fishing workers will qualify for a pension after completing at least 25 years of work in the fishing industry and 375 weeks of contributions to their pension funds, with the Minimum Living Wage at the time of contributions serving as the basis for calculations.

Philippines

New Rules and Regulations on Employment of Foreign Nationals

New Regulation or Official Guidance

Authors: Emerico O. de Guzman, Of Counsel, and Franchesca Abigail C. Gesmundo, Senior Associate – Angara Abello Concepcion Regala and Cruz Law Office

On January 21, 2025, the Department of Labor and Employment (DOLE) issued new rules and regulations regarding the employment of foreign nationals in the Philippines, which took effect on February 9, 2025. Key provisions include:

- Exempting corporate officers from the requirement to publish the labor market test
- Requiring DOLE to conduct an economic needs test to assess the impact of employing foreign nationals in specific sectors
- Consolidating and updating procedural rules for applying for an Alien Employment Permit (AEP), including exemptions and exclusions

Violations of these regulations will result in a fine of PHP 10,000.00 for both the foreign national and the employer per infraction. Additionally, the foreign national may be barred from applying for an AEP for a period of five to 10 years, depending on the severity of the violation.

Revised Rules on Mediation Prior to Labor Litigation

New Regulation or Official Guidance

Authors: Emerico O. de Guzman, Of Counsel, and Franchesca Abigail C. Gesmundo, Senior Associate – Angara Abello Concepcion Regala and Cruz Law Office

The Single-Entry Approach (SENA) is an administrative proceeding implemented by the Department of Labor and Employment (DOLE) to provide an accessible, speedy, impartial, and inexpensive method for settling various labor and employment issues through conciliation and mediation. Effective March 2, 2025, DOLE issued a new set of rules governing SENA proceedings. Key updates include:

- A revised list of subject matters excluded from SENA proceedings
- Provisions allowing employers to initiate mediation proceedings
- The option to file requests for assistance online

Portugal

Ruling on Collective Dismissals: Loss of a Single Client Justifies Redundancies

Precedential Decision by Judiciary or Regulatory Agency

Authors: David Carvalho Martins, Partner and Head of Employment, and Ana Isabel Figueiredo, Associate – Littler Portugal

The Supreme Court of Justice (STJ) has issued a significant ruling regarding collective dismissals, stating that the loss of a single client is sufficient to justify redundancies. Given that redundancy procedures typically require strong economic, structural, or technological justifications, this new decision is crucial for companies undergoing restructuring. This ruling could mark a pivotal moment in the evolution of labor law restructuring standards.

Fines on Technology Companies for Non-poaching Agreements

Important Action by Regulatory Agency

Authors: David Carvalho Martins, Partner and Head of Employment, and Ana Isabel Figueiredo, Associate – Littler Portugal

The Portuguese Competition Authority (AdC) recently imposed a fine of three million euros on three technology companies for engaging in nonpoaching agreements concerning their employees. According to the AdC, such agreements can restrict employees' opportunities and freedom of movement, leading to limited salary offers and lack of career progression. However, this decision is still subject to judicial review, which may consider important company interests such as trade secret protection, intellectual property safeguards, and other commercial values. Therefore, these types of agreements can still be justified and grounded on legitimate legal interests.

Initiative to Address Gender Pay Gap: Company Compliance Required

Important Action by Regulatory Agency

Authors: David Carvalho Martins, Partner and Head of Employment, and Ana Isabel Figueiredo, Associate – Littler Portugal

In February, the Labour Inspection (ACT) notified approximately 4,000 companies to submit a plan for evaluating wage disparities within 125 days of notification. This initiative aims to assess job positions to reduce the pay gap between women and men in companies.

The Commission for Equality in Labour and Employment (CITE) has developed a voluntary support guide containing important guidelines to ensure compliance with equality standards, including procedures, techniques, and other suggestions.

Drafting such a plan is crucial, as administrative fines may apply. These fines can vary depending on company turnover, the level of guilt, or even the repetition of the offense.

Puerto Rico

Puerto Rico Supreme Court Clarifies National Origin Discrimination

Precedential Decision by Judiciary or Regulatory Agency

Authors: Anabel Rodríguez-Alonso, Capital Member, and Jeylimar Fuentes-Rivera, Associate – Schuster LLC Littler

In *Jiménez Soto v. Carolina Catering Corp.,* 2025 TSPR 3, the Supreme Court of Puerto Rico ruled that "national origin" discrimination under Act 100 of June 30, 1959, as amended, does not include discrimination based on an employee's citizenship or immigration status. The case involved a Dominican Republic citizen with U.S. permanent residency who was terminated due to an expired green card. The plaintiff claimed the termination was based on national origin, while the employer argued it was due to security regulations requiring valid documentation. The Court defined national origin as the place of birth or ancestry, excluding immigration or citizenship status.

The employer's action was deemed a lawful employment decision related to immigration status, not national origin. The Court also applied the "same actor inference" doctrine, which suggests that when the same individual hires and fires an employee, discriminatory intent is less likely.

Puerto Rico Department of the Treasury Announces 2025 Limits for Qualified Retirement Plans

New Regulation or Official Guidance

Author: Lourdes C. Hernández-Venegas, Capital Member – Schuster LLC | Littler

On January 23, 2025, the Puerto Rico Department of the Treasury issued Internal Revenue Circular Letter No. 24-01 (CL IR 24-01), announcing the applicable 2024 limits for Puerto Rico qualified retirement plans. According to Section 1081.01(h) of the Puerto Rico Internal Revenue Code of 2011, as amended (PR Code), the Secretary of the Treasury must publish the applicable limits under Section 401(a) of the Internal Revenue Code of 1986, as amended (US Code), which are incorporated by reference into the PR Code limits (e.g., annual compensation, annual benefit/contribution limits), once the IRS publishes its retirement plan limits under the US Code.

Employers in Puerto Rico should be aware of these developments and consult knowledgeable counsel with any questions.

Romania

New Employer Obligations for Combating Workplace Harassment

New Legislation Enacted

Author: Corina Radu, Partner – SCA Magda Volonciu & Associates

The Government Decision No. 27 of January 31, 2025, on amending and supplementing the methodology for preventing and combating gender-based harassment and moral harassment at the workplace introduces new obligations for employers, as follows:

- Internal Procedures: Employers are required to draw up an internal procedure regarding promotions, including the occupation of decision-making positions on the boards of directors and supervisory boards of private companies.
- Anonymous Complaints: Employers must register and resolve anonymous complaints. The new regulation mandates the receipt and analysis of anonymous complaints, provided they contain sufficient information regarding the facts complained about. Employers will need to review their internal policies and procedures to implement appropriate channels for collecting and analyzing such complaints while maintaining anonymity.
- Support and Prevention: Employers are obligated to implement procedures that include methods of verification and support for victims of harassment, as well as prevention mechanisms that consist of specialized counseling and guidance for individuals who report acts of gender-based or moral harassment at work.
- Awareness and Training: Employers must adopt measures to raise awareness and provide access to administrative protection procedures for victims. Additionally, they are required to organize annual training courses for all employees.

New Obligations for Employers of Persons with Disabilities

New Order or Decree

Author: Corina Radu, Partner – SCA Magda Volonciu & Associates

The Joint Order of the National Authority for the Protection of the Rights of Persons with Disabilities (ANPDPD) and the National Agency for Employment, issued on January 28, 2025, establishes new rights for people with disabilities and new obligations for employers with at least 50 employees:

- Employers must communicate vacancies to at least three nongovernmental organizations (NGOs) that provide specialized services for persons with disabilities and are registered with the National NGO Register. They must also request these NGOs' support in informing people with disabilities about employment opportunities.
- Employers are required to provide proof of submission of the application for support from at least three NGOs to the National Authority for the Protection of the Rights of Persons with Disabilities and the county Agency for Employment.

- Employers must report annually to the ANPDPD and the county employment agencies by January 31st for the previous year. This report should include a centralized employment situation of persons with disabilities and an inventory of the professional skills required for employment.
- According to current legal provisions, employers with at least 50 employees must ensure that at least 4% of their workforce consists of persons with disabilities.

Establishing and Updating Minimum Wage: New Procedures and Amendments to Labor Code

New Regulation or Official Guidance

Author: Corina Radu, Partner – SCA Magda Volonciu & Associates

On February 6, 2025, G.D. no. 35/2025 came into effect, outlining the procedure for establishing and updating the guaranteed minimum gross basic salary per country. This procedure includes a calculation formula and criteria for determining and updating the minimum wage. In November 2024, Law no. 283/2024 significantly amended the Labor Code to incorporate Directive (EU) 2022/2041 on adequate minimum wages in the European Union. The gross minimum basic salary level will be established and updated based on the procedure approved by the Government Decision, proposed by the Ministry of Labour, Family, Youth and Social Solidarity, and consulted with the Tripartite National Council for Social Dialogue.

The Ministry of Labour is tasked with establishing, implementing, monitoring, and evaluating the mechanism for updating the minimum gross basic salary. An Annual Report, prepared by a specialized research institution, will propose an updated minimum wage value, considering 47%-52% of the median wage. The adequacy of the minimum wage will be assessed using various indicators, including poverty rates, wage inequality, employment rates by age and gender, and industry sector turnover. This report will be presented to the National Tripartite Council for Social Dialogue for consultations every October, with the final decision on the new minimum wage level adopted by Government Decision in November, effective from January 1st of the following year.

Singapore

Workplace Fairness Bill Passes in Singapore

New Legislation Enacted

Author: Trent Sutton, Shareholder – Littler

On January 8, 2025, Singapore passed the Workplace Fairness Bill, which is the first statute to directly prohibit adverse employment decisions based on identified protected categories. It complements the existing Tripartite Guidelines on Fair Employment Practices. Among other things, the new law prohibits discrimination in employment based on age, nationality, sex marital status, pregnancy status, caregiving responsibilities, race, religion, language, disability, and mental health conditions. It further requires employers to have grievance handling processes to promote resolution of workplace issues. The law is likely to come into effect in 2026 or 2027.

New Benefits and Protections for Platform Workers Effective January 1, 2025

New Legislation Enacted

Author: Trent Sutton, Shareholder – Littler

Effective January 1, 2025, platform workers will be entitled to several new benefits and protections:

- Housing and Retirement: Contributions to the Central Provident Fund will support housing and retirement needs.
- Injury Compensation: Platform workers will receive financial compensation if they are injured while working.
- Legal Representation: A legal framework will be established to ensure their representation.

Under the new act, platform operators must notify the Ministry of Manpower (MOM) of their status via an online form available on the MOM website. The MOM has also provided a self-assessment checklist to help entities determine if they qualify as platform operators.

Additionally, platform operators are required to provide Work Injury Compensation (WIC) insurance for their workers, matching the coverage level provided to employees under the Work Injury Compensation Act. Injured platform workers can notify their platform operators of any injuries to initiate a WIC claim.

South Africa

New National Minimum Wage

New Order or Decree

Author: Tracy van der Colff, Partner and Head of Employment – OWP Partners

On February 4, 2025, the Minister of Employment and Labour issued a notice in the government gazette updating the national minimum wage, with effect from March 1, 2025.

The new national minimum wage is ZAR28,79 per hour.

New Basic Conditions of Employment Act Earnings Threshold

New Order or Decree

Author: Tracy van der Colff, Partner and Head of Employment – OWP Partners

On March 5, 2025, the Minister of Employment and Labour announced in the government gazette that the Basic Conditions of Employment Act (BCEA) earnings threshold will increase to ZAR 261,748.45 per annum, effective April 1, 2025.

Employees earning below this threshold will be entitled to additional employment law protections, including regulations on working hours, overtime pay, payment for public holiday work, averaging of work hours, meal intervals, daily rest periods, pay for work on Sundays, night work allowances, and transportation. Additionally, these employees will receive further protections under the Labour Relations Act, such as provisions for fixed-term employees and agency workers.

Draft Revised Code of Good Practice on Dismissal

New Regulation or Official Guidance

Author: Tracy van der Colff, Partner and Head of Employment – OWP Partners

On January 22, 2025, the Minister of Employment and Labour published the draft revised Code of Good Practice on Dismissal and invited public comment for a period of 60 days. This Draft Code provides guidance on the application of legal obligations under the Labour Relations Act concerning terminations for both employers and employees.

The proposed amendments aim to introduce more flexible and less formal termination procedures. Key changes include:

- Increased flexibility for small employers in pre-dismissal procedures
- Clarification that a formal disciplinary process is not required for all cases of misconduct
- Confirmation that while consistency is a factor in assessing the fairness of a dismissal, inconsistency does not automatically render a dismissal unfair
- Recognition of incompatibility (an employee's inability to work harmoniously within the company) as a form of incapacity
- Introduction of a prescribed retrenchment consultation notice for employers, including small businesses, to issue to affected employees during a retrenchment process, along with guidance on consultation requirements and selection criteria
- Updates on probation, performance management for senior employees, and procedural rules for industrial action

COID Update

New Regulation or Official Guidance

Author: Tracy van der Colff, Partner and Head of Employment – OWP Partners

The Compensation Commissioner issued a notice under Section 6A of the COID Act, requiring employers to complete and submit the Confirmation of Employer Registration Details Form when filing their 2024 Return of Earnings.

South Korea

Updates to Childcare Leave and Paternity Leave Benefits

New Legislation Enacted

Authors: Hyunjae Park, Partner, and Johnny Hong, Associate – Kim & Chang

These benefits are now in effect:

Period of Childcare Leave: Employees who meet any of the following criteria can now extend their childcare leave to a maximum of 18 months: (a) both parents have taken at least three months of childcare leave for the same child, (b) single parents, or (c) parents of a child with a severe disability. This extended leave can be taken in up to four separate periods based on the employees' needs.

Paternity Leave: Paternity leave has been increased from 10 days to 20 days. It can now be used within 120 days after childbirth and can be divided into up to four separate periods according to the employees' needs.

Reduction of Working Hours for Childcare: The qualifying age for a reduction in working hours for childcare has been raised from eight years or younger (or in 2nd grade or below) to 12 years or younger (or in 6th grade or below). Employees can add twice the period of unused childcare leave (up to a maximum of one year) to the period for which they qualify for reduced working hours. The minimum unit period for using reduced working hours has been decreased from three months to one month.

Updates to Benefits Related to Protection of Maternity

New Legislation Enacted

Authors: Hyunjae Park, Partner, and Johnny Hong, Associate – Kim & Chang

These benefits are now in effect:

- Reduction of Working Hours During Pregnancy: To protect pregnant employees and their fetuses from the risk of miscarriage and premature birth, the period for reduced working hours during pregnancy has been extended from "within the first 12 weeks or after 36 weeks" to "within the first 12 weeks or after 32 weeks." High-risk pregnant employees, such as those with a history of premature birth or expecting twins or more, are now eligible for reduced working hours throughout their entire pregnancy with a doctor's certificate.
- Maternity Leave for Premature Birth: For premature births requiring hospitalization in a neonatal intensive care unit, maternity leave has been extended from 90 days to 100 days.
- Subfertility Treatment Leave: The period for subfertility treatment leave has been increased from three days to six days per year, with at least two of those days now treated as paid leave (previously only one day was guaranteed as paid leave).
- Miscarriage/Stillbirth Leave: In the event of a miscarriage or stillbirth within 11 weeks of pregnancy, the leave period has been increased from five days to 10 days.

Spain

Proposed Reduction in Weekly Working Hours and Enhanced Digital Rights for Employees

Proposed Bill or Initiative

Author: Maria Luisa Riu, Associate – Abdón Pedrajas | Littler

On February 4, 2025, the Spanish Council of Ministers approved a Preliminary Draft Bill to reduce the weekly working time to 37.5 hours without a decrease in salary, regulate a digital working time record, and reinforce the right to digital disconnection. This bill is still pending parliamentary approval and may undergo amendments during the legislative process. The Congress of Representatives will publish the Bill and open a period for amendments, followed by debate and approval by the Plenary. The Senate may then approve, amend, or veto the text. If amended or vetoed, the Bill will return to Congress for further processing, potentially delaying its implementation.

Companies need to prepare for these changes, including adapting to the new working hours, adjusting part-time employee salaries, and implementing a compliant working time record system. The new system must be digital, objective, and reliable, with employees clocking in and out personally. The right to digital disconnection will be reinforced, prohibiting companies from contacting employees outside working hours. Although the exact date of implementation is uncertain, companies should start planning to ensure compliance with the upcoming regulations.

Sweden

Ruling from the Arbitration Council on Noncompetition Clauses in Employment Agreements

Precedential Decision by Judiciary or Regulatory Agency

Author: Anna Jerndorf, Partner and Head of Employment – TM & Partners

In November 2024, the Arbitration Council for Invention and Noncompetition Disputes ruled on a case concerning the validity of a noncompetition clause in an employment agreement. The ruling, published in January 2025, involved an employee who, as a sales representative, had access to trade secrets such as pricing principles and customer data. The Arbitration Council, a dispute resolution body for companies bound by the 2015 agreement between the Confederation of Swedish Enterprise (*Svenskt Näringsliv*) and PTK, concluded that while the employee had access to trade secrets, their role did not involve insight into the employer's overall strategic and long-term issues. The employee's salary and other terms indicated they did not hold a key position.

In its overall assessment, the Arbitration Council determined that the employer's interest in protecting its trade secrets did not outweigh the employee's right to freely use their skills in the labor market. The non-competition clause was deemed to impose a disproportionate financial burden based on the employee's remuneration and was therefore considered unfair and unenforceable. This decision highlights the importance of balancing the protection of trade secrets with the employee's right to career mobility and sets a precedent for assessing the reasonableness of non-competition clauses in relation to employees' duties and remuneration.

The Swedish Authority for Privacy Protection's Focus Areas

Important Action by Regulatory Agency

Author: Anna Jerndorf, Partner and Head of Employment – TM & Partners

In January 2025, the Swedish Authority for Privacy Protection (*Integritetsskyddsmyndigheten* or IMY) responded to a government proposal regarding extended rights to background checks in municipal employments, approving the proposal but expressing concerns about the fragmented nature of current legislation. IMY emphasized the significant risk that background checks might be conducted without properly respecting individuals' right to privacy and the protection of personal data. The authority called for a broader review of the legislation and the overall conditions for conducting background checks in the Swedish labor market.

Additionally, IMY announced that one of its focus areas for 2025 would be investigating how employers handle employees' personal data. This initiative aims to ensure that employers comply with data protection regulations and respect employees' privacy rights. By focusing on these areas, IMY seeks to enhance the protection of personal data and ensure that background checks are conducted in a manner that respects individuals' privacy.

The Swedish Work Environment Authority Inspects Accidents Caused by Falls

Important Action by Regulatory Agency

Author: Anna Jerndorf, Partner and Head of Employment – TM & Partners

In April 2025, the Swedish Work Environment Authority will begin inspections focusing on accidents caused by falls related to scaffolding, lifts, and work equipment. These inspections target employers with more than five employees and will continue throughout 2025. The initiative aims to address one of the biggest risks in the construction and civil engineering sectors, as well as among subcontractors in areas such as electrical work, painting, HVAC, and plumbing.

The authority plans to inspect 1,400 workplaces to ensure compliance with safety regulations and reduce the incidence of fall-related accidents.

Switzerland

Employee's Duty to Provide Information about Sick Leave

Precedential Decision by Judiciary or Regulatory Agency

Authors: Cédric Bamert, Associate, and Ueli Sommer, Partner – Littler Switzerland

On January 15, 2025, the Swiss Federal Supreme Court issued a decision tightening the employee's duty of disclosure and notification regarding sick leave. The court ruled that employees must report foreseeable absences to their employer as early as possible and provide immediate notification for unforeseeable absences. Failure to do so constitutes a breach of the duty of loyalty to the employer, which requires employees to safeguard the employer's legitimate interests in good faith.

In the case at hand, an employee sent a medical certificate to the employer two days after it was issued and did not report for four days, failing to disclose information about their absence and illness immediately. The court deemed termination without notice justified, as the employee's actions left the employer in uncertainty.

Thailand

New Minimum Daily Wage for 2025

New Order or Decree

Authors: Kraisorn Rueangkul, Partner, and Trin Ratanachand, Associate – DFDL (Thailand) Limited

On December 27, 2024, the Notification of the Wage Committee on Minimum Wage Rate (No. 13) was published in the Royal Gazette, becoming effective on January 1, 2025. The notification increased the minimum daily wage in Thailand, with the lowest rate set at THB 337 for Yala, Pattani, and Naratiwat, and the highest rate at THB 400 for Phuket, Chonburi, Chacheongsao, Rayong, and Samui.

United Arab Emirates

Expansion of Emiratization Targets for Companies with 20 to 49 Employees

New Regulation or Official Guidance

Authors: Charles Laubach, Partner, and Aloka Honemeyer, Paralegal – Afridi & Angell

Under Ministerial Resolution No. 455 of 2023, the UAE government introduced new Emiratization targets for private sector companies employing between 20 and 49 workers in 14 key industries, including information and communications, financial and insurance activities, real estate, healthcare, education, construction, and hospitality. Effective 2024, these companies were required to hire at least one Emirati national, with the requirement increasing to two Emiratis in 2025. Previously, this mandate applied only to businesses with 50 or more employees.

Companies that failed to comply in 2024 faced a financial contribution of AED 96,000, which has increased to AED 108,000 in 2025 for those not meeting the new requirement.

Amendments to the DIFC Employment Law

New Regulation or Official Guidance

Authors: Charles Laubach, Partner, and Aloka Honemeyer, Paralegal – Afridi & Angell

The DIFC has introduced amendments to Part 10 of its Employment Law through DIFC Law No. 1 of 2024, requiring employers to make "top-up" contributions into a Qualifying Scheme, such as the DEWS Scheme, for their GCC national employees. These top-up payments apply when the GPSSA contributions fall below what a non-GCC national would receive as monthly end-of-service contributions under the Employment Law. The amendments ensure equitable benefits for GCC nationals working in the DIFC.

The top-up requirement only applies when the shortfall exceeds AED 1,000 per month. Additional amendments address situations where sanctions prohibitions prevent a Qualifying Scheme from accepting employer contributions. In such cases, the employer's obligation to make monthly payments into the scheme is suspended, and they must accrue benefits on behalf of the affected employee(s) until either the sanctions are lifted, or the employment relationship ends.

New ADGM Employment Regulations 2024

New Regulation or Official Guidance

Authors: Charles Laubach, Partner, and Aloka Honemeyer, Paralegal – Afridi & Angell

The ADGM Employment Regulations 2024, effective April 1, 2025, will replace the 2019 version, introducing key updates on remote work, part-time employment, and immigration obligations, particularly the timely cancellation of work permits post-termination. The regulations exclude dual-licensed companies under UAE federal labor laws. New provisions set a 48-hour maximum workweek, reduced Ramadan hours, and enhanced parental leave, including benefits for adoptive parents and those experiencing pregnancy loss after 24 weeks.

Employees gain paid bereavement leave, annual leave rollover, and national service leave. The revised termination framework mandates minimum notice periods, prohibits unilateral payments in lieu of notice, and allows employees to request dismissal reasons, with noncompliance incurring penalties. Delayed salary payments may lead to fines of up to six months' wages, and end-of-service gratuity is now uncapped, with pension or savings schemes as alternatives.

United Kingdom

Statutory Neonatal Care Leave and Pay Coming into Force on April 6, 2025

New Legislation Enacted

Author: Stephanie Compson, Professional Support Lawyer, and Kate Davies, Paralegal – Littler UK

Regulations have confirmed that new entitlements to statutory neonatal care leave (SNCL) and pay (SNCP), subject to qualifying criteria, will come into force on April 6, 2025. Employees with a "qualifying relationship" with a baby born on or after April 6, 2025, who receives neonatal care within 28 days of birth that continues for at least seven days without interruption, will be entitled to SNCL. The entitlement to SNCL is up to 12 weeks of neonatal care leave, based on the length of time the child is receiving neonatal care.

Employees may also be entitled to SNCP where they meet additional eligibility criteria. Please review our article for additional details.

Higgs v. Farmor's School

New Legislation Enacted

Author: Caroline Baker, Partner – Littler UK

On February 12, 2025, the Court of Appeal held that an employee, a pastoral administrator and work experience manager at the school, had been directly discriminated against on the ground of their religion or belief. The employee was dismissed following an investigation into complaints about their "offensive" posts on social media criticizing the teaching of same-sex relationships and gender in schools. The employee brought claims for harassment and direct discrimination based on their beliefs, including a belief in marriage as a divinely instituted union between one man and one woman.

The court found that while the school had valid concerns, the dismissal was a disproportionate response. Key factors included the posts not being "grossly" offensive, the objectionable language not being the employee's own words, no evidence of reputational damage, and no complaints about their treatment of pupils. This case shows that it may be increasingly difficult to justify a dismissal as being a proportionate response to a manifestation of an employee's protected belief.

Tribunals Given Power to Uplift Protective Awards for Failure to Follow Code of Practice on Dismissal and Re-engagement

New Legislation Enacted

Author: Ben Rouse, Associate – Littler UK

When an employer proposes to dismiss 20 or more employees as redundant within a period of 90 days or less, they must comply with specific collective consultation obligations. Failure to meet these obligations can result in employment tribunals issuing "protective awards" of 90 days' gross pay per employee against the employer.

The Trade Union and Labour Relations (Consolidation) Act 1992 (Amendment of Schedule A2) Order 2024, effective January 20, 2025, allows tribunals to increase a protective award by up to 25% if the employer fails to follow the statutory Code of Practice on Dismissal and Re-engagement in a "fire and rehire" scenario. Conversely, if the employee fails to comply with the code, the protective award can be reduced by the same amount.

Changes to the UK Immigration Rules and Sponsor Guidance

New Regulation or Official Guidance

Author: Hannah Drury, Associate – Littler UK

Recent changes to the UK's immigration rules include the phasing out of physical biometric residence permits (BRPs) in favor of eVisas. Employers should now use eVisas when generating share codes to check workers' right to work. Expired but unclipped passports are still accepted as proof of the right to work, while clipped passports are no longer valid. Additionally, new restrictions on the costs that can be recouped from sponsored workers have been introduced, including prohibitions on recouping the Skilled Worker sponsor license fee and associated administrative costs. Attempting to claw back these costs may result in the revocation of the sponsor license.

The Home Office has clarified that Employers of Record cannot sponsor workers to work elsewhere, and sponsors must not act as recruitment agencies for other organizations. Stronger measures will be added to the Employment Rights Bill to penalize sponsors who repeatedly defy visa rules, with enforceable action plans expected to be extended from three months to a year. Sponsors found not complying with immigration rules may face longer cooling-off periods before reapplying for a new license. These changes highlight the need for sponsors to prioritize compliance and adapt to the evolving regulatory landscape. (See Employer's guide to right to work checks: 12 February 2025; and Guidance: Sponsor a Skilled Worker.)

Proposed Employment Rights Bill Changes

Proposed Bill or Initiative

Author: Laura Lobb, Partner – Littler UK

The Employment Rights Bill, introduced on October 10, 2024, aims to make wide-ranging reforms to employment law, including changes related to unfair dismissal, fire and rehire practices, collective redundancies, zero hours and low hours contracts, trade unions, and industrial action. The Bill also proposes establishing a new enforcement agency, the "Fair Work Agency." Following recent government amendments, the Bill has doubled in size since its introduction, with significant changes approved in March 2025. These include adjustments to collective redundancy consultation rules, increasing the cap on protective awards from 90 days to 180 days, and enhancing the enforcement powers of the Fair Work Agency.

The Fair Work Agency will have the authority to issue notices of underpayment, impose financial penalties, bring Employment Tribunal claims on behalf of workers, and offer legal assistance for employment cases. This represents a dramatic shift from the current position in the UK, where parties to employment litigation typically bear their own costs. The Bill is expected to pass by Summer 2025, but many reforms will require further detail through secondary legislation, codes of practice, and guidance. Please see our Reform Hub for more details.

United States

The Pay Transparency Laws to Know in 2025 in the United States and Beyond

New Legislation Enacted

Authors: Kelly M. Cardin, Shareholder, and Thelma Akpan, Associate – Littler

Discussing salary in the workplace was once considered taboo but changing workplace standards and the rise of social media have made open conversations about pay more common globally. Employees now frequently share their compensation details online, challenging the long-held secrecy around salaries. While many employees have long had the right to discuss wages with colleagues, they often remained unaware of their employer's overall pay practices. Recently, jurisdictions across the United States and abroad have enacted laws requiring employers to disclose salary ranges, shifting the balance of power in compensation conversations. However, these laws vary widely, creating a complex compliance landscape for multinational companies.

In the United States, new pay transparency laws took effect last month in Illinois and Minnesota, with New Jersey, Vermont, and Massachusetts set to follow later in the year. These laws generally mandate the disclosure of salary ranges in job postings and impose additional obligations on employers. Meanwhile, employers in Europe are preparing for the implementation of the EU Pay Transparency Directive, which EU countries have until June 2026 to implement. With wage transparency becoming a central issue in global employment policy, employers must navigate varying requirements across jurisdictions to ensure compliance and avoid potential penalties. Please review our article for more details.

First 100 Days of the Trump Administration: Immigration Update

New Regulation or Official Guidance

Authors: Tasneem Zaman, Senior Counsel, and Sean McCrory, Shareholder – Littler

On February 18, 2025, the U.S. Department of State updated its post-COVID guidance on nonimmigrant interview waiver applications. Under the revised guidance, only applicants who still have a valid visa or previously held a visa in the same category that expired within 12 months prior to the new application are eligible for the interview waiver. This is a significant change from the previous guidance, which allowed up to 48 months expiration. Please review our article for more details.

President Trump's promise to carry out the largest deportation of undocumented individuals while simultaneously limiting the immigration of foreign workers is causing unique concerns in the hospitality industry. From resorts that rely heavily on seasonal workers through H-2B visas to restaurants that depend on uniquely qualified chefs from Colombia, Venezuela, or Panama, hospitality employers should prepare for potential enforcement actions, including audits and raids. U.S. Immigration Customs and Enforcement (ICE) audits whether employees are legally authorized to work in the United States, primarily through Form I-9 audits. Employers must keep I-9s on file and may receive a notice of inspection from ICE, which requires them to produce the I-9s within three days. Please review our article for more details on how hospitality employers can prepare for ICE audits and raids.

Littler's Inclusion, Equity and Diversity C-Suite Survey Report 2025

Trend/Informational

Authors: Jeanine Conley Daves, Shareholder, and Kate Mrkonich Wilson, Shareholder – Littler

In 2025, corporate inclusion, equity, and diversity (IE&D) programs are under significant threat due to President Trump's executive orders targeting such efforts and ongoing pressure from vocal IE&D critics. This new environment challenges business leaders to balance the shifting political landscape with employee expectations and existing IE&D commitments, all while navigating legal and reputational risks. Littler's survey of nearly 350 C-suite executives across the U.S. reveals that despite increased scrutiny and legal concerns, many companies are maintaining or even increasing their IE&D efforts.

However, the percentage of companies decreasing their IE&D commitments has risen from 6% in 2024 to 24% this year, indicating that higher-risk elements of these programs may face cuts. C-suite leaders are divided on the future of IE&D, with about half expecting a decrease in corporate commitments due to the new administration's policies. For now, many companies are taking a cautious approach, awaiting further developments on the Trump administration's priorities and enforcement plans. For more details, please access our full report.

Notable Trends in Employment Legislation: Part 1

Trend/Informational

Authors: Maureen H. Lavery, Knowledge Management Counsel, and Joe St. James, Attorney-at-Law – Littler

Three months into the new legislative year, several employment law trends for 2025 have emerged, reflecting the country's social and political atmosphere, particularly in response to Trump administration priorities. Significant trends include state legislatures advancing policies that either support or combat the administration's efforts to reduce federal government size and concentrate power in the executive branch. President Trump's executive orders aim to eliminate illegal inclusion, equity, and diversity (IE&D) programs in federal agencies and private sector companies with government contracts. Some states are considering legislation to eliminate IE&D programs in government contracting, while others propose laws to safeguard against discrimination. Additionally, immigration enforcement remains a top priority, with various state legislatures addressing related issues.

In response to the Trump administration's focus on immigration enforcement, there has been a significant increase in proposed state legislation related to immigration and employment, particularly around the federal E-Verify program. While E-Verify is voluntary at the federal level, many states are considering bills to mandate its use for public employers, government contractors, and certain private employers. Some states, like Montana, Kentucky, and Idaho, are looking to introduce E-Verify requirements, while others, such as Florida, are proposing to expand existing mandates and increase penalties for noncompliance. Additionally, several states are proposing new prohibitions on hiring unauthorized workers and imposing stricter penalties for violations. Conversely, some states are introducing legislation to counteract federal immigration enforcement efforts, such as prohibiting the use of E-Verify for current employees or allowing unauthorized immigrants to provide certain services. Please review our article for more details.

Notable Trends in Employment Legislation: Part 2

Trend/Informational

Authors: Maureen H. Lavery, Knowledge Management Counsel, and Hannah T. Stilley, Attorney-at-Law – Littler

Several employment law trends for 2025 have emerged, reflecting the country's social and political atmosphere, particularly in response to the Trump Administration priorities. Notable trends include efforts to counter wage theft, with states introducing bills to enhance enforcement powers and penalties. Massachusetts SB 1926 and New York's EMPIRE Act allow employees to bring representative actions, while states like Pennsylvania and Arizona propose increased penalties. California is introducing measures to deny licenses and suspend registrations for businesses that fail to pay wage theft judgments. Some states are considering criminalizing wage theft and holding high-level executives personally responsible, with New York leading efforts to impose personal liability on shareholders and executives for unpaid wages.

Reproductive health has also been a key focus, with new legislation requiring employers to provide reasonable accommodations for menstrual and menopause-related conditions. States like New Jersey and New York are introducing specific bills, and there is a growing trend to expand bereavement leave to cover reproductive loss events, such as miscarriage and failed adoption. Additionally, several states have enacted laws prohibiting mandatory employer-sponsored meetings on political or religious matters, facing legal challenges in some jurisdictions. This trend continues in 2025, with pending legislation in various states. Other notable trends include labor-management relations, child labor deregulation, strengthening restrictions on noncompetition agreements, workplace safety and health, and a federal regulatory freeze impacting state rulemaking activities. Please review our article for more details.

Venezuela

New Measure to Reduce Working Hours in the Public Administration

Important Action by Regulatory Agency

Author: Daniela Arevalo, Associate – Estrategia Legal

The Ministry of Energy announced on March 23, 2025, that starting on March 24, 2025, and for the following six months, the country's public institutions will work reduced hours due to the drought affecting the water level of the reservoirs that generate

electricity in the Andean region. The public administration, including ministries, mayors' offices, governorates, and other branches of government, will work from 8:00 a.m. to 12:30 p.m. Organizations that guarantee essential services to the population are exempt.

The ministry also declared a 1-for-1 program, which consists of one working day for one nonworking day.

Chevron License Revoked

Important Action by Regulatory Agency

Author: Gabriela Arevalo, Associate – Estrategia Legal

The President of the United States, Donald Trump, issued a statement implying the revocation or reversal of General License No. 41, which was granted by the Office of Assets Control of the Department of the Treasury (OFAC) in favor of the Chevron company at the end of November 2022, allowing it to reactivate its operations in Venezuela.

OFAC issued General License No. 41B, on March 24, 2025, authorizing the phase-out of certain transactions related to Chevron's operations in Venezuela through May 27, 2025. This measure extends the deadline previously established in General License No. 41A, which set a deadline of April 3, 2025.

Temporary Order Reducing Working Hours of Judiciary Due to Environmental and Electrical Issues

Important Action by Regulatory Agency

Author: Daniela Arevalo, Associate – Estrategia Legal

Resolution 2025-003: The Plenary Chamber of the Supreme Court of Justice announced that, starting March 24, 2005, various judicial bodies will operate from 8:00 a.m. to 12:30 p.m. and implement a "1x1" schedule (one working day followed by one nonworking day) due to environmental and electrical issues in the country. This applies to:

- Executive Directorate of the Judiciary
- General Inspectorate of Courts
- National School of the Judiciary
- First and Second Court of Administrative Litigation
- Courts with jurisdiction over Civil, Commercial, Traffic, Child and Adolescent Protection, Agrarian, Maritime, Labor, Administrative Litigation, Tax Litigation, Ordinary and Municipal Criminal Cases, Criminal Liability of Adolescents
- Courts with jurisdiction over Crimes of Violence against Women, Economic Crimes, and Anti-Terrorism

Additionally, the Courts of First Instance, responsible for ordinary control and trial, and the Adolescent Criminal Responsibility Section, will continue their regular on-call system to handle proceedings within their jurisdiction.

Vietnam

Work Classification Standards Based on Working Conditions

New Regulation or Official Guidance

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC

On February 11, 2025, the Ministry of Labor, War-Invalids and Social Affairs (MOLISA) issued Circular No. 03/2025/TT-BLDTBXH, replacing Circular No. 29/2021/TT-BLĐTBXH. Circular 03 retains the six-tier classification system from Circular 29, categorizing working conditions from Type I to Type VI. Jobs classified under Types I, II, and III are considered nonarduous, nontoxic, and nondangerous, while Types IV, V, and VI include arduous, toxic, or dangerous jobs.

Circular 03 introduces new classification methods, including the statistical and empirical method, and the mixed method, which combines evaluation and scoring with statistical and empirical methods, and expert opinions. Employers are responsible for controlling hazardous and toxic factors, assessing improvements in working conditions, and classifying working conditions as required. Circular 03 will take effect on April 1, 2025.

New Indexation Rates of Monthly Salaries and Incomes after Social Insurance Contribution

New Regulation or Official Guidance

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC

On January 10, 2025, MOLISA issued Circular No. 01/2025/TT-BLDTBXH, establishing indexation rates for monthly salaries and incomes after social insurance contributions. This Circular applies to employees paying social insurance premiums, retirees receiving pensions or lump-sum allowances, and families receiving survivorship allowances from January 1, 2025, to December 31, 2025.

Circular 01 sets a new indexation rate of 1.00 for the year 2025, replacing the rates prescribed in Circular 20/2023/TT-BLDTBXH. The provisions of Circular 01 are retroactively applied from January 1, 2025, and will take full effect on February 28, 2025.

Amendment of Several Regulations Related to Administrative Sanctions in Labor, Social Insurance, Vietnamese Employees Working Abroad under Labor Contracts

Proposed Bill or Initiative

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC

To align with the new Law on Trade Unions enacted on November 27, 2024, Decree No. 12/2022/ND-CP is undergoing amendments and supplements. The draft decree introduces new administrative sanctions for violations under the new Law on Trade Unions, including discrimination against employees and trade union officials, disseminating false information, and mismanaging trade union funds.

The draft decree is currently under review and is expected to be officially promulgated shortly, taking effect on July 1, 2025. This coincides with the effective date of the new Law on Trade Unions, aiming to enhance compliance and mitigate violations. Further updates will be provided.

Ministry of Home Affairs Takes Over the State Management of "Labor Issues"

Important Action by Regulatory Agency

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC

From March 1, 2025, MOLISA will cease operations as part of Vietnam's effort to streamline its political system. MOLISA's functions will be merged into the Ministry of Home Affairs (MOHA), which will now oversee labor, wages, social insurance, employment, and occupational safety and health. Social welfare, child protection, and prevention of social evils will be managed by the Ministry of Health, while vocational training will be handled by the Ministry of Education and Training.

MOHA will officially assume responsibility for Labor Issues from March 1, 2025, replacing MOLISA. This restructuring follows key legislative documents, including Conclusion No. 121-KL/TW, Resolution No. 176/2025/QH25, and Decree No. 25/2025/ND-CP.

Zambia

Higher Standards of Accountability for Senior Employees

Precedential Decision by Judiciary or Regulatory Agency

Authors: Hope Ndao, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

On January 31, 2025, the Court of Appeal in *Lovemore Gumbo v. Standard Chartered Bank Plc* (Appeal No. 57/2023) [2025] ZMCA 5 reaffirmed that senior employees are held to higher standards of accountability due to their leadership roles. The Court relied on English jurisprudence, emphasizing that managerial employees bear greater responsibility and may face stricter disciplinary measures.

The Court clarified that different treatment among employees does not automatically constitute discrimination if justified by material differences in job roles and responsibilities. Senior employees must exhibit high levels of responsibility and may receive harsher penalties for misconduct.

No Retrospective Application of Pension Benefits

Precedential Decision by Judiciary or Regulatory Agency

Authors: Hope Ndao, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

On February 13, 2025, the Constitutional Court ruled in *Dr. Godfrey Hampwaya and Others v. The Council of the University of Zambia* (2023/CCZ/0027) [2025] ZMCC 1 that Article 189(2) of the Constitution does not apply retrospectively. The Court reaffirmed that laws do not have retroactive effect unless expressly stated.

The petitioners, retrenched before the 2016 amendment, could not invoke Article 189(2) to claim pension rights. The Court reiterated that employer-employee disputes are matters of private law and must be pursued in a court of competent jurisdiction, dismissing the petition.

Court of Appeal Maintains Stance on Severance Pay

Precedential Decision by Judiciary or Regulatory Agency

Authors: Hope Ndao, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

On February 14, 2025, the Court of Appeal in *Stanbic Bank Zambia Limited v. Natasha Patel* (SP No.66/2024) [2025] ZMCA 40 denied leave to appeal to the Supreme Court, holding that the issues raised had been conclusively settled. The Court reaffirmed its prior decision, emphasizing that Section 54(1)(c) of the Employment Code Act applies only to employees on long-term contracts of at least 12 months.

The Court clarified that fixed-term contracts and permanent contracts are legally distinct, with only the former qualifying for severance pay under Section 54(1)(c). Employees dismissed for disciplinary reasons are ineligible for severance pay under Section 54.

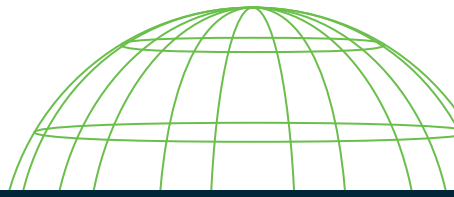
Revised Minimum Wages and Cross-Border Allowances for Truck and Bus Drivers

New Order or Decree

Authors: Hope Ndao, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

The Minimum Wages and Conditions of Employment (Truck and Bus Drivers) (Amendment) Order prescribes new minimum wage rates and revised cross-border subsistence allowances for truck and bus drivers. The minimum monthly basic pay is set at ZMW 4,000 for truck drivers and ZMW 3,000 for bus drivers.

Employers must pay a minimum of USD 30 per night to drivers who cross the border unless accommodation is provided, and USD 20 per night if the truck has a sleeping cabin. These amendments, effective from April 10, 2025, impose stricter wage and allowance obligations on employers in the transport sector.



At Littler, we understand that workplace issues can't wait. With access to more than 1,800 employment attorneys in more than 100 offices around the world, our clients don't have to. We aim to go beyond best practices, creating solutions that help clients navigate a complex business world. What's distinct about our approach? With deep experience and resources that are local, everywhere, we are fully focused on your business. With a diverse team of the brightest minds, we foster a culture that celebrates original thinking. And with powerful proprietary technology, we disrupt the status quo – delivering groundbreaking innovation that prepares employers not just for what's happening today, but for what's likely to happen tomorrow. Since 1942, our firm has harnessed these strengths to offer fresh perspectives on each matter we advise, litigate, mediate, and negotiate. Because at Littler, we're fueled by ingenuity and inspired by you.

To receive the Global Guide Quarterly by email, subscribe at littler.com/subscribe-GGQ

Littler®