

Worldwide Doing Payroll Guide

2021

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned behind the 'Y', extending from the bottom left towards the top right.

Building a better
working world

Introduction

This booklet contains market-by-market guidance¹ on key HR payroll matters to be considered as you expand your operations across the globe.

In our experience, careful consideration of these matters at the outset is the most effective way to avoid any issues, and setting up an appropriate business and employee structure in new markets.

This booklet is general in nature and not to be relied on as professional advice. Furthermore, the chapters

focus on newly established, stand-alone operations. Where the operations is a regional headquarters or a holding company for foreign subsidiaries, or there are existing operations in a certain jurisdiction, a range of other considerations must be taken into account.

In all situations, we recommend that you seek specific professional advice from the contacts listed in each chapter. They will take into consideration your specific circumstances and objectives.

NB: This guide will work best with Adobe Acrobat Pro.

¹The content is current as of May 2021.

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Algeria

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1. Government requirements

Registration requirements

Social security is governed under Caisse Nationale des Assurances Sociales des Travailleurs Salariés (CNAS).

Every employer in Algeria is required to have a social security registration.

In accordance with Law n ° 83-14 of 2 July 1983 relating to the obligations of taxable persons in matters of social security, any employee hired in Algeria must be affiliated to the Algerian Social Security Fund named "CNAS", whatever his:

- ▶ Nationality
- ▶ The amount and the nature of his remuneration
- ▶ Nature of the activity exercised in Algeria: salaried, in training, or assimilated activity
- ▶ The place
- ▶ Number of employers (one or many employers)
- ▶ The form and the nature or validity of their contract, or their employment relationship

According to Article 8 of Law 83-14 of July 2, 1983, supplemented by Art 7 L n ° 04-17, all persons carrying out a self-employed professional activity regardless of the sector of activity are also members (members are persons that should be registered to the social security administration).

The forms required for registration are as follows:

- ▶ For the employer: "déclaration d'activité" form
- ▶ For the employee: "déclaration d'affiliation" form



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Ongoing compliance requirements

Social security

Monthly and annual social returns are governed by Law n° 83-14 of 2 July 1983 relating to the obligations of taxable persons in matters of social security under CNAS.

Electronic filing and bank payment are required for the monthly or quarterly social return (Déclaration de cotisation).

No payment is required for annual tax return (Déclaration annuelle des Salaires DAS).

All employers, from the recruitment of the first employee, should register itself and its employees at the social security administration.

Gross salary is subject to 35% social security contributions, split as follows: 9% for employee and 26% for employer.

Personal Income Tax (PIT)

PIT is governed by the Code of Direct Taxes and Assimilated Taxes Algeria (CIDTA) under the fiscal administration for PIT.

Electronic filing and bank payment are required for the monthly tax return "G50".

No payment is required for the annual tax return "301Bis".

Monthly salary and allowances are subject to an escalation rate. A flat rate of 10% applies to exceptional premiums such as bonus.

Other observations

Foreign employees should have a work permit.

2. Pension requirements

Pension is not applicable in Algeria; only social security is required.

3. Employment obligations

Employment obligations "code du travail" are governed by Law n° 90-11 of April 21, 1990 relating to labor relations under the Agence Nationale de l'emploi (ANEM).

In accordance with the law, the minimum number of leave days per year is 30 days. The right to annual leave is based on the work carried out during an annual reference period extending from 1 July of the year preceding the leave to 30 June of the year of the leave.



Employees are entitled to 15 days paid sick leave at 50% salary and at 100% salary from the 16th day of sickness onward. Sick pay and the reimbursement of medical expenses are funded by the National Fund of Social Security, based on the mandatory social contributions paid by the employer and the employee, whether Algerian or foreign national. (<https://cnas.dz/fr/assurance-maladie/>)

Allowed paid leave

In addition, employees are entitled to three days' paid leave in the event of the following family events:

- ▶ Marriage of the employee
- ▶ Birth of a child of the employee
- ▶ Circumcision of a child of the employee
- ▶ Marriage of one of the descendants of the employee
- ▶ Death of the employee's ascendant, descendant or blood relative to the first degree
- ▶ Death of the spouse of the employee

4. Payroll requirement

Payment of wages is governed by Law n ° 90-11 of April 21, 1990 relating to labor relations under the Ministry of Labour, work inspection and National Employment Agency.

Employees are paid once a month. Payslips need to be issued at the time of each salary payment. They are delivered to employees on hard or soft copy (secure email, or secured e-pay slip system).

5. Banking requirements related to payroll

Most employers use the bank transfer process in order to remit salaries to their employees. Payments should be performed locally in DZD.

There is no restriction for employers to transfer salary to resident or onshore accounts. However, payment to non-resident accounts or to foreign accounts might be subject to special authorization from the Central Bank or any other financial institution.

Angola

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1. Government requirements

Registration requirements

Companies and employees should be registered at the Tax Office in order to obtain their taxpayer number.

Social Security (SS)

The employer must use the registration application or the registration form to enroll its employees.

1. Companies with computer support (computer and internet) should:
 - ▶ Request the "registration kit" at the service locations or download the registration application
 - ▶ Register the company, employees and generate reports
 - ▶ Deliver the completed file and the generated reports to the service locations
2. Companies without computer support (computer and internet) should:
 - ▶ Request the registration form at the service locations
 - ▶ Fill out the "worker registration" form and attach the company and employee documents, duly signed and stamped
 - ▶ Deliver the documents to the service locations
3. Mandatory documents:
 - ▶ Photocopy of the employee's identity card (BI)
 - ▶ Tax number of the worker
 - ▶ Social Security registration form, signed by the worker
 - ▶ Dependents (spouse and children)
 - ▶ Photocopy of identity card (BI) or personal card (minors)

Companies managers must also be registered at Social Security, following specific requirements.

Ongoing compliance requirements

Personal income tax (PIT) and social security monthly obligations

PIT

On a monthly basis, companies are required to withhold and pay the PIT due on salaries to the tax authorities by the end of the following month. PIT withholdings are computed on the basis of progressive tax rates.

Social security

- ▶ The total percentage is 11% (in most situations), with 8% paid by the employer and 3% paid by the employee.
- ▶ The payment of social security contributions is due on the 10th day of the following month.
- ▶ The submission of this report must be made by the 10th of the following month.

Year-end activities

- ▶ Annual Declaration Model 2 - Companies must submit to the tax authority the subject value to taxes and income paid during the previous calendar year. This is due on 28 February.



- ▶ Registo Nominal de trabalhadores (RENT) : This is an administrative instrument for gathering information in the public, private, mixed and cooperative business sector, as well as in social, religious and nongovernmental organizations that have salaried workers at their service, despite the nature of their employment relationship. In general, the submission of this obligation must be made by the end of April of each year, regarding the data referring to the month of March of the same year.

2. Pension requirements

Registrations requirements

Companies are required to register employees at the Angolan Social Security Authority, in order to make subsequent social security contributions on monthly salaries.

Ongoing compliance requirement

On a monthly basis, companies are required to deliver to the Social Security Authority the detail of the remunerations (gross salary and additional remuneration components) on a monthly basis by the 10th day of the next month.

3. Employment obligations

General employer obligations

In addition to workplace accident insurance, it is also mandatory for companies to manage health and safety in the workplace. Employees should also be given a medical examination upon admission to the company and at regular intervals during their employment.

Employer's accident insurance (mandatory)

In accordance with the Labor Code managed by Working Conditions Authority (ACT), employer's accident insurance is mandatory. It is important to note that this insurance must be active from the first day of each employee's contract.

Leave days or working holidays

In accordance with the General Labor Code, employees are entitled to two working days for each complete working month. However, this could change if there is a specific collective agreement.

Angola also has minimum wage and rest hours, applicable in a standard way and with specific conditions for each type of company activity.

4. Payroll requirement

Statutory payroll requirements

The General Labor Law rules contractual relations between the employer and the employee. Accordingly, leave days, rest hours and reasons for dismissal, among others, are defined by this law.

Payment frequency

In general, the remuneration must be available to the employee on the due date or on the previous business day. The employee is entitled to 12 months of salary. This includes 50% of one month's holiday allowance and 50% of one month's Christmas allowance. However, this could change if there is a specific collective agreement.

Payslips

On a monthly basis, employers are required to prepare and issue payslips to employees, detailing the remuneration paid (and type of remuneration) and corresponding withholding tax and other deductions.

5. Banking requirements related to payroll

Usually, payments are made using the PS2 format.

Argentina

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1. Government requirements

Registration requirements

Registration for payroll tax

A company incorporated abroad may carry out activities in Argentina, mainly, in two ways:

1. By setting up a branch in Argentina.
Or
2. Through a company incorporated in Argentina in which an interest is held. Once the company is incorporated, has obtained the tax identification number, "Clave Única de Identificación Tributaria" (CUIT), and the legal representative has linked his or her personal tax ID with the company's CUIT, the company can be registered as an employer with the Argentine Federal Tax Authority (AFIP). This registration is free, and the company could register as an employer without having employees, even if it will have them later.

The company will then be entitled to register employees in the Unified System for Labor Registration (USLR), run by the AFIP.

The AFIP manages:

- ▶ The retirement pension fund
- ▶ The family allowances fund
- ▶ The social security fund
- ▶ The unemployment fund
- ▶ The mandatory health plans run by labor unions ("obras sociales")

In addition, employers must purchase mandatory labor risk insurance and statutory group life insurance for employees. These insurance policies are issued by private companies (that are subject to governmental controls).

Employers are also required to issue a mandatory book of wages. This obligation is under the jurisdiction of the provincial authorities.

For employees covered by collective bargaining agreements, additional requirements may also be applicable (e.g., the payment of contributions to labor unions).

Ongoing compliance requirements

Monthly payroll tax

Regarding tax payments, the AFIP runs a withholding system, whereby employers, as withholding tax agents, are required to assess the tax to be borne by the employee, to make the appropriate withholding upon each payment and to declare and pay the withholding (General Resolution Number. 2,437). It is not a fixed percentage but there is a progressive rate from 5% to 35% applied to the employee's net income and according to the amount.

Monthly social security contributions

Every employer is required to deduct social security contributions (at a rate of 17%) from the employee's compensation and to make employer social security contributions too (rates are 24% or 26.4% depending on the employer).

The employee's social security contributions are subject to maximum taxable amounts. The cap is updated every three months, in March, June, September and December of each year. However, the employer's social security contributions are not subject to maximum taxable amounts.

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Employers are granted with a minimum non-taxable amount that will not be subject to employer's pension contributions (currently ARS7,003.68). Additionally, employers with a payroll of up to 25 employees are granted a non-taxable amount per month of ARS10,000 (Law No. 27.541)

To pay its social security contributions, the company has to submit a monthly social security tax return (Form F931) electronically with its tax password (Law No. 24,241, Presidential Decree No. 814/01 and regulations).

Year-end payroll tax compliance

Every calendar year-end, the employer is required to compute the annual tax to be withheld on the employee's compensation and compare it with the taxes actually withheld in the previous months. If there has been an underpayment of tax, the employer shall withhold the additional tax from the compensation of the employee in December. If the employee has paid too much tax, the employer shall credit and refund the excess tax to the employee (General Resolution No. 2,437). The employer has to submit the annual tax (Form 1357) electronically with its tax password (Law 1,345).

2. Pension requirements

Registration requirements

Pension contributions are included in the contributions made to the social security scheme. Nowadays, in Argentina, there is only one social security scheme run by the Government. Therefore, obligations related to pension benefits are fulfilled by employers in the way mentioned above (Law No. 24,241).

Ongoing compliance requirements

Ongoing compliance requirements related to pension are included in the compliance with monthly social security contributions (F931) (Law No. 24,241). The employee's social security contributions are 17% and the employer's social security contributions are 24% or 26.4% depending on the employer.

3. Employment obligations

Employment law

There are many laws governing the employment relationship. Among them, the Employment Contract Law (ECL) N° 20,744 is the fundamental regulation and the Labor Authority is the main governing authority of employment laws.

Minimum wage

A single general minimum wage is established for all industrial and office workers. In addition, there are collective bargaining agreements that regulate the specific employment conditions for particular sectors of activity (Section 116-120, Employment Contract Law).

Working hours and rest time

In principle, under the ECL, working hours shall not exceed 8 or 9 hours per day and 48 hours per week, excluding rest time (and between the cessation of one day and the beginning of the other, there shall be a pause of not less than 12 hours). The limit on duration of work will allow exceptions fixed by laws related to the nature of the activity, the nature of the employment of the worker and the permanent or temporary circumstances that make them admissible (Law 11,544).

Mandatory annual bonus

Mandatory bonuses are paid on 30 June and 18 December each year. They amount to one half of the highest monthly remuneration paid to the employee during the preceding semi-annual period. This is called annual supplementary salary ("sueldo anual complementario"), i.e., the 13th salary (Section 121-123, Employment Contract Law).

Paid vacation

Providing an annual paid holiday is mandatory. Vacation length ranges from 14 to 35 consecutive days, depending on the number of years of service. To be entitled to a vacation, an employee must have worked at least half of the working days in the calendar year. New employees are entitled to one day of leave for every 20 days of effective work. The compensation payable over the vacation period must include a vacation bonus. The company must pay the remuneration related to the vacation period upon the beginning of such period (Section 121-123, Employment Contract Law).

Illness and accidents

The Workers' Compensation Law requires that a mandatory insurance policy be purchased from an authorized workers' compensation insurance company, covering the cost related to medical care, professional rehabilitation, prostheses and orthopedic elements, funeral assistance and indemnities for partial or total disability or death as a consequence of occupational accidents and diseases.

Employers who purchase workers' compensation insurance policies are, in principle, exempt from any civil liability with respect to their employees and their heirs.

The insurance premium is set as a percentage of the employee's salary, which varies depending on the industry, number of employees and degree of compliance with safety regulations (Law 24,557).

4. Payroll requirements

Frequency of wage payments

Payment of remuneration must be made as follows:

- ▶ At the end of each calendar month for monthly staff
- ▶ Every week or fortnight for staff who are remunerated with a daily or hourly wage
- ▶ Every week or fortnight in respect of work completed, and a sum proportional to the value of the rest of the work performed, for personnel who are remunerated per project

Payment must be made within a maximum of four working days for monthly or biweekly remuneration, and within a maximum of three working days for weekly remuneration (Section 126 and 128, Employment Contract Law).

Payslips

Any payment in respect of salary or other form of remuneration shall be provided together with a payslip (in duplicate) signed by the worker, where the following information must be shown (Section 138-140, Employment Contract Law):

- ▶ Employer data
- ▶ Employee data
- ▶ Remuneration details
- ▶ Period, date and details of the bank account where the last social security contributions were made

Book of wages and other mandatory records

In addition to registration, as required according to the jurisdiction, employers must keep a special book of wages, registered and initialed, under the same conditions as the main trade books. Employers are required to register employees' salaries in the book of wages.

The approval of the book of wages is issued by the labor agency in each jurisdiction (each page must be stamped by the labor agency).

Should the employer not comply with these requirements, the employment relationship shall be deemed not registered (Section 52, Employment Contract Law).

5. Banking requirements related to payroll

Banking of salary

Salaries should be paid by electronic funds transfer into an account in the employee's name in a bank or an official savings institution.

Under no circumstances will bank accounts used for salary payments have a withdrawal limit, or entail any cost for the employee to open, or keep or withdraw funds, regardless of the withdrawal method used.

As a result of this, in principle, the Argentine Labor Ministry extended to all employers the system of crediting compensation into bank accounts, through Resolution No. 360/01. However, Section 124 of the ECL has not been amended and still provides that "in every case, the employee is entitled to demand that his compensation be paid in cash". So, under certain circumstances, the employer may pay salaries in cash or by check made out to the employee, to be collected by them personally. (Section 124, Employment Contract Law or Ministerio de Trabajo, Empleo y Seguridad Social (MTEySS); Resolution No. 360/01).

Armenia

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1. Government requirements

Registration requirements

Tax registration

Governing authority: RA Ministry of Justice, RA State Revenue Committee

Governing legislature: RA Tax Code, RA Law on state registration of legal entities, state registration of separate subdivisions of legal entities, institutions and individual entrepreneurs.

In accordance with the Republic of Armenia (RA or Armenia) legislation, the employer obtains a Tax Identification Number (TIN) together with the general registration documents at the point of its setup. There is no specific registration requirement for the employer for Personal income tax (PIT) purposes. It is the obligation of the employer, as a tax agent, to withhold PIT from income provided to employees. Thus, according to the RA Tax Code, employers must register the employees (both full and part time) and service contractors with the Armenian tax authorities. The registration is done electronically via Electronic system of filing reports by completing "Form N79 - Application for the registration of personified data of an employee and a service contractor receiving income". The application must be filed with the Armenian tax authority by 2pm of the start day. The registration is done free of charge.

Ongoing compliance requirements

Personal income tax (PIT)

Governing authority: RA State Revenue Committee

Governing legislature: RA Tax Code

In accordance with RA Tax Code, the employer is obliged to withhold PIT from the employee's pay on a monthly basis and settle this on their behalf. Employers settle the PIT payable before the 20th of the month following the reporting month. PIT report is lodged with the local tax authorities electronically via electronic system of filing reports by completing "Form N189 - Monthly calculation of PIT and social payment". A flat tax rate of 22% is applied in 2021 to calculate the amount of PIT. This rate will be reduced by one percentage point for each consecutive year to reach a flat rate of 20% as shown below:

Time-period	PIT rate
Starting 1 January 2021	22%
Starting 1 January 2022	21%
Starting 1 January 2023	20%

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2. Pension requirements

Registration requirements

Governing authority: RA State Revenue Committee

Governing legislature: RA Tax Code, RA Law on Funded pensions

There is no specific registration requirement for the employer.

In accordance with the RA Law on Funded Pensions, employees born after 1 January 1974 are automatically considered as social contributions payers.

Those born prior to 1974 can voluntarily become participants by submitting an application for making social contributions.

Social security

There is no specific registration requirement for the company. However, as mentioned above, the company should register its employees electronically in the system of the tax authorities and, as a tax agent, is responsible for calculating and transferring the corresponding social contributions.

Employees born after 1 January 1974 are automatically considered as social contributions payers. Those born prior to 1974 can voluntarily become participants by submitting an application for making social contributions.

Ongoing compliance requirements

Monthly social contributions

Governing authority: RA State Revenue Committee

The employer is obliged to withhold social contributions from employees' pay (including foreign employees) on a monthly basis and settle them on their behalf. The amounts withheld are reported in the monthly PIT reports "Form N189 - Monthly calculation of PIT and social payment" and are settled by the 20th of the month following the reporting month.

The social contributions shall be calculated by the company at the following general rates:

- ▶ If the total monthly salary of the employee does not exceed AMD500,000: 5%
- ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly gross salary and AMD25,000
- ▶ If the total monthly salary exceeds 15 times of the monthly minimum salary defined by the law, (hereinafter the Cap): the difference between 10% of the Cap and AMD25,000

This amount is transferred to the savings account of the employee on a monthly basis.

The following temporary exceptions are defined by the law from the above general rates:

1. Starting 1 January 2021 to 31 December 2021, the social contribution shall be calculated at the following rates:
 - ▶ If the total monthly salary of the employee does not exceed AMD500,000: 3.5%
 - ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly salary and AMD32,500
 - ▶ If the total monthly salary exceeds the Cap: the difference between 10% of the Cap and AMD32,500
2. Starting 1 January 2022 to 31 December 2022 the social contribution shall be calculated at the following rates:
 - ▶ If the total monthly salary of the employee does not exceed AMD500,000: 4.5%
 - ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly salary and AMD27,500
 - ▶ If the total monthly salary exceeds the Cap: the difference between 10% of the Cap and AMD27,500
3. Starting 1 January 2023, the general rates will apply.

3. Employment obligations

Governing authority: RA State Revenue Committee, RA Ministry of Health

Governing legislature: RA Labour Code

Minimum monthly salaries

In accordance with the RA Law on minimum monthly salary, the minimum monthly salary in the RA is AMD68,000 net of taxes and other mandatory fees.

Working time

In accordance with RA Labor Code, the duration of a standard working time should not exceed 40 hours per week. Daily working time should not exceed a duration of eight hours, except for cases prescribed by the domestic legislation.

The maximum working time (including overtime) should not exceed 12 hours per day, including the break taken for rest and lunch, and 48 hours per week.

Annual paid leave

In accordance with the RA Labor Code regulations, the duration of the minimum annual leave for employees working a five-day working week is 20 working days and for a six-day working week is 24 working days. As a rule, annual leave for the first year of employment is provided to the employee after six months of continuous employment. The employer and employee may agree for the annual leave to be granted in parts. In such case, one of the parts of the annual leave should be at least 10 working days for a five-day working week and 12 working days for a six-day working week.

Sick leave allowance

Pursuant to RA Law on Temporary Disability and Maternity Allowance, the employee may be granted sick leave allowance on the provision of a temporary disability certificate for the working days of the disability period, starting from the second working day.

Further, the payment for the consecutive five working days is made at the expense of the employer, without any reimbursement, while the remaining part is paid at the expense of the Armenian state budget.

The temporary disability allowance is calculated on 80% of the employee's average monthly salary (income). If this amount exceeds 10 times the sum of the minimum monthly gross salary, then the temporary disability allowance is calculated on the amount of the minimum monthly gross salary at the time of temporary disability multiplied by 10.

Maternity leave and allowance

In accordance with RA Labor Code regulations, working women may be granted maternity leave as follows:

- ▶ Leave of 140 days (70 days before childbirth and 70 days after childbirth)
- ▶ For complicated childbirth cases, 155 days (70 days before childbirth and 85 days after childbirth)
- ▶ In the case of having more than one child, 180 days of leave (70 days before childbirth and 110 days after childbirth)

In accordance with the RA Law on Temporary Disability and Maternity Allowance, the corresponding allowance is calculated on the basis of the employee's average monthly salary. If the average monthly salary of the employee exceeds 15 times the minimum monthly gross salary set at the time of the disability, then the maternity allowance is calculated on the minimum monthly gross salary multiplied by 15. If the average monthly salary of the employee is less than 50% of the minimum monthly gross salary set at the time of the disability, then the maternity allowance is calculated on 50% of the minimum monthly gross salary.

4. Payroll requirements

Governing authority: RA State Revenue Committee

Governing legislature: RA Labour Code

Salary payment

Salary shall be calculated and paid to employees at least once a month by the 15th of the next month. Payment from parent of employing entity is not common practice in Armenia, however it is possible. In this case taxation issues for employing entity should be analyzed.

Payslips

When making salary payments, upon an employee's request, the employer shall provide the employee with the payslip indicating the calculated pay and amounts withheld from it.

5. Banking requirements related to payroll

Governing authority: RA State Revenue Committee

Governing legislature: RA Labour Code, RA Tax Code, RA Law on Currency Regulation

In accordance with the RA Labor Code regulations, the employers pay salaries in Armenian Dram (monetary unit of the RA). The payment can be made either by cash or non-cash basis using bank orders, checks or via monetary transfers to the bank accounts specified by the employees. Starting 2020, those employers who carry out activities in Yerevan (capital of Armenia) and have 10 and more employees must pay salaries only on non-cash basis.

There are no issues with payments to employees from offshore bank account.

Aruba

A



1. Government requirements

Registration requirements

Employees working in Aruba must be registered at the following Authorities in Aruba:

- ▶ Aruba Tax Authorities (ATA); the employee must obtain a personal tax identification number (so called “persoonsnummer” in Dutch) by submitting the request online and must register for personal income tax and social security premiums (latter; if applicable).
- ▶ Department of integration, administration and admission of foreigners (DIMAS): Foreigners must in principle obtain a permit to be able to live and work in Aruba. There are different types of permits (e.g., in case of paid employment, athletes) and the request must be submitted online and in person
- ▶ Social Security Bank (SVB): Employers need to be registered with the SVB and obtain a SVB number. Employers need to also register their employees at the SVB in order to benefit from the employee insurances, cessantia and social security insurances: Old Age Insurance (AOV) and Widow & Orphans Pension (AWW). Registration is online via the so called “MiSVb 2.0” portal.
- ▶ Executive body General Health Insurance (UO AZV): qualifying employees need to register at the AZV in order to benefit from the General Health Insurance (AZV). Registration is online.
- ▶ Department of Economic Affairs, Commerce and Industry of Aruba (DEACI): a foreigner who acts as managing director of an Aruban company and/or for another corporation that will act as managing director of the Aruban company needs to obtain a director’s license. If the person is born in Aruba and has the Dutch nationality or is nationalized as a Dutch citizen in Aruba and is 18 years or older, the person does not need to obtain a license to become the director of an Aruban company.

Local employers are considered withholding agents for wage tax and premium for social security insurances due from nonresident employees. In case of a foreign employer, the foreign employer is only required to withhold wage tax and premium for social security insurances if i) it has a permanent establishment or permanent representative in Aruba or ii) it has employees working in Aruba and has been designated by the ATA as a withholding agent. Some persons are considered to have a fictitious employment with an (foreign) employer even in the absence of a formal employment agreement (e.g., supervisory board members of Aruban established entities).

A withholding agent must obtain a persoonsnummer by submitting the request online and must register for the online portal named “Bo Impuesto Online (BOi)” in order to submit the monthly wage tax and premiums AOV/AWW and AZV return.

Ongoing compliance requirements

Prior to the first day of employment

Prior to the first day of employment, the employee must fill in an employee declaration (in Dutch: werknemersverklaring) that includes all relevant information for the correct withholding of wage tax and social security premiums. A copy of a valid identification, such as a passport, drivers’ license or Cedula, and his or her persoonsnummer, should also be filed into the administration.

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Monthly obligations

Wage tax and social premiums due should be withheld on a monthly basis. Furthermore, a wage tax and social premium return should be filed (online) with the ATA and the wage tax and social premiums due should be paid no later than the 15th day after the end of each month.

Additionally, a payroll administration (so called "loonstaat") has to be updated on at least a monthly basis. If the employee incurs certain income tax deductible expenses (e.g., mortgage interest main residence) during the calendar year, the person can, upon filing of a request, obtain a wage reduction statement from the ATA. Based on the wage reduction statement the aforementioned deductible expenses will be taken into account when computing the wage tax due.

i. Wage tax

Wage tax is a pre-levy to the income tax and employees are subject to wage tax at the same progressive rates as the income tax rates. Certain types of income (for example severance payments and surrenders of pensions) are taxed at 25%. A general tax-free income of AWG28,861 (for 2021) applies and it is deducted from the taxable income to calculate the so called table income. The general tax-free income is pro-rated if the person is not subject to wage-/income tax the complete calendar year. The following are the individual wage tax rates and tax brackets for the 2021 fiscal year.

Table of wage-/income tax rates per 1 January 2021:

With a table income of:			
More than:	And less than:	The tax amount is:	For each amount higher than column I:
AWG	AWG	AWG	%
0	34,930	0	12%
34,930	65,904	4,191,60	23%
65,904	147,454	11,315.62	42%
147,454	-	45,566.62	52%

ii. Social security contributions

In principle, all resident individuals must pay social security contributions. For employees, the employer must contribute part of the premiums due. The contributions provide benefits under the General Old Age Insurance Ordinance (AOV), the General Widows and Orphans Ordinance (AWW) and the General Sickness Ordinance (AZV).

Employers must pay employee insurance contributions for residents and nonresidents. The contributions provide benefits under the Sickness Insurance Ordinance (ZV), Accident Insurance Ordinance (OV) and Cessantia Ordinance. The Cessantia Ordinance provides for severance payment in case of involuntary dismissal. The insurance entitles the employee to a one-off payment, the amount of which depends on the duration of the employment and the last wage received or for certain cases a pension.

The following are the individual social premium rates for the 2021 fiscal year.

Premiums			
	Employer	Employee	Max. AWG
Age Insurance Ordinance (AOV)/ General Widows and Orphans Ordinance (AWW)	10.50%	5.0%	85,000
General Sickness Ordinance (AZV)	8.90%	1.60%	85,000
Sickness Insurance Ordinance (ZV)	2.65%		70,200
Accident Insurance Ordinance (OV)	0.25 - 2.50%		70,200
Cessantia Ordinance	AWG 40 per year		

Annual obligations

After each calendar year, the employer is required to prepare and submit a summary wage sheet (so called "verzamelloonstaat") and statement for third parties if applicable (so called: "opgaaf derden") (online) to the Tax authorities, no later than 31 January.

The summary wage sheet includes a summary of relevant information and the wage, and social premiums withheld and paid for each employee. The statement for third parties includes a summary of relevant information and payments made to each person other than employees.

Administration

The payroll administration and all relevant information and documents should be kept on file for a period of 10 years.



2. Pension requirements

Collective pension insurance - AOV (Old-age pension)

The AOV is a collective pension insurance (in Dutch: Algemene Ouderdomsverzekering), based on the General Old Age Insurance Ordinance, which provides residents with a minimum basic pension at the age of retirement. The AOV is funded according to the so called pay-as-you-go system. This means that all insured persons between the ages of 15 and the retirement age who have an income, pay the premium required to provide for the AOV pension. As of 1 January 2015, the retirement age was increased from 60 years, every 6 months until 1 January 2024, to 65 years. The total AOV premium is 15.5%, of which 10.5% is paid by the employer and 5% is paid by the employee. The premium is levied on the income up to a maximum of AWG85,000. Refer also to section 1 under ongoing compliance requirements.

In principle, a person who has been insured is entitled to the full AOV benefit taking into account a discount for each year between the age of 15 and the retirement age that he or she was not insured.

The AOV pension is granted upon request with the Social Security Bank (SVB).

Private pension insurance

All qualifying employees in the private sector (excluded are civil servants or similar) should be insured by law for a pension via their employers at a local insurance company or a regulated company pension fund. Director substantial shareholders of Aruban companies have different set of rules. Below are some key aspects of the compulsory pension requirements:

- ▶ As of 1 January 2015, the retirement age was increased from 60 years, every 6 months until 1 January 2024, to 65 years.
- ▶ The premium is set on a minimum of 6%, of which the employer should pay at least half.
- ▶ The premiums are applied on the pensionable salary, which is defined as at least 12 times the fixed gross monthly salary, increased with the average of the variable wage components of the past three years in case the employee works based on a variable component. The variable wage components focus on commissions and such.



3. Employment obligations

Minimum wage

The minimum wage as per 1 January 2020 of an employee who has reached the age of 18 years amounts to AWG1,815.15 per month and AWG423.40 per week.

Vacation

According to the Vacation Ordinance (Vakantieverordening) every employee is entitled to an amount of vacation days per year equal to at least three times the contracted number of working days per week, with a minimum of fifteen days per year for employees who work six days per week. During an employee's vacation, the employee remains entitled to receive his salary. Vacation allowance, however, is not mandatory. Furthermore, during (official) national holidays the employee also remains entitled to receive his salary.

Sick leave

In the event that an employee, who is insured under the Sickness Insurance (ZV) Ordinance, is unable to perform his or her labor due to sickness, the employer is obligated to continue payment of the employee's salary (80%) in so far the absence lasts longer than three working days and for a maximum period of two years (unless otherwise stipulated in the labor agreement). The employer will subsequently receive a refund for the 80% salary from the Social Security

Bank. The Sickness Insurance Ordinance only applies to full time employees.

Pregnancy and maternity leave

An employee is entitled to payment of 100% of her salary when she is on pregnancy and maternity leave. Pregnancy leave can be claimed four to six weeks before the estimated due date and maternity leave can be claimed the rest of the remaining twelve weeks. The total amount of time on leave (pregnancy leave, and maternity leave combined) must in all events be maximum 12 weeks.

The male employee is entitled to two days of paid paternity leave in case the spouse or woman with whom he has been living permanently as if he had been married, gives birth. The right exists from the first day that the child actually lives at the same address as the mother.

Other leave

For other situations such as weddings, funerals and personal leave, there is no legal stipulation granting the employee a specific amount of time for permitted leave. However, (unless agreed otherwise) an employee remains entitled to his or her wages for a fair short period of time, in the event the employee was not able to work during such time due to (i) the fulfillment of an obligation imposed by law or by the government which could not be fulfilled in the employee's free time or due to (ii) special circumstances not caused by the employee's fault.

4. Payroll requirement

Employers must process salary payments in accordance with the conditions agreed in the employment contract and provide the employee with a payslip containing the details of the salary received and the applied withholding of taxes and premiums.

If salary payments are made from another party than the employer, the employer must withhold taxes and premiums on such payments.

After the end of a calendar year, an employer must provide the employee with an annual income statement (in Dutch: Loon Opgaaf). This statement includes, amongst other, the wages that the employee received during the calendar year. It also states how much wage tax and premiums for social security insurances were withheld from the wages during the calendar year.

5. Banking requirements related to payroll

Employers may make salary payments to an employee in cash, in kind or by bank transfer. There are no restrictions applicable to salary payments made to and from abroad. A foreign exchange commission of 1.3% is however due on payments abroad by a resident to a nonresident. If salary payments are made in kind, such as a company phone or lease car, deemed allowances may be taken into consideration as taxable wage instead of the actual costs for wage tax and premium purposes.

Australia

A



1. Government requirements

Registration requirements

Registration for Pay As You Go (PAYG)

When an entity enters in Australia and employs people to carry out a business, the entity must register with the Australian Taxation Office (ATO) for PAYG withholding within seven days. If the entity has already obtained an Australian Business Number (ABN), the business can register for PAYG withholding by completing an "Add a new business account" form. If the entity does not have an ABN but have been assessed that an ABN is required, applications for ABN and PAYG withholding can be carried out at the same time. Businesses who do not have an ABN and do not require one still need to register for PAYG withholding if they are paying workers. Businesses in this situation are required to complete the "Add a PAYG withholding account" form. The requirement is governed by Income Tax Assessment Act 1997. Submitting payment details to the ATO via Single Touch Payroll (STP) reporting became mandatory for all employers with an ABN from 1 July 2019, with further updates to commence from 1 January 2022.

Registration for Payroll Tax

Payroll Tax is a tax due by employers on wages paid or payable to employees. In some cases, payments to contractors may also be regarded as wages for payroll tax purposes. The law in each state and territory broadly provides for payroll tax to be levied on wages, in cash or in kind, provided by employers to their employees. An employer's liability will vary between states and territories due to definition of the term wages on which the tax is levied, various payroll tax rates and the tax-exempt wages level threshold, etc.

If an employing entity has wages that exceed the payroll tax thresholds, the business will need to register for payroll tax within seven days after the end of the month in which they commence to pay wages. For an employing entity which employs people in more than one jurisdiction and the Australia-wide wages exceed the threshold in any of the states, the business will need to register for payroll tax in each state that the business employs. Each of the states and territories have their own Payroll Tax Act that governs the payroll tax levied on wages paid to the employees.

Workers Compensation Insurance

Workers Compensation Insurance is an insurance policy that ensures the employing entity is covered for the cost that might follow a workplace related injury or disease. These costs can include weekly and lump sum payments, medical, hospital and rehabilitation expenses, and return to work costs. Entities with employees must acquire a Worker's Compensation Insurance Policy. The regulations concerning worker's compensation vary in each jurisdiction of Australia. Queensland, New South Wales, Victoria and South Australia have a single authority structure whereas the Australia Capital Territory (ACT), Western Australia, Tasmania and Northern Territory leave the insurance arrangements to approved insurers or internal company insurance.

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Ongoing compliance requirements

Remittance of PAYG withholding

The timeframe in which an amount withheld must be remitted to the ATO depends on the total amount of PAYG withheld by an entity on an annual basis. Businesses are categorized as either a large, medium or small.

- ▶ **Large withholders:** An individual or business entity is considered a large withholder if its total PAYG withholdings for the previous financial year exceeds AUD1 million. A large withholder must pay the withheld amount to the ATO within seven days of making the salary or wage payment. The amount must be paid electronically.
- ▶ **Medium withholders:** An entity is considered a medium withholder if its total PAYG withholdings for the financial year falls within the range of AUD25,001 to AUD1.0 million. A medium withholder must pay the withheld amount to the ATO on a monthly basis by the 21st of the following month. The withholdings must be remitted electronically.
- ▶ **Small withholders:** An entity is considered small withholder if it has an annual withholding of up to AUD25,000. A small withholder must remit the withholdings at least quarterly, by the 28th of the following month after the quarter ends. ATO imposes penalties and interest for late lodgment, late payment and nonpayment of PAYG withholdings.

Payroll tax lodgment and payments

Each state requires applicable employers to lodge a monthly payroll tax return, including payment, by the 7th of the following month. An annual reconciliation for all states and territories is due by 21st July each year. The payroll tax rates and tax-free thresholds vary in each jurisdiction. In addition, the type of payments subject to payroll tax may vary. The wages subject to payroll tax also includes Fringe Benefit Tax (FBT) grossed up amount by type 2 factor and the payments made to contractors deemed as employees. Employee share schemes also need to be included.

Some states may allow small employers to lodge and make payment once or twice a year. The Office of State Revenue in each jurisdiction will outline the lodgment requirements and wage components applicable for payroll tax to be applied.

Reporting of PAYG

If an employing entity has tax withheld amounts from wages, salaries, employment termination payments (ETP) or other similar payments. The employing entity is required to provide a record of the employee's payment details, in

case they have tax withheld amounts from wages, salaries, employment termination payments (ETP) or other similar payments. This will occur on the date of the payment, called STP reporting. Employers are no longer required to provide employees with payment summaries if they report through STP. This information is available to employees via the MyGov website. Submitting payment details to the ATO became mandatory for all employers from 1 July 2019.

2. Pension requirements

Registration requirements

Employers are not required to register with a superannuation fund. The responsibility lies with the employee to nominate a superannuation fund in which the employer will remit funds periodically. The employee is required to complete a "Choice of Fund Form" to submit to their employer for payment.

Ongoing compliance requirements

Superannuation Guarantee Contribution

Superannuation Guarantee (Administration) Act 1992 governs the mandatory superannuation to all employees. All employers in Australia are required to contribute a minimum amount toward superannuation for their workers. The superannuation contribution made by the employers on behalf of employees are generally tax deductible except any penalties imposed due to employers not providing required minimum level of superannuation contribution. The superannuation rate on Ordinary Time Earnings is 9.5% for FY20-21 increasing to 10% for FY21-22. Superannuation must be calculated and remitted to a complying superannuation fund either elected by the employee or employer's default superannuation fund, in case employees do not elect fund of their own. Superannuation must be remitted at least quarterly to the employees' Superannuation Fund. Superannuation payments must be made electronically (Electronic Fund Transfer (EFT), BPAY). Superannuation lodgments and associated data must also be submitted electronically in a standard format compliant with the SuperStream requirement.

Non-compliance or non-payment in accordance with the Superannuation Guarantee (Administration) Act 1992 and SuperStream compliance will result in penalties and fines imposed on the employer.

3. Employment obligations

Employment law and minimum employment requirements

National Employment Standards under Fair Work Australia sets minimum wages and conditions for each employee in Australia. Minimum wages change each year, employers must oblige with the minimum wages and conditions set by Fair Work Australia. There may be severe legal consequences if the minimum employment conditions are not met. The national minimum wages for FY 20/21 is AUD19.84 per hour. This amount may vary depending on the role and industry of the employee.

In addition to the minimum wages, the employers must provide the minimum leave entitlement set out under National Employment Standards. The minimum requirements are 20 days paid annual leave per year, 10 days paid sick leave each year for full-time and part-time employees.

Furthermore, the Long Services Act in each state and territory governs the long service leave entitlement. The long service leave entitlement may vary by state. Employees who complete 10 years of continuous service (7 years in ACT) will be eligible for long service leave. If an employee leaves before completing 10 years of service (7 years in ACT), the employee may be entitled to a pro-rata long service leave balance to be paid out upon departure. The eligibility of pro-rata long service leave varies by each states and territories.

4. Payroll requirements

Payroll payments and payslips

Fair Work Australia governs the National Employment Standards including pay requirements.

Depending on the industry in which the employing entity operates either an award or an enterprise agreement or any other registered agreement will set out the minimum standards of how to pay the employee. Employees must be paid at least monthly.

All employees must be provided payslips within one working day of the pay day. Payslips can be provided in either electronic form or hard copy. The electronic form must have the same information as the hard copy.

All salary and wage income are income taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time the payment is made to the employee.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each pay period.

Austria

A



1. Government requirements

Registration requirements

Registration for wage tax

- ▶ The employer has to inform the respective tax authority about the launch of their business within one month.
- ▶ The employer needs to apply for an Austrian wage tax ID.
- ▶ Application for wage tax ID must be submitted to the Austrian tax office (Betriebsstättenfinanzamt) of the city where the permanent establishment of the company is located.
- ▶ The tax ID is required to withhold and settle the taxes.
- ▶ If employees working in Austria are liable to Austrian wage tax, an authorized representative can run an Austrian payroll for the foreign employer. The income tax has to be withheld and paid to the Austrian tax office. An Austrian compensation statement has to be prepared by the payroll provider on behalf of the foreign employer. The compensation statement has to be submitted to the tax authority electronically by the end of February the following year.
- ▶ The tax year in Austria is the same as calendar year.

Registration as an employer for social security insurance

The employer has to apply for a social security ID at the respective social security authority. All payments and de-registrations require this ID. The social security ID application can be done online.

Ongoing compliance requirements

Filing and payment obligations

In general, there is a requirement for every employer to withhold payroll taxes and social security contributions from the wages of resident and nonresident employees rendering services in Austria. The employer has to run a payroll account where all employee-related information is included. All compensation should be included, even those that are tax-free.

Tax obligations

The following types of payments or contributions have to be paid to the respective tax authority by the employer:

- ▶ Wage tax
- ▶ Contribution to the family burden fund (Dienstgeberbeitrag zum FLAF)
- ▶ Additional contribution to the family burden fund (Zuschlag zum Dienstgeberbeitrag)

The wage tax has to be withheld by the employer. The total withheld wage tax has to be paid to the respective tax authority of the employer's permanent establishment. This has to be done by the 15th of the following month.

The contribution to the family burden fund (3.9%) has to be paid by all employers who have employees in Austria. This includes also employees who are sent abroad. Foreign employers whose employees are working in Austria must also pay this contribution.

The additional contribution of the family burden fund has to be settled by the employer provided they are a member of the Austrian Chamber of Commerce. Foreign companies will not become a member of the Austrian chamber if they do not have an office in Austria. There is no obligation to settle the additional contribution of the family burden fund if the employees are sent abroad and are

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not covered by the Austrian social security system. The additional contribution of the family burden fund varies within Austria and is set between 0.34% and 0.42% as of 2019.

Social security obligations

For social security purposes, there are monthly reporting which are also sent electronically.

The following types of contributions have to be paid to the respective social security authority by the employer both for employee and employer:

- ▶ Health insurance
- ▶ Pension insurance
- ▶ Accident insurance
- ▶ Unemployment insurance

In general, the contributions are due on the last day of the month and should be paid within 15 days.

The monthly statements must be done electronically until the 15th of the following months.

Contribution to the severance pay fund

The employment contract is covered by the Law of the Severance Pay Fund (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz (BMSVG)) provided that the employment contract is covered by the Austrian labour law. With the beginning of the employment contract, the employer has to withhold 1.53% of the monthly remuneration. The contribution has to be settled to the respective social security authority who will forward it to the respective office (Betriebliche Vorsorgekasse). The employees are entitled to receive a severance pay when they leave the company (e.g., in case of retirement). The severance pay has to be settled at the end of the second month after it has been claimed.

Municipal body taxes

The following types of taxes have to be paid to the respective municipal body:

- ▶ Community tax (Kommunalsteuer)
- ▶ Employer tax for Vienna (Dienstgeberabgabe der Gemeinde Wien-U-Bahn-Steuer)

The community tax (3%) has to be settled for employees of an Austrian permanent establishment of the company. The community tax is due by the 15th of the following month. The community tax return has to be filed electronically by end of March of the following year with the municipal body.

The employer tax for Vienna has to be settled for all employment contracts if the place of work is located in Vienna. In general, the tax amounts to EUR2.00 per employee per week. It is due by the 15th of the following month. The tax return has to be filed by end of March of the following year.

Tax rates

Income below EUR11,000 is tax-free for ordinarily resident individuals, while the income of nonresidents is tax-free up to EUR2,000. The following table includes the tax rates for the ordinarily resident individuals in Austria for regular payments.

Taxable income (EUR)	Tax rate (%)
First 11,000	0
Next 7,000	20
Next 13,000	35
Next 29,000	42
Next 30,000	48
Next 910,000	50
Above 1,000,000	55*

Special tax rates for vacation and Christmas bonus (non-regular payments)

Annual salary is paid in 14 equal instalments to achieve a more favourable income tax rate. Non-regular payments, such as the 13th and 14th months' salaries, are taxed at the following tax rates on the condition that they do not exceed one-sixth of the amount of the regular payments:

Amount of payments (EUR)	Tax rate (%)
Up to 620	0
For the next 24,380	6
For the next 25,000	27
For the next 33,333	35.75
For more than 33,333	50

If one-sixth of the regular payments equals EUR2,100 or less, the non-regular payments are tax-free.

Social security insurance rates and obligations

In general, an individual working in Austria is subject to the Austrian mandatory social security system according to the Austrian social security law. The employee as well as the employer has to settle social security contributions to the Austrian social security authorities.

Social security system in Austria consists of the following elements:

- ▶ Health insurance
- ▶ Old-age pension
- ▶ Unemployment insurance
- ▶ Insolvency guarantee
- ▶ Accident insurance

The percentage rates for 2021 are as follows:

Name	Total (%)	Employer (%)	Employee (%)
Health insurance	7.65	3.78	3.87
Accident insurance	1.20	1.20	–
Old-age pension insurance	22.8	12.55	10.25
Unemployment insurance	6.00	3.00	3.00
Insolvency guarantee funds contribution	0.55	0.55	–

The monthly ceiling for regular payments is EUR5,550 in 2021. The annual ceiling for special payments is EUR11,100.

The employer has to register all new employees before the first workday and deregister them within seven days after the end of employment at the responsible agency. This effects also the accident and old-age insurance and has to be done electronically.

2. Pension requirements

Registration requirements

Statutory pension insurance

The rules included in the ASVG are applicable to persons born before 1 January 1955. Allgemeine Pensionsgesetz (APG)“ is applicable to people born after this date. The contributions to the old-age pension insurance are paid to the pension insurance agency (Pensionsversicherungsanstalt - PVA).

For persons born after 1 January 1955, the so-called individual pension account (Pensionskonto) is applicable. All old-age pension contributions are summed up within this pension account.

Voluntary company pension schemes

Company pension schemes can be set up in addition to the statutory pension insurance. Employees are part of the mandatory pension scheme.

Retirement

The general regular pensions are paid to women from the age of 60 (until the year 2024), 65 (starting with the year 2033) and for men from the age of 65. Future legislative developments cannot be foreseen, however it is expected that the pension age will be increased.



3. Employment obligations

Minimum wage

- ▶ The Austrian law against wage and social dumping (Lohn- und Sozialdumping-Bekämpfungsgesetz) regulates that similar wage condition applies for the employees working in Austria in the same branch.
- ▶ If the law is breached, penalties can be set between EUR1,000 and EUR50,000. Additionally the responsible authority can prohibit the foreign employer to perform any services in Austria for up to five years.

Vacation entitlement

Generally, vacation entitlement is regulated by law (Urlaubsgesetz - UrlG). The employee is entitled to receive paid vacation. For less than 25 years of work, the paid vacation amounts to 30 workdays which corresponds to 25 weekdays/5weeks per calendar year. For more than 25 years of work and other conditions, the paid vacation amounts to 36 workdays which corresponds to 30 weekdays/6weeks per calendar year. During the vacation, the employee is entitled to receive his regular wage.

Holiday

Holiday planning has to be arranged between the employer and the employee. During the holiday a normal business

has to be ensured. Additionally the employer has to ensure that the employee can rest during the holiday. The holiday can fall under the statute of limitation. Therefore the employer has to make sure that the employees consume their holiday on time.

4. Payroll requirements

Payment

A central duty of the employer is the payment of the agreed wage – the amount cannot be less than legal regulations, such as the minimum wage in many industries. Punctual payment and correct calculation of the amount is also an element of compulsory performance. If, instead of a fixed salary, the actual working time is paid, the employer must ensure that this is correctly recorded. According to the law, punctuality in money transactions is highly important. If the employee forgets to communicate his or her new bank account, the amount must be re-transmitted as soon as possible. Transfer to the following month's salary is not allowed. Likewise, an erroneously inadequate transfer must be corrected immediately; in the case of minor amounts, transfer to the subsequent period can only be made if the employee expressly agrees. The obligation to pay includes the granting of paid leave as well as the payment of wages in the case of the employee's incapacity for work.



Social security contributions, wage tax and employer taxes

Contributions to social insurance must be paid by both the employer and the employee. The employer carries out the technical implementation of the deduction of social security contributions and wage tax, in addition, the employer may even be personally liable for income tax not being paid to the authorities.

5. Banking requirements related to payroll

Data files for payroll payments processed via data transmission to the bank can be prepared by payroll software, also if a foreign client or employee bank account is to be used. In general, only a valid IBAN number and BIC number is needed in order to prepare payroll bank files for the client (Austrian as well as foreign clients within Europe).

Azerbaijan

A



1. Government requirements

Registration requirements

Legal entities

Various registration requirements apply to foreign companies establishing a business presence in Azerbaijan. Registration of commercial legal entities and public legal entities are conducted according to the Law on State Registration and State Register of Legal Entities. Registration with other state authorities is not required, as this will be done by the Ministry of Taxes (MOT) based on the so-called “one-stop shop” principle. Non-commercial legal entities are registered with the Ministry of Justice or the State Committee on Work with Religious Authorities. The fee for registration of Branch and Representative Offices of foreign legal entities is AZN220. Changes to registration details are free of charge.

Ongoing compliance requirements

Personal Income Tax (PIT)

Local and expatriate employees are mostly subject to the same tax rules in Azerbaijan. A resident for Azerbaijani PIT purposes is defined as any person who spends more than 182 days in a calendar year in Azerbaijan. Residents are taxed on their worldwide income whereas nonresidents are only taxed on their Azerbaijani source income.

Payment of PIT is made through a withholding mechanism carried out by the employer. According to the applicable legislation, the employee’s monthly income should be taxed at the following rates:

- ▶ Up to AZN2,500: 14% (applied to the salary amount less the minimum living wage determined for the given reporting year)
- ▶ Above AZN2,500: a total of AZN350 and 25% of the amount exceeding AZN2,500
- ▶ The payment is due by 20th of the month following the calendar month

Starting from 1 January 2019, updates have been introduced to the tax legislation granting reduced PIT rates for the period of seven years for the taxpayers engaged in non-oil and gas and non-government sector.

Determination of sector depends on revenue streams of the taxpayer for the previous year. The reduced PIT rates granted for non-oil and gas sector are as following:

- ▶ Up to AZN8,000: 0%
- ▶ Above AZN8,000: 14% of the amount exceeding AZN8,000

No requirement for the personal filing of PIT from employment activity is envisaged under the Tax Code of Azerbaijan Republic (TCA). However, according to the TCA, the employer is obliged to file the PIT quarterly Joint Employer’s Liability report to the tax authorities including information on PIT and pension payments. The reporting deadline for the report is 20th of the month following the reporting quarter.

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2. Pension requirements

Registration requirements

Compulsory state social insurance

The registration of commercial legal entities at the State Social Protection Fund (SSPF) is carried out simultaneously during the registration process with a single registration body (i.e., the MOT) and no further actions are required.

The conclusion of an employment agreement itself entails the obligation to pay compulsory state social contributions, which are withheld at source and remitted to the SSPF by the employer, based on the Law on Social Insurance. Compulsory state social insurance contributions serve as a social insurance and condition for receiving a pension once the employee reaches retirement age. According to the Law on Labor pensions, retirement age set by the labor legislation is currently 61.50 for women and 64.53 for men (age increase for 6 months after each 1 July) with at least 25 years of social insurance contributions.

The registration for compulsory state social insurance contributions for individuals is carried out upon application and by the employer's submission of other documents to the SSPF within one month of the date of conclusion of the employment agreement. In order to register the paid social insurance contributions, the SSPF creates personal accounts with a unique Social Insurance Certificate Number for each employee, which are formalized with a Social Insurance Certificate presented to each employee.

Ongoing compliance requirements

Compulsory state social insurance contributions

Pursuant to the Law on Social Insurance of the Republic of Azerbaijan, there are two elements of SSIC:

1. Payable by employee
2. Payable by the employer

The employer is obliged to withhold 3% social fund contributions from the employee's gross income. In addition, 22% social fund contributions calculated on the monthly gross salary are payable by the employer at its own cost. Basically, it is the PIT base, with certain adjustments, that is used for the calculation of social contributions in Azerbaijan.

SSIC rates for individuals engaged in employment activities under non-oil and gas sector are different from the ones described above. As such, for individuals whose gross taxable monthly income is above AZN200 - 10% of the amount exceeding AZN200 plus AZN6 should be withheld from employee and 15% of the amount exceeding AZN200 plus AZN44 should be paid by employer.

The payment of SSIC should be made by the 15th of the month following the month of salary calculation. The reporting in this respect is done on a quarterly and annual basis. Quarterly Joint Employer's Liability reports discussed under the PIT section earlier which should also include information on SSIC should be submitted no later than the 20th of the month following the reporting quarter.

Compulsory unemployment insurance contributions

Unemployment insurance contributions (UIC) are due on the employment income of individuals holding employment agreements with local companies. As such, employers are obliged to make a payment of UIC at a rate of 0.5% of employees' gross salary plus withhold 0.5% from their salary and pay the total amount (1% of gross salary) to the Unemployment Fund.

Compulsory medical insurance contributions

Medical insurance contributions (MIC) are expected to be implemented from 1 January 2021.

3. Employment obligations

Labor Law

Labor relationships are regulated by the Labor Code of Azerbaijan (LCA), respective decrees of the cabinet of ministers, acts of the Ministry of Labor and Social Protection of the Population, and other related legal acts. The LCA presents the list of provisions that should be duly reflected in the Employment Agreement, including employee's labor conditions, i.e., working and rest hours, wage or salary and adjustments, duration of labor vacation, labor protection, and social and other types of insurance. The Employment Agreements are subject to compulsory electronic registration with the e-gov system. Moreover, there are several restrictions set by the labor legislation with regard to minimum monthly salaries (i.e., AZN250), the minimum amount of annual vacation days (i.e., at least 21 calendar days), working hours, obligation of the employer to implement health and safety rules, and payments for overtime, etc.

Apart from the above, the Migration Code regulates the labor activity of foreigners and stateless persons in the Republic of Azerbaijan. Obtaining a work permit (with certain exemptions) and a temporary residence permit are requirements for foreigners and stateless persons who will be involved in employment in Azerbaijan.

The Ministry of Labor and Social Protection is the state authority responsible for implementing labor policy and supervising compliance with labor legislation.

4. Payroll requirements

Salary and compensations

The salary of the employee comprises wages and salaries, payments or benefits received by an individual in respect of employment. In general, any type of benefit represents taxable income to the individual. Notably, business-related expenses, as well as meals, accommodation, entertainment and other expenses of a social nature paid by an employer are exempt from taxation, however, these can be subject to social contributions.

Payslips

The LCA stipulates minimum requirements with regards to the format of payslips:

- ▶ The total amount of salary calculated
- ▶ Supplements to salaries, bonuses and other payments, their types and amounts
- ▶ Amounts deducted from salaries – description, type, reason and amount of deductions
- ▶ Amounts actually paid
- ▶ Parties' outstanding payables to one another and the amounts

Compensation schedule

According to the LCA, monthly salaries should be divided into two parts (advance and remaining portions of the wage) and paid to employees twice a month with an interval not exceeding 16 days. Annual salaries should be paid not less than once a month. However, other payment terms for salaries may also be stipulated under the agreed employment contract. The employee's salary may be considered either on the basis of the amount of work performed or hourly tariff criteria which should be defined under the agreed employment contract.

5. Banking requirements related to payroll

The LCA stipulates that salaries should be remitted to the employees based on the requirements of the Law on Cashless payments. Based on the said Law, all employers, with the exception of those engaged in retail, catering or services sector and having turnover of less than AZN200,000 within any 12 months interval, should pay salaries and other payments to the employees via cashless transfer, i.e., to the employees' bank accounts.

Foreign exchange control

Under the LCA, salary, as well as supplements hereto, awards and other payments to employees should be made in the local currency, Azerbaijani manats (AZN).

Meanwhile, it should be noted that Production Sharing Agreements (PSAs) grant different exemptions for companies involved in oil and gas operations. For instance, these companies, under certain conditions, may pay the salary in foreign currency.

The Republic of Belarus

B



The Republic of Belarus

1. Government requirements

Registration requirements

Companies must be registered with the state registration authority (City Executive Committee), which takes care of further registration. Registration (setting up) is completed one day after the submission of all necessary documents. The company will then receive a certificate of registration for all required authorities: City Executive Committee, tax authorities, the Social Security Fund, statistics bodies and the Belarus Republican Unitary Insurance Company, Belgosstrakh. Tax registration is effective for all taxes.

A newly created company (or a representative office) should take additional steps to be fully operational, e.g., open bank accounts and create a corporate seal. A special permit (license) is required for certain business activities, e.g., banking, gambling, the production, wholesale and retail of alcohol and tobacco, operating in the oil and gas industry, medical activity, and transportation services.

The licensing authorities issue licenses within 15 working days from the date of submission of all required documents.

The most commonly used types of Belarusian legal entities are limited liability companies (LLCs), closed joint-stock companies and unitary enterprises. The minimum charter fund of an LLC is currently not stipulated by legislation. Payments for stockholding may be in the form of cash, and might also include in-kind payment, with shares of other companies, assets, equipment, etc.

Foreign citizens should also obtain a work permit from the Ministry of Internal Affairs. This is issued for one year and may be extended once.

Ongoing compliance requirements

Personal Income Tax (PIT)

Taxpaying individuals pay PIT. Income from sources inside and outside Belarus received by Belarusian tax residents, and from sources in Belarus received by tax nonresidents, is subject to PIT. Belarusian tax residents are individuals who have been on Belarusian territory for more than 183 days in a calendar year. Individuals who do not meet that requirement are tax nonresidents. The standard tax rate is 13%. For some categories of tax payers, it may be 4%, 9%, 10% or 16%. In most cases, PIT is calculated, withheld and paid by tax agents. Tax agents are Belarusian companies, Belarusian individual entrepreneurs (notaries and lawyers), Belarusian-based representative offices of foreign companies, or foreign companies engaged in activity in Belarus through a permanent establishment in Belarus, from which the taxpayer has received income. In general, tax agents pay PIT no later than the day on which the income was paid.

Individuals must submit a tax return to the tax authorities and pay PIT themselves in the following cases:

- ▶ When income is received from individuals who are not tax agents
- ▶ When income is received by a Belarusian tax resident from a source outside Belarus
- ▶ When tax agents do not withhold income tax from an individual's income
- ▶ Other cases provided by the Tax Code

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Individuals submit an annual tax return no later than 31 March of the year following the reporting calendar year and pay tax no later than 1 June of the year following the reporting year.

PIT payers may apply tax deductions, for example, for the amount paid for education in Belarusian educational institutions. Another case for tax deduction could be construction expenses incurred by the taxpayers and their family members who are registered as individuals in need of better living conditions. These tax deductions are granted by the tax agent or by the tax authorities. A taxpayer may apply for several standard tax deductions. For example, most taxpayers may apply a standard tax deduction of BYN126 per month if they receive income of not more than BYN761 per month and of BYN37 per month for each child under 18 years of age, including each dependent if any.

Belarusian employers should also submit annual information about income paid to foreign citizens. The deadline is 1 April of the year following the reporting year.

2. Pension requirements

Registration requirements

Usually all employees are registered with the Social Security Fund at their first workplace by their employer, via a special electronic portal. Foreign citizens who are employed in Belarus must take part in the state security program in the same manner as Belarusian nationals.

Ongoing compliance requirements

Contributions to the Social Security Fund

All payments in cash or in non-monetary form are subject to social security contributions, including payments under civil law contracts. The tax base for social security contributions is limited to five times the average salary for the previous month. It is calculated and published by the statistic authorities.

Mandatory social security contributions are 35% of the salary (28%: pension contributions covered by the employer, 1%: pension contributions covered by the employee and 6%: social security contributions covered by the employer). Employers file a report on social security contributions quarterly. The deadline for payment to the Social Security Fund is the date of salary payment but no later than the 20th day of the month following the preceding month.

Professional pension insurance contributions

Professional pension insurance covers employees engaged for a full workday in underground work, or for work in especially harmful and hard conditions, as well as employees in certain professions. The professional pension insurance contribution rates vary from 1.5% to 9%. The payment and reporting requirements are similar to those established for social security contributions.

Compulsory insurance contributions to the Belarusian Republican Unitary Insurance Enterprise (Belgosstrakh)

The compulsory insurance contribution to Belgosstrakh is for work-related injuries and occupational illnesses. The tax base consists of all types of payments made to individuals subject to compulsory insurance. Contributions are paid not later than the 25th of the month following the reporting quarter in which employees receive payment. Foreign citizens are also obliged to take part in this compulsory insurance program. The rate is 0.6% and this can increase or decrease depending on the professional risk.

3. Employment obligations

The Ministry of Labor and Social Security is a governmental body which regulates all aspects of the relationship between the employer and the employee:

- ▶ **Minimum salary:** The system of employees' guarantees includes the minimum wage. It is calculated and stipulated in legislation and must be met by all employers.
- ▶ **Vacations:** The minimum number of vacations days is 24 days per working year. The agreed number of vacation days is stipulated in the labor agreement. Vacations may be divided into two parts, one of which cannot be less than 14 days. If the employee is unable to use all vacation days within a working year, they are carried forward to the following year. The employer is obliged to provide payment in lieu of all unused vacation days at the date of dismissal.
- ▶ **Working during days off, night time or overtime:** The Labour Code provides an obligation to the employer to make additional payments and to provide additional holiday to the employee for working during holidays, night time, or overtime (there are special requirements for each case).

4. Payroll requirements

According to the legislation, the salary should be paid not less than twice per month for employees working under a labor agreement and not less than once per month for employees working under labor contracts. Also, the employer should provide the employee with a payslip containing all the information about the salary for a particular month.

5. Banking requirements related to payroll

The method of salary payment can either be by cash or bank transfer (the most commonly used method) on the day stated in the terms of the contract. Salary payments should be in local currency – Belarusian Ruble (BYN). The rules of payment are the same for local and foreign staff.

Social security contributions:	35%
Compulsory social insurance for retirement, disability and loss of breadwinner (pension insurance) which includes 1% payable by an employee, in this case, tax to be withheld and paid by the employer	29%
Compulsory insurance premiums for disability, maternity, etc.	6%
Obligatory insurance for work-related injuries and occupational illnesses with the Belarusian Republican Unitary Insurance Enterprise (Belgosstrakh)	0,1-1% (rate may be different for different professions)

Personal income tax	
Standard tax rate	13%
Income in the form of winnings, or returned stakes on events that did not take place, received by individuals from a Belarusian company engaged in the gambling business	4%
Income received by Belarusian individual entrepreneurs, such as notaries and advocates, from entrepreneurial activities such as notarial and private advocacy	16%



1. Government requirements

Registration requirements

In order to set up a company in Brazil, the first step is to obtain a tax Taxpayer ID (CNPJ). After that, the company will be able to register before the Brazilian internal revenue service (IRS) and before the Brazilian Board of Trade (Junta Comercial) of the state where it is setting up its operations.

For payroll, other specific registrations are mandatory:

- ▶ Registration before the Brazilian IRS: the attorney elected by the company must make this application. To do so, a Power of Attorney (PoA) must be granted to the elected legal representative who needs to be resident and domiciled in Brazil.

This first step is to send the appropriate forms and documents with the foreign company's information via internet with the request form, a copy of the Articles of Incorporation and the PoA granted to the legal representative, giving powers to represent the company before the Brazilian IRS in all matters. Note that the Articles of Incorporation and PoA must be translated by a sworn translator and duly legalized.

After registering before the Brazilian IRS, the company will be able to obtain a password for the social security account with the National Social Security Institute (INSS).

In addition, for compliance purposes, the company must have a book for the registration of labor inspections, containing all the company information. This book will be required in case of labor inspection and access must be given to the public prosecutor when required.

When all the registrations have been made, the company will be able to start hiring employees. It will then have other obligations, including:

- ▶ Registration of its employees with the Social Integration Program (PIS) through the Digital Certificate of the company. A Digital Certificate is an electronic "password" that allows the organization to exchange data securely over the internet using the Public Key Infrastructure (PKI).
- ▶ Register the Taxpayer ID before the Labor Ministry (Ministério do Trabalho); an electronic PoA will be requested
- ▶ Register the Taxpayer ID before the Caixa Economica Federal Bank; an electronic PoA will be requested
- ▶ Register the Taxpayer ID before the Brazilian IRS; an electronic PoA will be requested

Registration requirements related to Union

After obtaining all mandatory registrations before the government bodies, the Brazilian labor law also requires that companies register before the union that corresponds to their activities, and which will represent and ensure the labor rights of their employees.

According to the Brazilian Federal Constitution law number 149, in January of each year, the company should pay the annual contribution for the Union, the amount is calculated upon the equity capital.

However, the law number 13,467, which relates to the Labor Reform in force since 2017, this payment became optional for the companies.

Considering the discount of the Union contribution for the employee, the employee needs to inform the company and provide a letter authorizing the discount. The contribution must be recorded on the employee's work booklet.

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Ongoing compliance requirements

Monthly payroll

In Brazil, the below contributions are mandatory. They are deducted from the employee's monthly payroll and paid to the government. Each contribution has its range of respective deduction percentage according to the salary:

1. Social security contributions to the INSS: A monthly procedure with deductions from the employee's monthly payroll that vary between 26.8% and 28.8%, according to the law number 8,212 from July 1991.
2. Severance Indemnity Fund (FGTS) contributions are also required. They are monthly and the percentage is 8%, according to the Law 8.036, 11 May 1990. FGTS collection and Social Security (SEFIP) are still mandatory if the company has no employees registered. In this case, the information is only to state the company has no movement (no employee registered).
3. Withholding of income tax IRS is also a monthly procedure and the tax is calculated at percentages of 7.5%, 15%, 22.5% or up to 27.5%, depending on the employee's salary range. This is stated on Decree number 3,000 of March 26, 1999 (Income Tax Regulations).
4. eSocial: Requirement for all companies in Brazil in force since July 2018, according to Decree number 8,373 of December 11, 2014.
eSocial is a system from the federal government and consists in a digital bookkeeping of labor tax, social security and labor obligations, all related to the hiring and use of cost of labor with or without employment or social security or other tax information required by law. eSocial will be reported in compliance with the legislation in force and with the internal policies established by the client.
5. Submission of information to the General Registry of Admitted and Laid-Off Workers (CAGED) is an ancillary obligation, which is applicable when there is a new hiring or termination in the month, was replaced by eSocial obligation.

Year-end requirements

In Brazil, there are annual payroll obligations that the company needs to comply with.

The first is the "13th salary", or Christmas bonus, which is an extra salary paid to the employees at the end of the year. Employees who have worked for the 12 months are entitled to receive the full payment, while those who have worked for part of the year will receive a payment proportional to the period worked. For calculation

purposes, the total salary is divided into 12 installments and the amount is multiplied by the number of months in which the employee worked. The payment is made in two installments:

- ▶ In November: The first installment in advance payment which corresponds to the six months worked up to the date of the first installment in November. According to Decree-law 57.155, November 3, there is no INSS deduction from or withholding taxation over the first installment of the 13th salary. But FGTS taxation is applied to both installments.
- ▶ In December: The second installment is the residual value of the 13th salary. INSS contribution and withholding tax are applied to this second installment.

Another annual requirement is the submission of an annual income statement for individuals (DIRF) to the Brazilian IRS. This needs to be submitted in order to inform the IRS of the income paid to individuals domiciled in Brazil. A DIRF return needs to contain the following information:

- ▶ The amount of income tax and withheld contributions, and the income paid or credited to the company's beneficiaries
- ▶ Payment, credit, deliveries, remittance to, and employment of residents or those domiciled abroad
- ▶ Payments to any company health care plan

The final annual requirement is the RAIS, which is a report containing socioeconomic information, requested annually by the Brazilian Ministry of Labor and Employment for companies and other employers, was replaced by eSocial obligation.

2. Pension requirements

Registration requirements

Usually, all employees are registered for social security at their first workplace by their employer, through registration of their PIS number, which is the INSS number of each employee.

Ongoing compliance requirements

The following requirements refers to Social Security:

- ▶ FGTS: due by the 7th of each month
- ▶ GPS (social security tax voucher): due by the 20th of each month
- ▶ DARF withholding income tax voucher: due by the 20th of each month

3. Employment obligations

General employer obligations

- ▶ **Salary:** This is established by a collective bargaining agreement and guarantees a minimum salary for each sector. The Union also establishes other conditions, such as percentage of overtime, night work, benefits and advance salary. The due date for salary payments can be considered the 30th day of each month, or by the 5th working day of the subsequent month, according to Article 465 of the Consolidation of Labor laws (CLT).
- ▶ **Vacation:** Employees only acquire the right to vacation after one year of work at the same company, and therefore, vacation cannot be granted before employees complete this period. For every 12 months worked, employees are entitled to a 30-day vacation, which is compensated with a monthly salary plus an additional bonus of one-third of the monthly salary. The payment will have to be made two business days before starting vacation, according to Articles 129 to 133 of the CLT. The vacation period can be split up to three periods, provided that the employer grants authorization and that one period corresponds, at least, to 14 consecutive days. The remaining periods may not be less than five consecutive days, according to law number 13,467 from November 2017 which relates to the Labor Reform.
- ▶ **Termination:** The termination of an employment contract may be decided, as a general rule, either by the employer or by the decision of the employee (resignation). According to the local laws in Brazil, there are time limits for severance payments. The payment can be made within 10 days, counted from the last worked day. According to the regulatory normative (norma regulatória) number 7 of Occupation Health Program Control, the dismissal medical examination, must be performed within 10 days of the end of the contract.

For payment made outside the established legal term, an equivalent monthly compensation is due to the employee, as required by Brazilian law in accordance with Article 477 of the Labor Code.

Salary adjustment for the professional sector are always annual, and these are established according to the collective bargaining agreement of the Union responsible for the company's sector.

4. Payroll requirements

Statutory payroll requirements

The company must prepare the monthly payroll for the salary paid to all employees in its service, and must maintain a copy of the corresponding paperwork and receipts of payment, according to Article 225 of Decree No. 3048 of May 6, 1999.

5. Banking requirements related to payroll

Salaries are paid by wire transfer. Salary payments must be made in local currency, Brazilian reais. The employee must open a bank account and provide the account information to the company.

Cambodia

C



1. Government requirements

Registration requirements

Tax registration and payroll tax withholding

All companies in the Kingdom of Cambodia are obligated to register with the General Department of Taxation (GDT) to get a VAT certificate, patent tax certificate, VAT Tax Identification Number and Tax ID card.

In January 2019, the concept of a personal income tax (PIT) regime was introduced in the Law on Financial Management for 2019. Under this regime, individuals, including employees, will be subject to PIT on their taxable income earned in the tax year (i.e., total income after allowable deductions). However, an official announcement as to when the PIT will be implemented, and the details of the deductions that will be allowed and the tax collection mechanism has not been released yet. For this reason, the Cambodian tax authorities rely mostly on the withholding mechanism (i.e., withholding agent) to tax individuals who are liable to Tax on Income (TOI) in Cambodia.

For individuals (employees) who receive income from providing employment services in Cambodia, the Cambodian tax authorities introduced a Tax on Salary (TOS) and a Tax on Fringe Benefits (TOFB). A registered employer is required to be its employees' withholding agent by fulfilling the following requirements:

- ▶ Withhold tax from the employees' salary payment
- ▶ Declare the tax to the GDT and report the status of the tax withheld to the employees
- ▶ Keep and maintain books and records as required by the regulations

Registration with National Social Security Fund (NSSF)

Companies that are established in Cambodia must be registered with the National Social Security Fund within 30 days from the commencement of operations to receive a NSSF ID.

Ongoing compliance requirements

Monthly payroll tax

TOS: Resident and nonresident individuals are subject to TOS on income from their employment activities and withholding tax on certain other types of income. Resident individuals are subject to TOS on their worldwide employment income, while nonresident individuals are subject to TOS on their Cambodian-sourced employment income only.

Employers must withhold TOS from resident employees at progressive rates ranging from 0% to 20%. The following table presents TOS rates imposed on the monthly taxable salary of resident individuals.

Monthly taxable salary (KHR)	Rate (%)
1,300,000 or less	0
1,300,001 to 2,000,000	5
2,000,001 to 8,500,000	10
8,500,001 to 12,500,000	15
12,500,001 or more	20

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A nonresident employee is subject to tax at a flat rate of 20% on his or her Cambodian sourced income

TOFB: The responsibility to withhold and pay TOFB lies with the employer. The fringe benefits are taxable at a rate of 20% on the total value of the benefits provided. The value of the fringe benefits is determined at the fair market value inclusive of all taxes.

The deadline for the tax payment and submission of the monthly TOS and TOFB return to the tax authority is by the 20th day of the following month.

NSSF

An employer is required to contribute two kinds of social securities:

- ▶ Occupational Risk Contribution: the risks include work-related accident, accident while commuting directly to or from the workplace and home and occupational diseases. The contribution is equal to 0.8% of the monthly average wage of an employee to the NSSF's designated (maximum 1,200,000 Riel); and
- ▶ Healthcare Scheme Contribution: This refers to social health insurance including benefit provision, health prevention, medical care services, provision of daily allowance for being absent from work due to sickness or accident and maternity leave. The contribution is equal to 2.6% of the monthly average wage to the NSSF's designated (maximum 1,200,000 Riel).

The deadline for the payment and submission to the NSSF is by 15th and 20th of the following month, respectively.

2. Pension requirements

On 4 March 2021, the Cambodian Government issued Sub-Decree 32 to introduce a pension scheme in Cambodia. For implementation, it will be subject to further Prakas issued by the Ministry of Labour and Vocational Training. Under Sub-Decree 32, enterprises employing one or more employees will be obliged to register with the NSSF for the pension scheme within 30 days after the effective date of Sub-Decree (i.e., 4 March) except for enterprises that have already registered with the NSSF. Also, all new employees are required to register with the NSSF for the pension scheme within three days from the date of employment. For the first five years of implementation, the pension shall be equivalent to 4% of the gross monthly salary of the employee, where 2% shall be borne by the employer and 2% by the employee.

3. Employment obligations

Employment requirements

Enterprises are required to apply for an employment card together with an employment identification card for each local employee. For foreign employees, they are required to apply for a quota and work permit from the Ministry of Labour and Vocational Training (MLVT). Employers are also required to file a declaration of staff movement with the MLVT/Department of Labor and Vocational Training within 15 calendar days after the date of hiring or terminating employment.

Minimum wage and working hours:

No minimum wage has been established by law except in the garment, textiles and footwear manufacturing industries, where the minimum wage for workers is USD192 per month, effective from 1 January 2021. The minimum wage is subject to change every year in accordance with the labor regulations issued by the MLVT.

The normal, legal working hours are 8 hours per day or 48 hours per week. However, employees can work up to 6 days per week and must get at least one full day or 24 hours off per week, and this should normally be a Sunday. Employees are entitled to overtime pay which is limited to 2 hours per day. Overtime is compensated at 1.5 to 2 times the normal wage, depending on the time at which the overtime is worked.

Rest hour and leave entitlement

With respect to rest time and leave, an employer shall arrange a rest period or meal break for its employees during the workday from 30 minutes to 1 hour. Annual leave is set at one and a half days for each month of employment, resulting in 18 days of fully paid leave per year with an additional day for each additional three years of employment.

Employers are required to provide maternity leave of at least 90 days, during which the employee receives half salary if she has worked one continuous year or more for the enterprise.

Employees may be entitled to special leave to meet family needs such as wedding, funeral, etc. This is set at a maximum of seven days per year and these leave days can be deducted from the employee's annual leave, if such is available.

Sick leave may be permitted and compensated for, under the conditions set in the enterprise's internal work rule. Long term sick leave for illness certified by a qualified doctor is allowed for no more than six months.

Mandatory employee benefits

Employers with 100 or more female employees must either provide a nursing room and a childcare center for babies or pay for childcare if such a facility cannot be installed.

Severance pay and seniority payments

An employer needs to provide severance payments to its employees upon termination of employment under a Fixed Duration Contract (FDC), or at least 5% of the wage received during the period of contract. For an employment under an Undetermined Duration Contract (UDC), the employer must pay for the seniority indemnity.

4. Payroll requirements

Payroll payments must be made twice per month in which the first payment must be paid in the 2nd week and the

second payment paid in the 4th week of each month as per following formalities:

- ▶ The first payment is equal to 50% of the monthly net wage
- ▶ The second payment is the remaining net wage plus other remunerations and benefits that the workers/employees have received in the month

Payslips should be provided to the employees at the dates of payment.

5. Banking requirements related to payroll

Payments can be made by cash, check or via bank transfer to an employee's personal bank account. If paying by cash, the signature of the employee needs to be obtained.

Canada

C



1. Government requirements

Registration requirements

Opening a federal payroll program account with the Canada Revenue Agency (CRA)

In addition to the federal taxation statute administered by the CRA, there are 10 provinces and three territories in Canada, each with their own taxation statute related to the taxation of individuals. All provinces, other than Quebec, have an agreement with the CRA to collect and administer, on their behalf, the provincial income tax applicable to employees. As such, registration is only required with the CRA for these nine provinces and three territories. Quebec has its own tax administration system, as discussed below.

Before hiring employees, the employer must open a payroll program account with the CRA. The payroll program account number will help to identify the company when dealing with the CRA. If an employer has a business number (BN) with the CRA (automatically provided upon incorporation for many provinces), then the payroll program account can be added to the BN, which is represented by 15 characters: a combination of the nine-digit BN, two letters for the type of account (for payroll, the letters are RP), and four numbers for a specific payroll account (e.g., 0001). Depending on the business, the company can register for more than one payroll program account, if necessary. If an employer does not have a BN, then both this and a payroll program account can be applied for simultaneously, often at the time the corporate income tax account is being requested, after incorporation.

Opening a Quebec source deductions account

Before hiring employees, an employer must register for source deductions and obtain an identification number with Revenue Quebec (RQ). This applies to employers with employees reporting to work at a location or establishment in Quebec, or if not reporting to work at such a location, being paid by an establishment in Quebec. The RQ identification number will help to identify the company when dealing with RQ.

Workers compensation

The company must register with the workers compensation (WC) agency in the provinces and territories in which such programs exist and employees will report or be paid. The mandatory workers' compensation insurance programs will provide employees with income replacement and medical benefits in case of a workplace-related injury or disease. It may also assist the employer in avoiding or lowering the burden of lawsuits. Workers' compensation insurance is funded by employers in every province and territory of Canada on the basis of their payroll, industry sector and claim history.

Employer Health Tax

Apart from the workers' compensation programs, in some provinces of Canada, the employer is required to register and make a contribution toward the provincial universal health services program. The provinces of British Columbia, Manitoba, Newfoundland and Labrador, Ontario, Quebec and the Northwest Territories and Nunavut have such taxes.

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Ongoing compliance requirements

Federal and provincial income tax

The employer is obliged to deduct federal and provincial income tax from every employee's pay and to remit this to the designated government authority on time. There is no age limit for the deductions, and no employer contribution is required. The tax is calculated according to the payroll deduction tables T4032 and T4008, updated by the CRA for a particular calendar year.

Employer information returns

Employers are required to complete an employment information return for each calendar year. The federal information return is form T4, while the Quebec equivalent is form "RL-1". In these returns, the employer reports employee income and deductions, as well as employer contributions for the year. The information returns consist of a summary and a separate slip for each employee, a copy of which is to be distributed to the respective employee for use in preparing their personal income tax return. The deadline for submitting the information returns is the last day of February following the calendar year that the information returns relate to.

2. Pension requirements

Registration requirements

Canada Pension Plan (CPP) or Quebec Pension Plan (QPP)

Employers are obliged to contribute to the CPP at the same rate as the employee. Registration for source deductions for the CPP occurs through the payroll program registration with CRA. CPP is a mandatory deduction from each payment to an employee who is between 18 and 70 years of age, up to an annual maximum. There is an exception for employees who are over the age of 65 and elect to stop contributing to the CPP through form CPT30 (Election to Stop Contributing to the Canada Pension Plan). Quebec-based employees will make contributions, and have contributions made by their employer, into the QPP, which replaces the CPP requirement. Registration for the QPP occurs through the RQ source deduction registration.

Ongoing compliance requirements

The CPP contribution rate is an annually determined percentage of an employee's gross earnings (up to a certain limit). The employee and employer contribution rate is

applied to the portion of pay between the basic exemption (CAD3,500) and the maximum pensionable earnings (MPE). The employee portion is taken as a deduction at source and the employer contribution is matched. QPP contributions use a different rate & MPE determined annually, with the same CAD3,500 basic exemption as the federal CPP.

3. Employment obligations

Hiring employees

When an employee is hired, the employer is obliged to obtain their Social Insurance number (SIN), as well as a completed federal and provincial Form TD1 (Personal Tax Credits Return) to ensure correct payroll deductions. Quebec-based employees complete Form TP-1015.3-V (Quebec tax credit return).

Employment insurance (EI)

For each employee resident outside Quebec, employers must deduct and remit employment insurance premiums at a prescribed rate of insurable earnings. This amount is determined annually. The employer contribution is 1.4 times the employee's contribution, up to the maximum yearly employer contribution per employee. This insurance provides the employee with partial income replacement in case of job loss, medical benefit in case of non-work-related illness or sickness, and coverage for many more areas related to non-seasonal work and family-related benefits. For Quebec residents, the EI premiums are reduced, while the employer will also pay premiums for Quebec Parental Insurance Plan (QPIP) to the province of Quebec.

Minimum wage standard

The minimum wage varies by province and is subject to regular updates. This should be monitored regularly.

Vacation pay

An employee is eligible for a statutory minimum of vacation pay at 4% of vacationable earnings and vacation time of two weeks after completing one year of service. Employers can permit vacation to be taken prior to the one-year anniversary. Many provinces add additional statutory pay of an extra 2% (to 6% overall) and an additional week of time off after a five-year anniversary, but not all. The Employment Standards legislation is distinct in each province, with many similarities but also differences as to which earnings are vacationable. Employers are required to track both vacation pay and time earned.

4. Payroll requirements

Payroll frequency

Companies can pay employees on a weekly, biweekly or semi-monthly basis, depending upon the nature of the business.

Payslip requirements

An employer should provide employees with a payslip or pay statement, including details of income, benefits, deductions, credit and net pay. Payslips must include the pay period for which the payment is being made, the employee's wage rate, gross amount before deductions, amount and purpose of each wage deduction, and net the amount of wages. The employer may provide a hard copy or electronic copy of the payslip to the employee.

Garnishment

An employer is responsible for obeying garnishment orders and must deduct amounts from an employee's pay every period and transmit the funds to court. Failure to deduct amounts from an employee as directed could lead to the employer having to pay both the employee and the court. Not obeying a court order could also result in penalties and legal proceedings.

5. Banking requirements related to payroll

Payment of wages and salaries

The employer may make payments to its employees via check, cash, money order or electronic funds transfer.

Government authorities

The employer may make payments to the CRA via check or electronic funds transfer. Source deductions related to income tax and EI, plus employer EI contributions, are required to be remitted to the CRA for all employees. CPP is required for all non-Quebec employees. Source deductions for QPP for Quebec employees must be remitted to RQ. Workers' compensation premiums are to be remitted to the respective provincial worker's compensation agency, while employer health taxes are to be remitted to the respective provincial health tax authority as applicable.

Chile

C



1. Government requirements

Registration requirements

The registration requirements for government bodies are:

- ▶ Registration as Tax Payer in Chile, in order to obtain a Tax ID (IRS)
- ▶ Registration to the “Previred” portal once a Chilean Tax ID is obtained
- ▶ Registration to the Severance Fund administrator entity (AFC)
- ▶ Registration to Mutual de Seguridad for occupational accident insurance
- ▶ Registration to Dirección del Trabajo for control of compliance with labor regulations
- ▶ Registration to IMED or MEDIPASS to process medical leave

Ongoing compliance requirements

The ongoing compliance or filing requirements are:

- ▶ Monthly pension contributions
- ▶ Monthly health contributions
- ▶ Monthly occupational accident insurance payments
- ▶ Monthly income tax filings with the local internal revenue service (IRS), using form F29
- ▶ An annual affidavit with the local IRS



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2. Pension requirements

Registration requirements

In order to comply with monthly health and pension contributions, a company must register as an employer on the "Previred" portal, which is a centralized health and pension fund payment system.

Ongoing compliance requirements

Not applicable.

3. Employment obligations

Employers must comply with the following local labor regulations:

- ▶ There must be a signed work contract or agreement between the employer and the employee.
- ▶ Employees must receive a minimum wage in force at the time of joining the company (CLP326.500 in May 2021).

- ▶ After one year of employment, the employee has a right to 15 labor days of vacation.
- ▶ The payments to the employee must be accrued in the month that the employee rendered his or her service
- ▶ The company must pay a profit share, which can be applied according to Articles 47 and 50 of the labor code.

4. Payroll requirements

Employers must process salary payments in accordance with the conditions agreed in the work contract, and provide the employee with a payslip containing details of the salary received and the discounts applied.

Employers must upload the appropriate calculations to the Previred portal for payments of health and social contributions (for pensions).

Employers must also generate work contracts and terminations, according to the instructions set forth by the Chilean Law.



5. Banking requirements related to payroll

All employers (local or foreign) must hold a local bank account in local currency in order to pay salaries and social contributions.

If agreed, an employee can receive his or her salary in foreign currency. However, the salary must be calculated in local currency and then exchanged to the corresponding foreign currency.

China Mainland

C



1. Government requirements

Registration requirements

Company level local tax registration and individual tax registration

When a business enters in mainland China, it is required to register with both state tax bureau and local tax bureau according to the regulation on Administration and Collection of Tax in China. Individual Income Tax (IIT) is collected by the local tax bureau. In some cities, it is required to perform the individual registration for foreign national employees before the employer can withhold the IIT for them. The requirement is governed by local tax authorities and the practice varies in different cities.

Registration for social insurance

According to social insurance regulations in China, the employer should register a company's social insurance account at the Social Security Bureau in the city where the legal entity is located, within 30 days after obtaining the business license.

The social insurance in China includes five insurance types: pension, medical, occupational, injury, maternity and unemployment. The maximum and minimum contribution base and the contribution rates for each insurance types are different from city to city.

Registration for housing fund

The employer should register a company's housing fund account at the Housing Fund Administration Center in the city where the legal entity is located, at the soonest after obtaining the business license.

There are employer and employee contributions for housing fund in China. The maximum and minimum contribution base and the contribution rate are different from city to city.

Ongoing compliance requirements

Monthly individual income tax (IIT) withholding obligation

The employer is obliged to withhold the IIT from the employee's payroll on a monthly basis and settle the IIT on behalf of the employee. The employer should file the employee's IIT return to the local tax bureau and settle the IIT payable before the 15th of the following month in general.

The salaries and wages received by the employee are subject to IIT at seven-grade progressive tax rates ranging from 3% to 45%. The requirements are governed by the China Individual Income Tax Law and the Implementation Regulation of China Individual Income Tax Law.

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Monthly contribution for social insurance and housing fund

Social insurance is governed under the Social Insurance Law of China. Housing fund contribution is governed under the Administrative Regulations on the Housing Fund in China.

The employer has obligation to enroll its employee in the social insurance system. Each month, the employer shall file the social insurance and housing fund contributions for employer and employees with the respective authorities for its active employees and arrange payment on time.

The rates for each social insurance type and housing fund are different from city to city. It is recommended that companies check with the local authority for the requirements of social insurance.

Others

There may be other requirements in each location. For example, in some cities, there is disabled person fund which requires the employer to either hire disabled persons at a rate of total employee headcount, or pay the disabled person fund. Some cities have blood donation quota. It is recommended that companies check with local authorities for the detailed requirements.

2. Pension requirements

Registration requirements

Pension is included in social insurance as mentioned above.

Ongoing compliance requirements

Pension normally includes employer contribution and employee contribution. The rates for each party are different from city to city. Normally the employer contribution rate is around 20% and the employee contribution rate is around 8% with upper and lower limits.

3. Employment obligations

Labor Law

The employer should follow the labor law for all employment issues such as:

- ▶ Working hours, rest and vacations
- ▶ Salary frequency and minimum wage
- ▶ Occupational safety and health
- ▶ Special protection for female staff and workers, and juvenile workers
- ▶ Vocational training
- ▶ Labour dispute

Such issues are normally governed by the local Labor and Social Security Bureau or the local Human Resources and Social Security Bureau. However, each city may have its own practice when implementing the law.

Labor Contract Law

The employer should follow the Labor Contract Law to:

- ▶ Sign labor contract with employee in time
- ▶ Renew labor contract with employee in time
- ▶ Terminate labor contract with employees with severance pay or without severance pay when certain criterion are met

4. Payroll requirements

Payroll payments

The employer should follow the interim provisions on the salary payment to make payroll arrangements.

Salary shall be paid on the dates agreed between employers and laborers. In case of holidays or non-business days, the salary shall be paid on the last working day in advance. Remuneration shall be paid, at least once a month; in case of the salary systems of a week, a day or an hour, remuneration may be paid every week, day or hour.

5. Banking requirements related to payroll

- ▶ Salary payment: Common practice is to upload the bank file in the online bank application containing all the individual payment instructions
- ▶ Statutory payment: Common practice is direct debit through tripartite agreement between the client, the tax bureau/housing fund management centre and designated PRC bank for online settlement purpose

Foreign exchange control

There is foreign exchange control in China. If the employer or employee needs to remit foreign currencies exchange outside of China, it may require special approval from the bank.

Colombia

C



1. Government requirements

Registration requirements

In order to set up a company in Colombia, the first step is to register at the Single Tax Register (RUT) under the Colombian Taxes and Customs Authority (DIAN).

It is important to obtain a registration document from the Chamber of Commerce. This commercial registration contains general data information about merchants and companies.

Social security registration

Every company must be affiliated and pay monthly contributions to the ARL (Professional Risk Administrator), EPS (Health Care Entities), AFP (Pension Funds Entities, and welfare compensation funds, which cover all the minimal services established by the law to employees who are affiliated.

The following are required for the registration:

- ▶ Certificate of existence and legal representation
- ▶ Photocopy of the RUT
- ▶ Photocopy of the legal representative's ID

Ongoing compliance requirements

In accordance with payment of income to every employee, it is necessary to liquidate the Social Security that corresponds to the contributions for EPS, AFP, ARL, Fiscal contributions, which must be paid in accordance with the dates legally established according to the Tax ID "NIT" assigned to the company. The maximum limit of contributions base to the Social Security is 25 SMLV and for Fiscal contributions, there is no limit. (SMLV refers to Minimum Monthly Legal Salaries in Colombia that people receive for their services.)

In Colombia, it works by means of a unique schedule and it is paid through an operator of information, who is in charge of the distribution of these contributions to every entity.

a. ARL (Professional Risk Administrator)

This affiliation is obligatory for all employees in Colombia in order to obtain protection against an accident at work or occupational disease.

The amount of contributions to be paid by the employer is decided in accordance with the risk that the ARL determines for the economic activity of the company.

The rates are as follows:

Type of Risk	%
I	0.522
II	1.044
III	2.436
IV	4.350
V	6.960

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The base for the calculation of these contributions is the monthly salary that the employee receives; it is understood as basic salary or integral salary with changeable payments that are part of the salary.

For integral salaries, the contribution is calculated based on 70% of the salary.

The following documents are required:

- ▶ Photocopy of the employee's ID
- ▶ Affiliation form duly completed
- ▶ Information about the labor contract

b. EPS (Health Promoting Entities)

This affiliation is obligatory for all the habitants of Colombia who want access to health coverage.

Currently, contribution to the EPS corresponds to 12.5% of the base salary and it is distributed in the following way:

- ▶ Employer: two-thirds i.e., 8.5% of the contribution
- ▶ Employee: one-third i.e., 4% of the contribution

This contribution guarantees the coverage of the obligatory health plan for the employee and his or her family, if it has been affiliated.

The base for the calculation of these contributions is the monthly salary that the employee receives. It is understood as basic salary or integral salary with changeable payments that are part of the salary.

For integral salaries, the contribution is calculated based on 70% of the salary.

Employees should be affiliated to the Health Promoting Entity they chose. The following are required for this process:

- ▶ Photocopy of the employee's ID
- ▶ Affiliation form duly completed

c. AFP (Pension Funds Administrator)

This affiliation is obligatory for all the habitants of Colombia who want access to protection in their old age, invalidate state and death.

Currently, contribution to the AFP corresponds to 16% of the base salary and it is distributed in the following way:

- ▶ Employer pays 75% of the total contribution
- ▶ Employee pays the remaining 25%

An affiliated employee, who earns at least four times the minimum salary which is legally in force, will contribute an additional percentage point to the Solidarity Pension Fund.

Depending on the total salary, additional contributions would apply as shown in the table below:

Base revenue	Additional contributions for the employee
16 to 17 SMLV	0.2%
17 to 18 SMLV	0.4%
18 to 19 SMLV	0.6%
19 to 20 SMLV	0.8%
More than 20 SMLV	1.0%

The base for the calculation of these contributions is the monthly salary that the employee receives. It is understood as basic salary or integral salary with changeable payments that are part of the salary. It is the same used for the health plan.

For integral salaries, the contribution is calculated based on 70% of the salary.

d. Fiscal contribution

All companies or productive units that have employees linked by means of contract jobs must pay monthly payroll taxes equal to 9% of the salaries paid to their employees. These taxes are distributed in the following percentages among the following entities:

- ▶ Four percent for the Welfare Compensation Fund (Employees should be affiliated to this fund. The following are required for this process: photocopy of the employee's ID and the duly completed affiliation form)
- ▶ Three percent for the Colombian Institute of Familiar Welfare (ICBF)
- ▶ Two percent for the National Learning Service (SENA)

Local payroll tax

Local payroll tax has to be paid by the employer on the bases of the monthly taxable income paid.

Tax residence in Colombia

Natural persons (local or foreign) and domestic residents are subject to income tax in respect of their local source of income and capital gains on both national and foreign source. Foreigners residing in Colombia are subject to income tax in respect of their local source of income and the foreign source of income from the first day of their continuous or discontinuous residency in Colombia. The filing date for individual income tax return is based on the last two digits of the individual's tax identification number (NIT).

In accordance with Law 1607 of 2012, the residence refers to the physical permanence in the country continuously or discontinuously for more than 183 days over a period of 365 consecutive days.

Additionally, individuals who meet all the following requirements during the corresponding tax year will be considered as national residents:

- ▶ The individual's spouse or permanent partner, or their minor dependent children are tax residents in the country during the corresponding tax year.
- ▶ Fifty percent of the individual's income is from national sources.
- ▶ Fifty percent of the individual's assets is obtained in the country.
- ▶ Fifty percent of the individual's goods is obtained in the country. Goods refer to properties owned by the individual.

Tax resident employees must pay tax on their worldwide income based on progressive rates. The Colombian tax system is expressed in terms of tax value unit (UVT).

The UVT amount for 2021 is COP36.308.

The nonresident rate is 20% on all income received without any deduction.

The maximum tax rate in Colombia is 39%.

2. Pension requirements

Registration requirements

In Colombia, there are two pension regimes for employees:

1. Individual Savings Regime with Solidarity and Medium Premium Regime (Colpensiones): On the average, the Premium Regime requires 1,300 weeks of contributions. The legal retirement age is 57 for women and 62 for men.
2. Private regime: There is no age condition if the member opts to fulfill a saved capital. If the member opts to contribute at least 1,150 weeks, the legal retirement age would apply. In the first case where the employee is affiliated with the Individual Savings Account and opts to accumulate the necessary capital to retire, no minimum weeks of contributions is required. The individual's saved capital should be at least 110% of the minimum monthly legal wage in force. The pension will depend on the amount saved and the income generated.

3. Employment obligations

a. Minimum salary and legal transport subsidy

The Minimum Monthly Legal Salaries (MMLS) for 2021 is COP908.526.

The legal transport subsidy for 2021 is COP106.454. This amount must be paid to employees who earn up to two current legal minimum wages or less.

b. Severance payment

The employer is required to pay its employees at the end of the contract job, partially liquidate them or record them in the fund at the latest by 14 February of the following year. The severance payment is equivalent to one month's salary for every year of services, and proportionally for fractions of a year. It only applies to ordinary salaries.

Calculation is based on the last monthly salary earned by the employee, provided that it has not had any variation in the last three months. In the opposite case and in the case of changeable salaries, the base will be the average of the income earned in the last year of services or in all the time served if it was less than a year.

c. Interest on the severance payment

The employer must recognize and pay interest of 12 % per year on the amount of severance as of 31 December every year; or in the dates of retirement of the employee or partial liquidation of severance, that corresponds to it by concept of severance.

The interests will have to be paid in January of the year following that they were caused; or in the date of the retirement of the employee or in the following month to the partial liquidation of severance, when it would take place before 31 December of the respective annual period, in proportional quantity with the time passed of the year.

d. Premium of services

Every company of permanent character is required to pay a premium of services that corresponds to 15 days of salary. This is payable twice, i.e., before the end of June and latest by 20 December, to employees who have worked the whole half year or proportionally to the worked time required.

This premium of services replaces the participation of utilities and it only applies to ordinary salaries.

e. Vacations

Employees who rendered their services for at least a year are entitled to 15 consecutive working days of paid vacation. This applies to both types of salaries.

Register of vacations

The employer must maintain a special record of vacations where it records details such as:

- ▶ Date of joining for each employee
- ▶ Dates in which employees take their annual vacations
- ▶ Duration of these vacations
- ▶ Remuneration

4. Payroll requirements

Ordinary salary

This refers to the remuneration an employee receives from his or her employer for the services rendered. Employees under the ordinary salary scheme are entitled to the following payments:

- ▶ Severance payments
- ▶ Interest on the severance
- ▶ Vacation
- ▶ Premium of services

Contributions to the integral social security system and payroll taxes shall be calculated based on 100% of the agreed salary.

Integral salary

This remuneration applies when an employee earns more than 10 MMLS in force. Additionally, it includes a fringe benefit factor of 30%, covering:

- ▶ Social benefits
- ▶ Night, Sunday and holiday overtime
- ▶ Payment in kind
- ▶ Aids and interest

Contributions to the integral social security system and payroll taxes shall be calculated based on 70% of the integral salary.

Taxes of labor incomes - Withholding at the source

In accordance with Colombian laws, taxes and contributions apply for payroll settlement.

It is an early revenue that facilitates, assures and accelerates the payment of the income tax; the law has determined that it has to be carried out at the moment of the origin of the labor income.

A labor income is considered as the remuneration earned from the rendering of personal services under continued dependence and subordination, no matter the form or denomination that is adopted as long as it constitutes a labor income.

This collection is discounted monthly in the payroll on the received payments determined as labor income and it is

paid to the entity collector "DIAN" by means of the income tax declaration that the company pays every month.

Monthly tax rates: The following table sets forth the marginal withholding tax rates applicable to monthly labor income derived by residents in the 2020 tax year.

Range in UVT		Marginal rate	Withholding at source
Exceeding	Not exceeding		
0	95	0%	0
95	150	19%	(Taxed labor income expressed in UVT minus 95 UVT) x 19%
150	360	28%	(Taxed labor income expressed in UVT minus 150 UVT) x 28% plus 10 UVT
360	640	33%	(Taxed labor income expressed in UVT minus 360 UVT) x 33% plus 69 UVT
640	945	35%	(Taxed labor income expressed in UVT minus 640 UVT) x 35% plus 162 UVT
945	2300	37%	(Taxed labor income expressed in UVT minus 945 UVT) x 37% plus 268 UVT
2300	–	39%	(Taxed labor income expressed in UVT minus 2300 UVT) x 39% plus 770 UVT

5. Year-end requirements

Income and retentions certificate

The employer is obligated to deliver annually, at the latest in March, the certificate of income and retentions of the taxable year, which is the reflection of all the income and contributions carried out immediately following the previous year.

Magnetic media

The employer is bound to file this obligation on an annual basis in April. The information the DIAN requires is related to income, social security and withholdings of the taxable year, carried out immediately following the previous year.

6. Banking requirements related to payroll

Salaries can be paid by cash, check or transfer. Colombian residents are not permitted to make deposits or have checking/savings accounts in foreign currency at Colombian banks. The payment must be made in local currency, which is Colombian pesos.

Congo-Brazzaville

C



1. Government requirements

Registration requirements

Company registration with the tax authority

A company that employs people has payroll obligations for the taxable remuneration provided to employees. The company must obtain an a tax identification number called "NIU" in order to file tax returns. The request for an NIU is made by submitting a form and certain documents: the contract of service (if any), proof of entry in the Congolese trade register and the article of incorporation. The fees related to registration is XAF10,000.

The request is made to one of three main tax authorities (all under general tax direction) in Congo namely:

- ▶ The divisional inspection of oil taxation called IDFP, which becomes the unit of oil taxation, UFP, for oil companies
- ▶ The association of medium business companies called UME, for small and medium businesses
- ▶ The association of large companies called UGE for large businesses

Companies are affiliated to the tax administration according to their turnover, except for oil companies and oil subcontractors.

Employee registration with the tax authority

An employee must be registered with the tax authorities in order to obtain an NIU. An NIU will allow employees to declare their income in accordance with their obligation. The registration fee is XAF10,000.

The registration is made by submitting a form and specific identity documents.

Registration with the Social Security Fund

Companies must register at the moment of their establishment, or installation in the case of a foreign company. There are no fees to be paid for registration. To register, the following documents must be provided:

- ▶ A copy of the company's entry in the trade register
- ▶ A copy of the NIU confirmation
- ▶ A copy of SCIEN and SCIET (statistic authorities where you need to file a request when registering a company in Congo)
- ▶ A copy of the business license or the proof of payment for a business license

The registration of employees must be made by the employer. Also, in accordance with Law No. 004-86, 25 February 1986, on social security, foreign employees must be affiliated to social security after three consecutive months of presence in Congo. There is no registration fee and the documents to be filed are:

- ▶ A copy of the passport
- ▶ Four ID pictures
- ▶ A copy of the work contract with a visa from the Congolese Agency for Employment (ACPE), former National Office for Employment and Work "Office Nationale de l'Emploi et de la Main d'Oeuvre" (ONEMO) or the acknowledgment receipt for the request of a visa
- ▶ A copy of the birth certificate
- ▶ A copy of a recent payslip

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Company registration with the labor administration

Companies must provide an opening statement to the labor administration. This declaration must include information on the number of employees, their gender and nationalities.

Registration must be made with the labor administration in order to obtain a certificate of registration.

Labor administration for employees

Employees must register with the ACPE.

Ongoing compliance requirements

Monthly tax returns

Under the financial law, there has been a single tax return since 2016 for all taxes and duties to be paid.

Personal Income Tax (PIT) for which the employee is responsible and the single tax return (for which the employer is responsible) must be filed to the tax authorities before or on the 20th of the following month, except during August when the deadline for the declaration and payment of taxes is the 25th.

The PIT rate is applicable on the taxable base obtained after a 20% deduction, less social contributions plus benefits in kind granted to the employee. The PIT rates are:

- ▶ One percent on income up to XAF464,000
- ▶ Ten percent on income between XAF464,001 and XAF1 million
- ▶ Twenty-five percent for income between XAF1,000,001 and XAF3 million
- ▶ Forty percent for income above XAF3 million

Also, net revenue has the following taxes deducted:

- ▶ The occupancy (Temporary Occupation License (TOL)) of XAF5,000 for those who live downtown and XAF1,000 for others
- ▶ Rental tax
- ▶ The departmental or regional tax (set at XAF2,400 per person per year)

The tax return is submitted to the tax administration allocated according to turnover or activities (refer to section one on company registration).

Annual tax returns

The employer must provide an annual declaration of their income. The annual declaration is filed with the tax administration and the social security fund using a special form by 20th February for the preceding year at the latest.

2. Pension requirements

Registration requirements

Pension is governed under the National Social Security Fund (CNSS or "Caisse Nationale de Sécurité Sociale"). The formalities relating to registration for pensions vary according to the collective agreement. However, in general, two steps are mandatory: notification of retirement to the employee and the transmission of the employee's file to the CNSS. The employer is responsible for these steps.

Ongoing compliance requirements

The return is filed monthly by employers with more than 20 employees. If the employer has less than 20 employees, the CNSS return can be filed quarterly. The CNSS must be paid no later than the 15th of each month for the preceding month. The CNSS collects the following contributions:

- ▶ Family allowances: 10.035% with an annual ceiling of XAF7.2 million, hence contribution does not apply on the part of the monthly salary higher than XAF600,000
- ▶ Workplace accidents: 2.25% with an annual ceiling of XAF7.2 million, hence contribution does not apply on the part of the monthly salary higher than XAF600,000
- ▶ Old age pension, death, disability: 12%, shared by the employer (8%) and the employee (4%); the annual ceiling of XAF14.4 million means that the contribution does not apply on the part of monthly salary higher than XAF1.2 million.

Corporate executives, including the CEO, are treated as employees in terms of social security. As such, they are subject to social security contributions to the CNSS. However, under the Labor Law, they do not have employee status unless they hold a contract of employment.

3. Employment obligations

Each employer's obligations depend on the applicable collective conventions of their sector of activity. However, common obligations are stated below.

Employment and the Labor Law

Law No. 22-88 of 17 September 1988 relates to ACPE, which specifies the requirements relating to the employment of local and foreign employee, and registration of their contracts states that:

- ▶ The employment of a foreign person is subject to a request for labor authorization after payment of a fee (XAF220,000) and the filing of files with the labor authorities.

- ▶ Temporary workers must be covered by a temporary work permit (AET), obtained after the amount of XAF110,000 has been paid and the request for the AET has been filed.
- ▶ The contract of a local employee must be registered by paying a fee of XAF500 (paid by the employer) and filing the request for the contract registration.

Minimum wages

Wages to be paid for normal working hours must exceed the minimum standards of wages provided under the Minimum Wages Act. The minimum wage is fixed at XAF50,400 per month in accordance with the law.

Annual paid leave

The employer must allow employees who have worked for more than one year in the company to take annual paid leave. The method for determining the amount of annual paid leave varies according to each collective agreement.

Public holiday and days off

The employer must give employees one or two days off per week.

Public holidays are paid as working days.

4. Payroll requirements

In accordance with the Labor Code, the employer must pay salaries within eight days after the end of month.

For those who receive weekly or fortnight payments, salaries must be paid within four days after the week or fortnight.

5. Banking requirements related to payroll

Salaries can be paid in cash, by check or bank order. In the case of a bank transfer, payment must be made into a Congolese bank account. Foreign exchange regulation allows the repatriation of part of the salary to the home country, to support family members.

Salaries must be paid in the legal currency in Congo, XAF. The payment of all or part of the wage in alcohol or drink, or the payment of all or part of the salary in kind, is forbidden.

Costa Rica

C



1. Government requirements

Registration requirements

All companies must be registered as an employer with the Costa Rican Social Security Fund or Caja Costarricense de Seguro Social (CCSS - as it is known in Spanish), the National Insurance Institute (Instituto Nacional de Seguros or INS) and the Tax Authorities.

Costa Rican Social Security Fund or CCSS

Under Law Constitutive of the Fund, Article 20 - Regulation to Verify Compliance with Employers and Independent Workers Obligations, the following are required:

1. The Original Certificate of Legal Entity with representation by the National Registry or by a Notary Public or digital certification, with more than one month of issue
2. Photocopy of the Deed of Constitution of the company
3. Identity card of the legal representative. In the case of foreigners, provide the original immigration identification document (either residence card, refugee card, passport or other)
4. Photocopy of the identity card of each worker. In the case of foreigners, provide a photocopy of the migratory identification document (either residence card, refugee shelter, passport or other) of each worker
5. Fill out the Application Form for Registration or Employer Resume (Legal Employer). The form must be signed by the employer or employer representative.
6. Indicate place or means for notifications
7. Provide an email for the presentation of online forms
8. Desirable: if it is treated with the INS Work Risk Policy, see the INS policy number

Labor Risk Insurance - INS institute

Title IV of the Labor Code, Article 193 states that employers are obliged to subscribe to labor risk insurance to protect its workers, i.e., those who work directly for the employer, and those who work for its intermediaries.

The subscription of any insurance can only be made personally. In the case of legal entities, it can only be done by the legal representative registered in the legal entity.

In case you cannot appear personally, you can send an authorized person with a power of attorney authenticated by a notary, clearly indicating the process that you are going to carry out.

For all procedures, it is essential to present the identification document in original, current and good condition.

General requirement:

The "Application for Insurance" needs to be duly completed before submission. Due to the characteristics of each policy, there are different forms for each.

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For Tax administration

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any lucrative activity or business (sale of goods or provision of services), subject to a tax under the administration of the General Tax Office.

The registration will only proceed from the moment it is processed or a previous date, but never from a future planned date.

Registration can be done online via the Virtual Tax Administration (ATV) web page by completing and submitting any of the following forms D-140:

- ▶ Declaration of Registration in the Unique Tax Register
- ▶ Declaration of Modification of Data in the Unique Tax Register
- ▶ Declaration of Unregistration in the Unique Tax Register

The form could also be presented at any of the offices of the tax administration.

Resolution DGT-R-060-2017 registration, modification and de-registration in the Single Tax Register

Articles 22 to 27, 34 to 39 of the Regulation of Tax Procedure

According to the Workers' Protection Act, Transitional XII; Constitutive Law of the CCSS, Articles 3 and 74; and the Regulation for the Registration of Independent Workers, Articles 1 and 2, all Costa Rican workers are obliged to join the Costa Rican Social Security Fund from their first working day.

1. When the employer presents the required documents and once the existence of an employment relationship is verified, the inspector gives the employer a document called the Provisional Employer Certificate (Orden Patronal Provisional), which remains in force until the following month. The "Sistema autogestión de Planilla en Línea" (SICERE) then generates an employer certificate. The system will issue and send this certificate to the employer every month.
2. The current minimum for employees' contributions to the CCSS (for "Invalidez Vejez y Muerte" (IVM) and "Seguro Enfermedad y Maternidad" (SEM)) is CRC231.135, as of January 2017. The percentage of contributions from the employee's salary is 9.34%.
3. Every employer must report on the payroll any payment made to employees during the month, regardless of the form of payment that the employer has agreed with their employees, and whether the payments are monthly, biweekly or weekly.

4. Domestic social contributions are divided into two major groups: contributions corresponding to health insurance and contributions corresponding to pension funds.
5. The process to insure a foreign person is the same for Costa Rican nationals. However, a foreign employee must be in Costa Rica legally.

For employees of legal age, if the submission is being made in person, a valid personal identity card is required in addition to the registration application, duly completed manually or electronically, and signed by the employee and the employer. If the submission is being made online, the employer can do this once they have been incorporated in the SICERE system.

Ongoing compliance requirements

Social security

The monthly social security reporting dates are between the 26th of the month and the 4th business day of the following month. For large taxpayers, the date is the third business day of the following month. The local authorities determine who are large taxpayers and request contributors to send the information via TxT file to an executive of the CCSS (Caja Costarricense de Seguro Social).

Payment of the invoice generated for the declaration must be made through the SICERE website, according to the date that the system generates the invoice, which usually varies between the 14th and 17th day of each month.

Payroll

Monthly withholding tax return must be paid at the beginning of each month, usually by the 15th of each month. The submission of monthly payroll information to the Institute of Insurance (INS), through the "Riestode Trabajo" (RT) virtual page, must be made according to the calendar provided – usually by the 14th of each month.

2. Pension requirements

Registration requirements

The Board of Directors of the Costa Rican Social Security Fund has agreed to submit the draft amendment to Article 41 of the labor relations regulations to the unions' group for consideration. It refers to severance payment, recently approved by the highest institutional body.

The partial reform project proposes that those who acquire the right to severance benefits will be granted an amount equivalent to the amount of days provided in Article 29 of the Labor Code during the years worked after the Worker Protection Law. This means that 5.33% (based on the employee's salary) would be paid to the retiring employee and 3% would be transferred to the Labor Capitalization Fund for the supplementary pension, to make up the total of 8.33% provided by the law.

Ongoing compliance requirements

The dates that Social Security reporting should be submitted are: 2 January, 1 February, 1 March, 2 April, 2 May, 1 June, 2 July, 1 August, 3 September, 1 October, 1 November and 3 December.

3. Employment obligations

Employer Contribution		Percentage
Social Security CCSS		26.50%
Labor Risk INS		1.50%
Solidarity Association (optional)		5.00%
Christmas Bonus accrual		8.33%
Vacation accrual		3.33%
Severance year	Year 1 (19.5 days)	5.42%
	Year 2 (20 days)	5.56%
	Year 3 (20.5 days)	5.69%
	Year 4 (21 days)	5.83%
	Year 5 (21.24 days)	5.90%
	Year 6 (21.5 days)	5.97%
	Year 7 (22 days)	6.11%
	Year 8 (22 days)	6.11%

The Christmas bonus payment must be made within the first 20 days of December, and is a proportion of the salary received between December of the previous year and November of the current year.

The law stipulates that the right to paid annual leave is guaranteed for all employees after a period of 12 months (50 weeks) of continuous work. Vacation can be extended by a maximum of 14 calendar days in a row (12 working days). The law does not indicate whether the period of paid annual leave increases with seniority. If a contract is terminated before the 50-week period is completed, the employee is entitled to at least one day's leave per month worked and said accrued leave will be paid at the time of termination of the contract.

4. Payroll requirements

Employers must make monthly or biweekly salary payments, and comply with the above employment obligations.

The monthly social security reporting dates are between the 26th of the month and the 4th business day of the following month. For large taxpayers, the due date is the third business day of the following month. The local authorities determine who are large tax payers and will request contributors to send the information via TxT file to an executive of the CCSS (Caja Costarricense de Seguro Social)

Monthly withholding tax return must be paid at the beginning of each month, usually by the 15th of each month

Annual withholding tax return must be reported during the first months of the following year.

The submission of monthly payroll information to the Institute of Insurance (INS), through the "Riesto de Trabajo" (RT) virtual page, must be made according to the calendar provided – usually by the 14th of each month.

5. Banking requirements related to payroll

There are no specific requirements.

Croatia

C



1. Government requirements

Registration requirements

Tax registration

An employer is obliged to register as a taxpayer with the Croatian Tax Authorities. Usually, this is done once the legal entity is established and entered in the Croatian Commercial Register. Therefore, there is no separate registration for payroll purposes.

Registration for social security contributions – employer

An employer is obliged to register for pension fund and health insurance in Croatia.

Based on the Croatian Pension Fund Act, the registration for pension fund purposes is done on the M-11p form within 24 hours from start of the business with the Croatian Pension Fund Institute. There is no registration fee prescribed.

The Croatian Health Insurance Act states that an employer is obliged to register on the T1 form with the Croatian Health Insurance Institute for health insurance purposes. There is no registration fee prescribed.

Registration for social security contributions – employee

Employers who have less than three employees can file the registration of employees for social security contributions as hard copy. All others are obliged to file the registration of employees for social security contributions via the online application e-HZMO of the Croatian Pension Fund. To be able to use the online application, a qualified digital certificate is needed. There is no registration fee to access e-HZMO.

The registration via e-HZMO is done for pension fund and health insurance, hence no separate registration is needed. However, to be able to extract the confirmation of the registration for health insurance, the access to the online application e-HZZO under the Croatian Health Insurance Fund is needed. To be able to use e-HZZO, a qualified digital certificate is needed. There is no registration fee for access to e-HZZO.

In accordance with the Croatian Pension Fund Act and the Croatian Health Insurance Act, the deadline for registration of new hires is eight days before the employment start date or at the latest before the employment start date. The Croatian Employment Act states that all employees should receive the registration confirmation within 15 days from the due date of the registration.

Ongoing compliance requirements

Tax compliance

According to the Croatian Personal Income Tax Act, all employers are obliged to file the payroll report on income, taxes and contributions (JOPPD) for tax and social security purposes with the Croatian Tax Authorities. The report is filed via the online application - Tax Authorities ePorezna. To be able to use the online application, a qualified digital certificate is needed. There is no registration fee to access e-Porezna.

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The report should be submitted on each payment date, except for benefits in kind and non-taxable payments. These payments can be reported by the 15th of the month for payments made in the previous month.

Under the Croatian Personal Income Tax Act, the tax rates applicable for the employment income for 2021 are as follows:

- ▶ It is 20% for those with annual employment income up to HRK360,000 (up to HRK30,000 monthly)
- ▶ It is 30% for those with annual employment income above HRK360,000 (above HRK30,000 monthly)

The tax rates are applied on the income after taking into consideration contributions borne by the employee and personal allowance add period at the end.

Social security compliance

There is no separate report which needs to be filed for social security purposes. Report JOPPD is filed for tax and social security purposes.

The Croatian Pension Fund Act states that the social security rates applicable for the employment income for 2021 are as follows:

- ▶ Contributions borne by the employee:
 - ▶ A 20% pension fund contribution (15% for pension fund pillar 1 and 5% for pension fund pillar 2 or 20% for pension fund pillar 1)
- ▶ Contributions borne by the employer
 - ▶ A 16.5% health insurance contribution

2. Pension requirements

Pension registrations

Based on Croatian Pension Fund Act, the employer is obliged to register with the Pension Fund Institution. The registration for pension fund purposes is done on the M-11p form for the employer within 24 hours from start of the business with the Croatian Pension Fund Institute. There is no registration fee prescribed.

For pension registration requirements, refer to the earlier section on employee registration for social security contributions.

Ongoing compliance requirement

Pension fund contribution compliance

There is no separate report which needs to be filed for pension fund contribution purposes to the Croatian Pension Fund Institute. Report JOPPD is filed for pension fund contribution purposes.

Pension fund contribution is borne by the employee (i.e., it is deducted from the employee's gross salary). The contribution rate applicable for 2021 is 20%. Depending on the employee's age, the contribution can be paid in total to Pension fund pillar 1 (if in 2002, when the second pillar was introduced, the employee was older than 40 years and has not voluntarily decided to pay part of the total pension fund contribution to pension fund pillar 2) or 15% can be paid to pension fund pillar 1 and 5% to pension fund pillar 2.

3. Employment obligations

General

In Croatia, the main legislative act concerning employment is the Labor Act. In accordance with the Labor Act, the employer is obliged, among others, to pay the salary to an employee for the performed work, and the employee is obliged to personally perform the work in accordance with the instructions from the employer depending on the nature and type of work. The governing authority for employment in Croatia is the Ministry of Labor and Pension System.

Salary

The employer is obliged to calculate and pay to the employee, the salary in the amount prescribed by the law, collective agreement, employment bylaws or employment contract. Employees are entitled to an increased salary in case of the following:

- ▶ Difficult working conditions
- ▶ Overtime work
- ▶ Night work
- ▶ Sunday work
- ▶ Holiday work or work on any other day that is determined by the law as a nonworking day

The salary must be paid to the employee in cash. Unless prescribed otherwise by the collective agreement or the employment contract, the employer must pay the salary on a date no later than the 15th of the current month for the previous month.



The minimum salary is regulated by the Minimum Salary Act. The minimum salary is determined by the Government Decree for each calendar year. In 2021, the minimum salary amounts to HRK4,250.00 gross.

During a period of interrupted work, where the employee cannot work due to circumstances beyond the responsibility of the employee, the employee is entitled to compensation from the employer. Justified reasons for interrupted work are prescribed by the law, special regulations, collective agreement, employment bylaws or the employment contract. The mandatory compensation amounts to the amount equal to the average salary of a certain employee received in the previous three months. Higher compensation may be envisaged in the employment agreement, employment bylaws or the applicable collective agreement. A lower compensation amount may be envisaged only in the collective agreement.

Working hours, rest hours and breaks

The full-time work shall not exceed 40 hours per week. Where the working hours are determined by the employment contract, applicable law, collective agreement or contract between the works council and the employer, it shall be deemed that the working hours are 40 hours per week. Any working hours shorter than the full-time work shall be considered to be part-time work.

An employee working at least 6 hours a day is entitled to a daily break of 30 minutes. The employee is entitled to uninterrupted daily rest of 12 hours and to uninterrupted weekly rest of 24 hours to which a period of daily rest shall be added.

Annual leave, paid and unpaid leave

The employee is entitled to a paid annual leave, in duration of at least 20 working days, for each calendar year. The employee employed for the first time or the employee with an interruption period between two employments exceeding eight days, is entitled to annual leave with the new employer after six consecutive months of employment.

During the calendar year, the employee is entitled to a minimum of seven days of paid leave for important personal purposes. Examples of important personal purposes are marriage ceremony, childbirth, serious illness or death of an immediate family member.

Upon an employee's request, the employer may grant an unpaid leave to the employee. Nevertheless, there is no obligation to grant an unpaid leave. During the unpaid leave, the employee shall not have any rights or obligations arising from the employment relationship or related thereto.

Conditions for health and safety of employees

The employer must ensure safe working conditions for the employees in accordance with the special regulations on safety and health at work.

Severance pay

Severance pay must be paid to the employee who had been continuously employed with the employer for at least two years if the employment relationship is terminated by the employer (unless terminated due to the employee's fault).

In general, the due amount of severance pay is determined based on the duration of employment. The statutory minimum severance is calculated by multiplying one-third of the employee's average monthly salary in the last three



months before termination, with the number of full years of employment.

The maximum statutory severance pay that the employer may be obliged to pay is six average monthly salaries of the employee (based on the amounts paid to the employee in the last three months before termination), unless a higher amount of the severance pay is prescribed by the law, collective agreement, employment bylaws or the employment agreement.

Employment agreement, service agreement or agency work

The main difference between an employment agreement and a service agreement is the statutory basis of each. Namely, an employment agreement is defined and regulated by the Croatian Labor Act. Consequently, the execution of an employment agreement triggers the formation of an employment relationship and all statutory rights and obligations of the employer and employee. On the other hand, the conclusion of a service agreement does not result in the formation of an employment relationship, and it is regulated by the Croatian Obligations Act. In the employment relationship, the employee fully follows the instructions of the employer, uses employer's premises, tools and other means of work, while the service agreement provides certain level of independence for the contractor. However, even the relationship formed based on the service agreement incorporates the agreed level of supervision and instructions by the client.

In comparison to a service agreement, the employment agreement forms a more permanent relationship. A service agreement has, at its core, performance of contracted services (and is usually terminated when the work is

completed). Such service-focused nature makes a service agreement easier to terminate. Contrary to termination of a service agreement, termination of an employment relationship is more complex. When terminating an employment agreement, the employer is obliged to follow a rather formalistic statutory process.

Agency work is a three-party relationship. The client concludes with the agency an agreement on the assignment of employees (also known as employment leasing agreement). The agency and the employee enter into an employment agreement.

One of the benefits of agency work is the fact that all the administrative matters (e.g., hiring and payroll) are administered by the agency. Also, if the statutory conditions are fulfilled, the agency is responsible to the client for damage caused to the client (not third parties) by the employee. An additional cost is created for the employer, in the form of the agency fee. The amount of agency fee will depend on the service provider (there are several in the market).

An employer may not utilize the option of agency work for a position for which it dismissed an employee due to a lack of business need within the previous six months, as well as for positions for which it carried out the collective redundancy procedure within the previous six months.

An employer may not use the work of the same assigned employee to perform the same tasks for an uninterrupted period exceeding three years, unless it is necessary for the replacement of a temporarily absent employee or for some other objective reasons permitted by a collective agreement. An interruption of less than two months is not considered as an interruption of the three-years period.

4. Payroll requirement

In accordance with the Croatian Labor Act, the salary must be paid to the employee on a date no later than the 15th of the current month for the previous month unless prescribed otherwise by the collective agreement or the employment contract. The employer is obliged to provide the employee with the payslip with details of the payroll calculation on a date no later than 15 days after the salary payment.

5. Banking requirements related to payroll

The Croatian Personal Income Tax Bylaw states that the salary must be paid to the employee's bank account (no cash payment is allowed). Furthermore, social security contributions and taxes should be paid out on the same day together with the salary.

In the payment details of the salary, taxes and contributions prescribed reference number needs to be used so that the payments are linked to the payroll report JOPPD which is filed for the salary payment. For certain payments, specific Single Euro Payments Area (SEPA) code may be required.



1. Government requirements

Registration requirements

Business license for new businesses

For nonresidents and entities with nonresident directors, a request for a license to open a new business has to be made to the Island Executive Council, “Bestuurscollege van het Eilandgebied Curaçao”. The application needs to be submitted to the Department of Economic Affairs.

Company registration

Each company has to be registered with the Commercial Register of the Curaçao Chamber of Commerce and Industry.

Residency permit

A nonresident individual who wants to work in Curaçao has to apply for a residency permit with the Toelatingsorganisatie Curaçao. The permit has to be obtained prior to the arrival in Curaçao.

Different rules apply for individuals with Dutch or American nationality, and the application can take place while already residing in Curaçao.

Work permit

For a nonresident individual, the employer has to apply for a work permit. The permit has to be obtained prior to the commencement of work in Curaçao.

At least five weeks prior to the work permit application, the job position has to be reported to the Centre for Labor (Sentro pa Labor) and it has to be proven that there was an active search for local applicants.

A work permit will in principle only be granted to those in fields or professions for which there are no or limited qualified persons locally available, an exception applies to certain professions such as cleaning personnel.

Tax registration

Each employer has to be registered with the Tax Administration and obtain a tax identification number (so-called “crib-number”).

An employee has to be registered with the Tax Administration and has to have a tax identification number (crib-number) as well. If the employee does not have a crib-number, the employer should register the employee by means of a wage tax declaration (in Dutch: “loonbelastingverklaring”) obtained from the employee prior to the first day of employment.

Social security registration

Each employer has to be registered with the – Sociale Verzekeringsbank (SVB) – and obtain a so-called “SVB-number”.

Employers have to register the identification number, name, sex, marital state, profession, sort of employment and salary of each employee by means of a so-called “mutation form”.

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Ongoing compliance requirements

Prior to the first day of employment, the employee has to fill in a wage tax declaration, which includes all relevant information for the correct withholding of wage tax and social security premiums.

A copy of a valid identification, such as a passport, drivers' license or Sedula, and the crib-number, should also be filed into the administration.

Monthly obligations

Wage tax and social premiums due should be withheld on a monthly basis. Furthermore, a wage tax and social premium return should be filed (online) with the Tax Administration and the wage tax and social premiums due should be paid to the Tax Collector no later than the 15th day after the end of each month.

Additionally, a payroll administration (so-called "loonstaat") has to be updated on at least a monthly basis.

A. Wage tax

Wage tax is a pre-levy to income tax and employees are subject to wage tax at the same progressive rates as the income tax rates. The following are the individual wage tax rates and tax brackets for the 2020 fiscal year.

Table of tax rates as per January 1, 2021

With a taxable income of:			
More than:	And less than:	The taxable amount is:	For each amount higher than column I:
ANG	ANG	ANG	%
0	32,304	0	9.75%
32,304	43,073	3,15	15.00%
43,073	64,610	4,765	23.00%
64,610	91,530	9,719	30.00%
91,530	134,603	17,795	37.50%
134,603	–	33,947	46.50%

The following personal tax credits may be subtracted for a resident employee from the wage tax due for the 2021 fiscal year:

- ▶ Standard tax credit: ANG2,408
- ▶ Sole earner tax credit: ANG1,470
- ▶ Senior tax credit: ANG1,109
- ▶ Child tax credit per child: varies between ANG79 and ANG783, depending on the child's age residence and education

B. Social security contributions

In principle all resident individuals must pay social security contributions. For employees, the employer has to contribute part of the premiums due. The contributions provide benefits under the General Old Age Insurance Ordinance (AOV), the General Widows and Orphans Ordinance (AWW), the General Insurance Extraordinary Sickness Ordinance (AVBZ) and the Basic Illness Insurance (BVZ).

Employers must pay employee insurance contributions for residents and nonresidents. The contributions provide benefits under the Sickness Insurance Ordinance (ZV), Accident Insurance Ordinance and Cessantia Ordinance. The Cessantia Ordinance (OV) provides for severance payment in case of involuntary dismissal.

The following are the individual social premium rates for the 2020 fiscal year.

Premiums			
	Employer	Employee	Max.
AOV/AWW	9.5%	6.5%	100,000
		1.0%	> 100,000
AVBZ	0.5%	1.5%	490,302.46
BVZ	9.3%	4.3%	150,000
ZV	1.9%		69,373.20
OV	0.5%		69,373.20

Annual obligations

After each calendar year, the employer is required to prepare and submit a summary wage sheet (so-called "verzamelloonstaat") and statement for third parties if applicable (so-called "derdenlijst") online to the tax authorities, no later than the 1st April.

The summary wage sheet includes a summary of relevant information and the wage and social premiums withheld and paid for each employee.

The statement for third parties includes a summary of relevant information and payments made to each person other than employees.

Administration

The payroll administration and all relevant information and documents should be kept on file for a period of ten years.

2. Pension requirements

Registrations requirements

Collective pension insurance - AOV (Old-age pension)

The AOV is a collective pension insurance (in Dutch: "Algemene Ouderdomsverzekering"), based on the General Old Age Insurance Ordinance, which provides residents with a minimum basic pension at the age of retirement.

The AOV is funded according to the so-called pay-as-you-go system. This means that all insured persons between the ages of 15 and 65 who have an income, jointly pay the premium required to provide for the AOV pension. The total premium is 15%, of which 9% is paid by the employer and 6% is paid by the employee. The premium is levied on the income up to a maximum of ANG100,000. Additionally, the insured that receives a taxable income of more than ANG100,000 per year, has to pay an additional premium of 1% on the amount exceeding ANG100,000.

In principle, every insured person is entitled to 2% of the full AOV benefit for each insured year between the age of 15 and 65.

The AOV pension is granted upon request with the Social Security Bank (SVB).

Private pension insurance

In Curaçao employers are not legally required to offer a private pension scheme. A private pension scheme can however be facilitated for wage tax purposes, meaning the employer premiums are not considered wage and the employee premiums are deductible, if the pension scheme meets all requirements as mentioned in the Pension Decree.

Upon reaching the pensionable age, all benefits and proceeds from the pension scheme are taxed as wages.

Ongoing compliance

For AOV, we refer to paragraph 1b.

3. Employment obligations

General employer obligations

Minimum wages

Every employee who is 21 year or older is entitled to at least the minimum wage per hour. As of 1 January 2020, the minimum wage per hour amounts to ANG9.62.

Maximum working hours

Employees who earn less than a gross annual salary of ANG69,372 fall under the scope of the Labor Regulation and may therefore not work more hours than the statutory maximum working hours. The Labor Regulation makes a distinction between schedule workers and non-schedule workers. Schedule workers are employees who work in accordance with a recurrent schedule (timetable) outside of regular office hours.

For non-schedule workers the maximum working hours per week calculated over a four weeks' period is forty hours, provided the employee does not work more than ten hours a day.

For schedule workers the maximum working hours calculated over a four weeks' period is forty-five hours per week, provided the employee does not work more than ten hours a day.

Any working hours beyond the above-mentioned maximum hours per day and per week is deemed overtime. Overtime has to be compensated by a surplus above the salary of 50%.

Employer and employee may agree in writing that instead of paying out the overtime in money, the overtime shall be compensated completely or partially in days off (time-back).

Vacation

According to the Vacation Ordinance (Vakantieverordening) every employee is entitled to an amount of vacation days per year equal to at least three times the contracted number of working days per week, with a minimum of fifteen days per year for employees who work five days per week. During an employee's vacation, the employee remains entitled to receive his salary. Vacation allowance, however, is not mandatory. Furthermore, during (official) national holidays the employee also remains entitled to receive his salary.

Sick leave

In the event that an employee, who is insured under the Sickness Insurance Ordinance, is unable to perform his or her labor due to sickness, the employer is obligated to continue payment of the employee's salary (80%) in so far the absence lasts longer than three working days and for a maximum period of two years (unless otherwise stipulated in the labour agreement). The employer will subsequently receive a refund for the 80% salary from the Social Security

Bank. The Sickness Insurance Ordinance only applies to full time employees.

Pregnancy and maternity leave

An employee is entitled to payment of 100% of her salary when she is on pregnancy and maternity leave. Pregnancy leave can be claimed two to six weeks before the estimated due date and maternity leave can be claimed eight to twelve weeks as of the date the employee gave birth. The total amount of time on leave (pregnancy leave, and maternity leave combined) must in all events be at least 14 weeks.

Other leave

For other situations such as weddings, funerals, delivery of children (for fathers) and personal leave, there is no legal stipulation granting the employee a specific amount of time for permitted leave. However, (unless agreed otherwise) an employee remains entitled to his or hers wages for a fair short period of time, in the event the employee was not able to work during such time due to (i) the fulfillment of an obligation imposed by law or by the government which could not be fulfilled in the employee's free time or due to (ii) special circumstances not caused by the employee's fault.



4. Payroll requirements

Employers must process salary payments in accordance with the conditions agreed in the employment contract and provide the employee with a payslip containing the details of the salary received and the applied withholding of taxes and premiums.

If salary payments are made from another party than the employer, the employer has to withhold taxes and premiums on such payments.

5. Banking requirements related to payroll

Employers may make salary payments to an employee in cash, in kind, by check or by bank transfer. There are no restrictions applicable to salary payments made to and from abroad. If salary payments are made in kind, such as a company phone or lease car, deemed allowances may be taken into consideration as taxable wage instead of the actual costs for wage tax and premium purposes.

Cyprus

C



1. Government requirements

Registration requirements

Income tax and contributions to the Social Insurance funds and the general health care system are the three main taxes associated with Cyprus payroll operations.

When hiring its first employee in Cyprus, the employer must register with the Tax Department as well as with the Social Insurance Services. After submitting the relevant application forms along with the required documents, a Tax Identification Code and a Social Insurance Number will be issued to the employer.

Employees must also register with the Tax Department and submit a personal income tax return (form TD1) by the 31st of July following the tax year of assessment.

As of tax year 2020, all Individuals (employees and self-employed without the obligation to prepare Audited Financial Statements) with gross income, which is subject to income tax, should submit their TD1 Form not later than 31 July of the year following the year of assessment. It is noted that Form TD1 for the tax year 2020 is due for filing by 30 September 2021.

A decree is expected to be issued by the Council of Ministers that will define certain categories of individuals and the conditions under which such individuals will be exempted from the obligation to submit a TD1 Form. It is further noted that the employees have an obligation to register with the Social Insurance Service to secure a social insurance reference number.

Income tax withholding by employers

Employers are required to withhold income tax from the emoluments of their employees under the Pay-As-You-Earn (PAYE) system and remit this on a monthly basis to the Tax Department by the end of the next month. Late payment results in the imposition of interest on income tax currently at 1.75% (the interest rate is subject to change every year) per annum from the due date and an additional penalty of 1% per month, both calculated on the basis of months completed.

Employees should provide to their employers the details of any additional income or eligible deductions outside their employment to be considered by their employer during the income tax withholding calculation. This can be done through a declaration of allowances claimed for the year (Form TD59).

An employer's return (Form TD7) should be submitted electronically by 31 July following the tax year of assessment, which is the same as the calendar year.

From tax year 2020, the new electronic filing deadline of the Employer's Return (Form TD7) is no later than the 31 May of the year following the year of assessment. It is noted that Form TD7 for the year 2020 is due for filing by 30 September 2021.

Tax residency and income tax

Cyprus tax resident employees are taxed on their worldwide income. In the case of non-Cyprus tax resident employees, income tax is levied on the income accruing or arising only from sources in Cyprus.

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A Cyprus tax resident is an individual who stays in Cyprus for more than 183 days in the year of assessment. The definition also includes an individual who does not stay in any other state for one or more periods exceeding, in aggregate, 183 days in the same tax year and who is not considered a tax resident for tax purposes in any other state in the same tax year, provided the individual cumulatively meets the following criteria:

- ▶ Stays in the country for at least 60 days in the year of assessment
- ▶ Exercises any business in the country or is employed in the country, or holds an office for a tax resident in Cyprus at any time during the year of assessment
- ▶ Maintains a permanent resident (owned or rented) in the country

Individual income tax rates in Cyprus

Taxable income	Tax Rate	Amount of tax	Accumulated tax
EUR	%	EUR	EUR
0-19,500	0	0	0
19,501-28,000	20	1,700	1,700
28,001-36,300	25	2,075	3,775
36,301-60,000	30	7,110	10,885
Over 60,000	35	–	–

*Taxable income over EUR60,000 is taxed at the rate of 35% and the accumulated tax will depend on actual amount of taxable income.

Significant exemptions for income tax purposes applying to expatriates

50% exemption

Remuneration exceeding EUR100,000 per annum from any office or employment exercised in Cyprus by an individual who was a tax resident outside Cyprus prior to the commencement of employment. The 50% exemption applies for the first 10 years of employment. It is not available to individuals whose employment commenced on or after 1 January 2015 if such individuals where:

- ▶ Tax residents of Cyprus for a period of three out of the five years preceding the year of employment
- ▶ Tax residents of Cyprus in the year preceding the year of the commencement of employment

20% exemption or EUR8,550, whichever is lower

Remuneration from any office or employment exercised in Cyprus by an individual who was residing outside Cyprus before the commencement of the employment. This exemption applies for a period of five years commencing from 1 January of the year following the commencement of the employment (provided the employment started during or after 2012). It applies for tax years up to 2030

(inclusive) i.e., a person whose employment in the Republic commenced up to the year 2025, has the right to claim the relevant tax exemption for a period of five years (up to the year 2030 inclusive). However, if the 50% exemption (mentioned in the previous paragraph) is claimed, this 20% exemption does not apply.

Ninety days rule

This rule applies to any remuneration for the rendering of salaried services outside Cyprus to a nonresident employer in Cyprus or to a foreign permanent establishment of a Cyprus resident employer for a total aggregate period of more than 90 days in the year of assessment.

Lump sum payment

Cyprus tax residents are exempted from any lump sum payment from life insurance schemes or approved provident funds.

The following are some of the allowable deductions for income tax purposes (subject to further restrictions):

- ▶ Contributions to the Social Insurance and General Health System contributions
- ▶ Contributions to approved provident funds and medical insurance
- ▶ Subscriptions to trade unions or professional bodies
- ▶ Donations to approved charitable organizations

2. Pension requirements

Registration requirements

Once a company has registered with the Social Insurance Service, the employer should inform the authorities about newly hired employees. Usually, all employees are registered with the authorities by their first employers. In case an employee has not obtained a Social Insurance Reference Number, the registration should be made by submitting a relevant application form (with relevant supporting documentation) to the social insurance authorities.

The Social Insurance Scheme in Cyprus is financed by contributions paid by the employers, the insured persons and the Republic. The scheme provides benefits to insured persons, such as maternity allowance, sickness and unemployment benefits.

People who have reached the retirement age, which is currently 65 (early retirement may also be possible), and who meet the appropriate conditions in terms of their contributions to the Social Insurance Fund are entitled to a pension.

The contributions are calculated by applying the relevant contribution rates (as per the following table) to the weekly wages or monthly emoluments of the employee.

Calculation of contributions

	%
Self-employed individual	15.6
Employee	8.3
Employer	8.3
Employer's contribution to the Redundancy fund	1.2
Employer's contribution to the Human Resource Development Authority fund	0.5
Social Cohesion fund	2

The above-mentioned contributions, except to the social cohesion fund, are subject to an upper income limit of EUR4,784 per month or EUR1,104 per week.

Contributions to the general health care system

The general health care system in Cyprus came into effect on 1 March 2019. Its main purpose is to provide health care coverage to individuals. Under the system, an employer is responsible to withhold 2.65% from the employee's emoluments and contribute at the rate of 2.9% on such employee's income. There is an annual cap of EUR180,000 for the payment of general health care system contributions.

In general, contributions to the social insurance and general health care system (subject to exemptions) are paid by an employer every month using the statement of emoluments and contributions form. The payment should be made no later than the end of the month following the month for which the contributions refer to. A penalty of 3% per month is imposed for late payments, with a maximum of 27%.

There have been amendments during the COVID-19 pandemic (please refer to the COVID-19 section under Cyprus in the Appendix).

3. Employment obligations

Minimum monthly salary

While many activities do not have an official minimum salary, vulnerable categories have a set minimum wage, depending on the activity.

Working time

As per the Cyprus Employment Law, the maximum hours of work per week is 48. The normal pattern of working hours in Cyprus is 40 hours per week. When the daily period of work is more than 6 continuous hours, the employee is entitled to a break with the duration of at least 15 minutes.

Minimum annual leave

Depending on the work schedule, employees who work 5 days per week are entitled to a minimum of 20 days of annual leave paid by the employer. The annual leave is extended to 24 days if the employees work 6 days a week.

Sick leave

Social insurance authorities are responsible for sickness allowance. After submitting the relevant application form to the authorities, an employee may be granted a sickness benefit from the fourth day of absence from work due to illness. The level of benefit is calculated as a percentage of the average weekly insured amount of earnings on which contributions were made by or for the insured person.

4. Payroll requirements

Payment frequency

There is no specific guidance with respect to the standard pay period. Employers can adjust their pay periods according to the working conditions. Weekly or monthly payments are the most common, with most employers paying salaries by the end of each month.

Certificate of emoluments (Form TD63)

Although the general practice in Cyprus is to provide pay slips on a monthly basis in electronic or hard copy form, the employer is obliged to provide on an annual basis to its employees a certificate of emolument. This certificate includes inter alia, details of the employee, gross emoluments and relevant income tax, social insurance and general healthcare system contributions.

5. Banking requirements related to payroll

There are no specific requirements regarding the mode of payment. However, for the calculation of income tax, social insurance and general health system deductions as well as contribution amounts should be converted to euro.

The settlement of PAYE can be made online or through wire transfer from a foreign bank account.

The payment of social insurance can be made by cash or check to the district office of Social Insurance Services. Online payment option is available by registering to the authority's e-payment facility; payments are made using the Single Euro Payments Area protocol.

Czech Republic

C



1. Government requirements

Registration requirements

Payroll tax registration

Every employer hiring at least one employee needs to register for payroll tax within eight days of employing the first employee. The payroll tax registration may be done together with other tax-related registrations and it is done electronically through the registered electronic databox of the employer or by a tax adviser. There is no governmental fee due for the registration.

Note that there is no tax registration which must be done for the employees by the employer.

Social security registration

The company is obliged to perform its social security registration with the Czech Social Security Authority as an employer when the first employee is hired. The registration is to be done within eight days. The registration form (in Czech: "Přihláška do registru zaměstnavatelů") needs to be filed with the locally competent social security authority either electronically, via databox, or must be personally signed by the employer.

After registration, the company is assigned with an identification (ID) number which is crucial for correct payment of contributions and for making submissions to authorities.

The employer is also required to arrange for the social security registration of their new hires, and this should be done within eight days as well. There is no governmental fee due for the registration.

Health insurance registration

There are currently seven state health insurance companies in the Czech Republic. The employer is obliged to individually register with each of the health insurance companies, at which the employees are registered.

The registration form (in Czech: "Přihláška a evidenční list zaměstnavatele") needs to be filed with the health insurance company either electronically or must be personally signed by the employer.

After registration, the company is assigned with an ID number which is crucial for the correct payment of contributions and for making submissions to the authorities.

In addition, the company needs to register every new hire. All registrations (when the company has hired its first employee and for every new hire) are to be done within eight days from the start of employment.

Mandatory risk insurance registration

Registration for the Czech mandatory risk insurance is due based on the Mandatory Insurance Act and needs to be done as soon as possible i.e., when the company has employed its first employee.

The registration form (in Czech: "Přihláška k pojištění odpovědnosti zaměstnavatele za pracovní úrazy a nemoci z povolání") needs to be filed electronically with the Kooperativa insurance company. Filing of mandatory risk insurance registration based on the power of attorney is possible.

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Ongoing compliance requirements

Filing and payment obligations

The employers are obliged to operate monthly payroll for their employees. This mainly includes calculation of the payroll tax withholdings, social security, health insurance and mandatory insurance contributions, and filing of the related monthly and annual reports.

Payroll compliance

The Czech payroll is rather complex and employers are required to assume several obligations around social security benefits on behalf of the governmental institutions (e.g., payment of the sickness pay for certain period of time, keeping records of employees' absence due to illness and other reasons, calculating the assessment base for social security benefits and processing certain requests on behalf of the employees).

Further, the employers are required to calculate a so called average salary that is used as the basis for the calculation of vacation compensation, overtime pay and pay for certain types of absences. The average salary is to be calculated on the basis of the actual hours worked and the earnings for the previous calendar quarter. It is up to the employer to decide which of the salary items should be reflected in the average salary calculation. In addition, longer term payments may need to be reflected over more quarters.

Monthly tax compliance

As of 2021, there are two income tax rates - on a monthly basis the 15% tax rate applies on income up to 1/12 of annual cap for social security contribution payments. Income exceeding this amount is subject to a 23% tax rate. The respective personal income tax base is equal to gross salary. Employer social security and health insurance contributions are no longer reflected within the tax base. Employee social security and health insurance contributions are not deductible.

Employees may apply for certain tax discounts within their monthly payroll (e.g., taxpayer tax discount and children tax relief) if specific declaration is made by the employee to the employer.

The payroll taxes are to be remitted to the tax authorities by the 20th of the following month.

There is no monthly payroll filing due with regards to the tax authorities.

Annual tax compliance

The employers are required to file the annual payroll tax report (in Czech: "Vyúčtování daně z příjmů ze závislé činnosti") detailing the total monthly payroll tax due for all employees. The due date for filing of the annual payroll tax

report is 20 March of the following year and it should be done electronically.

The employers are obliged to perform the so called annual tax reconciliation for employees who meet certain conditions. In order to qualify for this procedure, employees cannot have any other sources of income apart from their salary exceeding CZK6,000 (i.e., no foreign interests or dividends, no income from the rent of properties, etc. exceeding in total CZK6,000).

The employees may apply certain tax reliefs within the annual tax reconciliation that cannot be reflected in the monthly payroll. It is the obligation of the employer to assess if the employees qualify for certain tax-based deductions or tax reliefs. Employers are expected to keep records of the documentation for the tax reliefs applied.

Sickness pay

Employers in the Czech Republic are required to reimburse the employees for their first 14 days of sickness. Starting from the 15th day, the employees receive sickness pay from the government.

In this respect, the employers are obliged to collect sickness certificates from the employees, maintain related records and make certain submissions to the social security authorities in this respect.

Social security compliance

Employers calculate the employee and employer social security contributions together with the payroll tax within the monthly payroll.

Czech social security contributions (calculated from gross income) amount to 24.8% for the employer and 6.5% for the employee. Both employee and employer contributions are capped on annual basis, i.e., gross income exceeding the annual cap CZK1,701,168 in 2021 is not subject to the social security contributions.

The social security contributions are to be remitted to the authorities by the 20th of the following month. Every month, the employer has to report the contributions due to the social security authorities.

Health insurance compliance

Employers calculate the employee and employer health insurance contributions together with the payroll tax within the monthly payroll.

Czech health insurance contributions (calculated from gross income) amount to 9% for the employer and 4.5% for the employee. There is no cap for health insurance contributions.

The health insurance contributions are to be remitted to the authorities by 20th of the following month.

Every month, the employer has to report the contributions due to each of the health insurance companies at which the employees are enrolled.

Mandatory risk insurance

On a quarterly basis, employers are also obliged to calculate and remit the mandatory risk insurance contributions. Only employer contributions are due. The contributions are to be calculated based on the earnings for the previous calendar quarter. The rate depends on the industry and ranges from 0.28% to 5.04%.

The contributions are due by 31 January, 30 April, 31 July and 31 October.

There is no specific reporting that has to be done.

2. Pension requirements

There are no specific pension registrations or pension payments. While arranging for social security registrations, new hires are also automatically registered within the pension scheme and the contributions are part of the social security contributions.

Ongoing compliance requirements

At the end of the year, the employers are required to submit the old age pension sheets (in Czech: "Evidenční list důchodového pojištění") to the social security office. The due date is 30 April of the following year. Another copy of the document needs to be distributed to the employees.

3. Employment obligations

There is no employment registration to be arranged for domestic employees. Start of work activities of employees from other EU countries or from third countries needs to be announced to the Labor office on the first day of work at the latest.

The employer must comply with labor law provisions that are quite demanding.

4. Payroll requirements

Payslips

The employer is obliged to inform the employees about the salary components and withholdings made on a monthly basis. The payslip can be provided either electronically or in a hard copy.

Wage list

The employers also need to keep a so called annual wage list (in Czech: "mzdový list") detailing mandatory personal information of the particular employee as well as year-to-date details on individual's earnings and tax withheld. The Czech tax law requires that the wage list also includes the tax-free income as well as certain identification details (e.g., foreign tax identification number in case of Czech tax nonresidents).

Salary certificate

The employers are required to provide the employees with the annual salary certificate (in Czech: "Potvrzení o zdanitelných příjmech ze závislé činnosti") upon their request. This document is needed for the personal income tax return that the employees file on their own with the tax office.

Employers may be also asked by the employees to provide salary confirmation e.g., for bank loan purposes.

5. Banking requirements related to payroll

It is the market practice that the net salaries are wired to the employee's bank account. The employer is fully responsible for the wire transfer and bears all related costs.

Mandatory withholdings can be paid from a Czech or a foreign bank account. If payments are made from an overseas bank account, the charges should be accepted by the remitting bank so that the payments received by the authorities are not reduced by charges or exchange rate differences. Any differences will result in interest charges being levied on underpayments.

Employers' identification numbers are crucial for correct assignment of the payments toward the authorities. Hence, they need to be indicated with the payments.

Denmark

D



1. Government requirements

Registration requirements

Corporate forms

The most common corporate forms and foreign business registrations in Denmark are:

- ▶ Limited liability companies (A/S & ApS)
- ▶ Branch offices of a foreign company
- ▶ Non-Danish companies (tax registration of a foreign company, i.e., for permanent establishment, as employer, etc.)

A new Danish company or foreign business registration will be granted a commercial registration number (CVR number), which is an identification of the company, to be used in connection with all reporting to the authorities.

Tax registration (employer registration)

A new Danish company or business registration may register for tax purposes at the Danish authorities through the Danish Business Authorities' self-service portal at www.virk.dk.

The Danish entity must register as employer in order to process payroll to fulfill its monthly obligation to withhold A-tax and labor market contribution in accordance with section 46 of the Danish Withholding Tax Act (Kildeskatteloven) and section 7 of the Danish Labour Market Contributions Act (Arbejdsmarkedsbidragsloven).

Employees new to Denmark are required to apply for a Danish personal tax number (CPR number/Tax ID) to be enrolled in the Danish tax system and to be part of the payroll of the new Danish entity. The application for a CPR number can either be completed and submitted online at the Danish Tax Authorities website (www.skat.dk) or completed on the paper form 04.063 and send to Skattestyrelsen, Postboks 9, 4930 Maribo, Denmark.

Social security registration

As part of the employer registration, the Danish entity must register for payment and contribute to social security on behalf of employees covered by the social security legislation in Denmark.

Social security reporting is part of the monthly payroll reporting and is managed by the social security authorities called ATP.

Other registrations:

NemID (EasyID)

A new Danish company or branch/permanent establishment must acquire a business NemID. NemID is a legitimation log-in function that makes it possible for the management/administration of the entity to access public services online, such as the e-filing system of the Danish Tax Authorities (TastSelv), the self-service portal of the Danish Business Authority (virk.dk) or the entities mandatory digital mailbox (e-Boks).

A business NemID can be ordered at www.medarbejdersignatur.dk.

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NemKonto (EasyAccount)

All entities in Denmark are required to have a NemKonto. A NemKonto is the company's existing bank account that is assigned as a NemKonto. All payments from Danish Authorities are transferred directly to this account.

A local Danish bank account is assigned as NemKonto by the bank. A foreign bank account is assigned as NemKonto by completing the registration form - foreign NemKonto for companies - and send to NemKonto Support, Lauritz Plads 1, 9000 Aalborg, Denmark.

e-Boks (Mandatory digital mailbox)

The e-Boks system is key in communicating back and forth between your Danish entity and the authorities. Any information important to the company from the authorities is available only through e-Boks - this includes all letters from public authorities. e-Boks is also a crucial part of administrative operations in general.

e-Boks is set up automatically with the business registration but can only be accessed with NemID.

The e-filing system (TastSelv Erhverv)

TastSelv Erhverv is the e-filing system of the Danish Tax Authorities. The e-filing system is for payroll purposes applied by employers to report income information to the income register, eIndkomst.

TastSelv/eIndkomst is accessed through the Danish Tax Authorities website - www.skat.dk.

Ongoing compliance requirements

Monthly payroll tax

The company (employer) has payroll tax obligations on a monthly basis and there is no annual payroll tax reporting.

The company is required by law (please see above section) to withhold payable tax and Danish Labour Market contributions (AM-contribution). The tax rates are individual for A-tax but for AM-contribution it is 8%. There are possibilities for an expat tax scheme which could be applied for.

The size of the company determines when the reporting of tax and payment of the same, is due. The tax should be reported by the end of the present month for large companies and by the 10th in the upcoming month for smaller companies. The definition of small or large companies is if you pay more than DKK1 million in A-tax per year or not.

The reporting of income and taxes should be made through the e-filing system of the Danish Tax Authorities - eIndkomst.

Quarterly payment of social security

The social security contributions are collected on a quarterly basis. All entities registered with a CVR number will receive invoices in the entity's e-Boks (Digital Mandatory Mailbox) from ATP and Samlet Betaling.

Even though the company receives an invoice in their e-boks, ATP is calculated through the salary of each month and the base for the calculation is the normal working hours. The rate is paid with 1/3 from the employee and 2/3 from the employer. The rate varies depending on whether the employee is working full-time or part-time.

The amount on the invoice for Samlet Betaling is calculated from the basis of the reported ATP for the previous quarter, and the invoice should be paid manually as it does not have anything to do with the payroll run, but is only a fee/contribution to the state.

2. Pension requirements

Registration for pension is not required or mandatory but it is common practice in Denmark that the employer offers the employee a pension scheme within a pension provider. The pension scheme is an agreement between the employer and the pension provider. It usually covers some insurances as well, but this is depending on the individual agreement.

In case the company would like the employee to have a specific seniority before the pension scheme enters into force, this is also possible to agree with the pension company. The percentage (employer/employee) differs and is a matter of company policy. It is very common that the employee has the possibility to pay extra percentages/amounts to the scheme.

There is also possibility for foreign employees to make a special agreement regarding the pension scheme (§53A) in order for them to be taxed immediately instead of at the time of retiring.

3. Employment obligations

Labor Law

The employer should comply with mandatory employment and labor laws for all employment issues such as:

- ▶ Working hours, rest hours, illness, personal data and vacations
- ▶ Salary frequency and any applicable minimum wage
- ▶ Occupational safety and health
- ▶ Any applicable collective bargaining agreement

Labor Contract Law

The employer should follow the Labor Contract Law to:

- ▶ Sign labor contracts with employees on time
- ▶ Renew labor contracts with employees on time
- ▶ Terminate labor contracts with employees in accordance with the applicable mandatory law

Danish Holiday Act

If the employees are following the Danish Holiday Act in regard to holidays, the employer is obliged to encourage the employees to use their holidays.

Since September 2020, the Danish Holiday Act prescribes the use of concurrent holiday which means the employee is earning 2.08 days per month and these days could be used in the upcoming months. The earning period is 12 months (September to August) and the days earned in this period could be used in the same period and until December.

Absence (illness)

If an employee is ill on a long-term basis, there are possibilities to apply for reimbursement at the authorities. There are special conditions for the application and the first 30 calendar days are always paid by the employer, without any refund from the authorities.

4. Payroll requirements

There is no specific regulation related to payment frequency. It depends on the company policy or the employment contract. Monthly payment is the most common payment frequency.

Payslips

The company is required to issue a payslip to each employee. The payslip should include the following information:

- ▶ The employee's salary
- ▶ The period for which the salary is covering
- ▶ The amount withheld in taxes and AM-contribution
- ▶ The name, address and the CPR number of the employee
- ▶ The employer's name, address and the CVR number of the employer

E-boks

The most common way of delivering payslips in Denmark is by E-boks which is like a distribution central, from where the payslips get distributed to the employees' E-boks.

Everyone with a Danish CPR number has an E-boks which is a digital mailbox.

EY has a license to E-boks for this upload and would be able to upload the payslips on the clients' behalf.

5. Banking requirements related to payroll

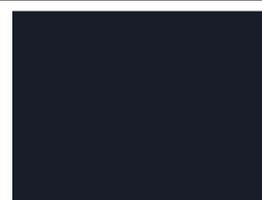
Salary payments made by the company to its employees, including expatriate employees, must be in DKK and be transferred to a Danish Bank account.

The most common payment method in Denmark is through Nets which works like a clearing house. Nets payment files are standardized in most Danish payroll systems.

The agreement with Nets is made between the company, your bank and Nets. Nets requires that the company has a Danish bank account and that one person from the company has a Danish Nem-ID in order for the company to upload the payment file.

Dominican Republic

D



1. Government requirements

Registration requirements

Registration of permanent staff with the Ministry of Labor is done via the "Sistema Integrado de Registros Laborales" (SIRLA) portal. The steps are as follows:

- ▶ Purchase a pin number for the "planilla de personal fijo" (permanent staff form) DGT-3. The cost is DOP500.
- ▶ Purchase a "Libro de Visitas" (Visit Book). The cost is DOP350.
- ▶ Request access to the SIRLA portal.
- ▶ Register employees in the SIRLA portal using the DGT-3 form.

The following documents are required for the registration of permanent staff with the Ministry of Labor using the SIRLA portal:

- ▶ A letter addressed to the Ministry of Labor specifying that the employment contracts for the employees are being submitted.
- ▶ Four original contracts for each employee, specifying everything related to the company and the employees.
- ▶ An identification and electoral card for each employee.

The following documents are required for registration with the "Tesorería de la Seguridad Social" (TSS - Social Security Treasury):

- ▶ Registration form (form DAE-FO-007)
- ▶ Letter requesting registration, specifying the authorized representative, with the seal of the company and signature of the manager or president of the company
- ▶ Copy of the identification card of the company manager or president, and of the authorized representative
- ▶ Certification issued by the "Dirección General de Impuestos Internos" (DGII) specifying the tax regime and date of registration
- ▶ Copy of the certificate of assignment in the "Registro Nacional de Contribuyentes" (RNC), issued by the DGII
- ▶ Copy of the bylaws
- ▶ Copy of the last assembly minutes
- ▶ Copy of the "Registro Mercantil" (Mercantile Register)

For Tax administration DGII

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any lucrative activity or business (sale of goods or provision of services), subject to a tax under the administration of the General Tax Office.

General requirements:

- ▶ Form of Affidavit for the Registration and Updating of Company Data RC-02, filling, stamping (not mandatory) and signed with the corresponding annexes
- ▶ Copy of the Commercial Registry certificate
- ▶ Copy of the trade name certificate issued by Oficina Nacional de la Propiedad Industrial (ONAPI)
- ▶ Copy of the identity and electoral card of the shareholders of both sides and in the event that there are certificates that begin with numbers "402" and "136" and in the case of foreigners without a certificate, a copy of their passport for foreigners who do not have an Identity and Electoral Identity Card
- ▶ Copy of the birth certificate (applies in cases that include minors as shareholders)

Important: The data of the receipt of payment of 1% of the social capital, must be contained in the form RC-02.

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Ongoing compliance requirements

The following are the compliance requirements related to government bodies:

- ▶ Monthly income tax return (form IR-3), for which a receipt is generated by the General Directorate of Internal Taxes. Payment is made on the 10th of each month
- ▶ Monthly social security presentation , for which a receipt is generated from the Social Security Treasury system. Payment is made on the third business day of each month
- ▶ Monthly presentation of “Infotep ”, for which a receipt is generated from the Social Security Treasury system. Payment is made on the 10th of each month
- ▶ Annual confirmation of active employees, exclusion of terminated employees and projection of vacation days that will be taken by the employees during the year to the SIRLA.

2. Pension requirements

Registration requirements

There are several pension fund administrators in the Dominican Republic, such as AFP Reservas, AFP Popular and Scotia Crecer AFP. These are independent from the pension fund that the employee normally contributes to at 2.87% per month, up to a cap of DOP269,640.

This amount could vary during the year, a communication is posted in the TSS web page.

3. Employment obligations

Employer Contributions	Percentage	Maximum cap to Rate Pesos
AFP	7.10%	269,640.00
TSS	7.09%	134,820.00
Instituto Nacional de Formación Técnico Profesional (INFOTEP)	1.00%	
Labor risk	1.10%	53,928.00
Christmas bonus accrual	8.33%	
Company profits accrual	16.67%	
Vacation accrual (14 días)	3.89%	
Severance accrual (1 a 5 años 13 días)	3.61%	

Minimum wages

According to Article 178, workers acquire the right to vacation every time they complete one year of uninterrupted service in a company. If they work under a contract for an indefinite period and, without any fault on their part, cannot provide uninterrupted services for a year because of the nature of their work or due to any other circumstance, they are entitled to a period of vacation proportional to the time worked, if it is more than five months (Article 179).

For employees who cannot complete a year of work without interruption, Article 180 establishes the following scale:

- ▶ Workers with more than five months of service get six days of vacation.
- ▶ Workers with more than six months of service get seven days of vacation.
- ▶ Workers with more than seven months of service get eight days of vacation.
- ▶ Workers with more than eight months of service get nine days of vacation.
- ▶ Workers with more than nine months of service get 10 days of vacation.
- ▶ Workers with more than 10 months of service get 11 days of vacation.
- ▶ Workers with more than 11 months of service get 12 days of vacation.

Law 16-92 of the Labor Code states that the employer is obliged to pay the worker a payment of one-twelfth of the ordinary salary they have earned during the calendar year. The period determined for the employer to pay the Christmas bonus is from 6 December to 20 December.

Participation in company profits:

According to Law No. 16-92 of May 29, 1992 (“Labor Code”), every employer is obliged to grant a participation equivalent to 10% of the annual profits or net benefits to all its workers for an indefinite period, under the limits established by the provisions of article 223 of the Labor Code.

According to the aforementioned Article 223, said individual participation will not exceed 45 days of ordinary salary for those workers whose employment contract does not exceed 3 years; and 60 days when it exceeds said period.

The term to pay such participation is established in Article 224 of the Labor Code when it expressly states that it should not exceed 90 to 120 days after the close of the company’s fiscal year. This is because the closing of most companies in Dominican Republic coincides with the closing of the calendar year, that is to say, on December 31, that term expires on April 30.

It is not considered salary for the purposes of calculating labor benefits, nor must it pay social security, but it must pay income tax and 0.5% of INFOTEP.

4. Payroll requirements

- ▶ As per statutory requirements, employees in the Dominican Republic must receive either monthly or biweekly payments.
- ▶ Monthly income tax return presentation through form IR-3 generated by the General Directorate of Internal Taxes, for which payment is made on the 10th of each month
- ▶ Monthly social security reporting, for which a receipt is generated from the Social Security Treasury system, and payment is made on the third business day of each month

- ▶ Monthly INFOTEP reporting, for which a receipt is generated from the Social Security Treasury system and payment is made on the 10th of each month.
- ▶ Annual confirmation of active employees, exclusion of terminated employees and projection of vacation days that will be taken by the employees during the year to the SIRLA.

5. Banking requirements related to payroll

This information is not available.

Ecuador

E



1. Government requirements

Registration requirements

In order to incorporate a company in Ecuador, it is necessary to complete some mandatory steps to operate under the local legislation.

According to the Superintendence of Companies, a public deed is required in order to set up a company. The public deed is recorded before the Mercantile Registry.

The following is required for the issuance of this deed:

- ▶ Name, nationality and address of the individual or legal entity who is setting up the company
- ▶ The corporate purposes duly specified
- ▶ Denomination and duration
- ▶ Amount of shareholder capital, the percentage of participation in shares/stocks, the nominal value, name and nationality of the subscribers of the capital
- ▶ Description of what each partner contributes as well as the amount of their payments in cash or assets; the value attributed to such assets and the part of capital not paid
- ▶ Company's address
- ▶ The opening of a capital integration account in the bank institution of their choice. The basic requirements may vary depending on the institution, however in general terms, the minimum capital for a limited liability company is USD400, USD800 for a corporation and USD2,000 for subsidiaries.

Finally, with the inscription on the Superintendence of Companies, the Tax ID Number shall be obtained before the Internal Revenue Services (SRI), which is the local Tax Administration.

Once the company is duly incorporated, it is required to obtain a user ID in the Social Security Web Page. For this procedure, a copy of the Tax ID number and the application form must be submitted and delivered to the Social Security Institute (IESS).

An additional registration before the Labor Ministry (SUT) is required in order to legalize contracts, dismissals, social benefit payments and any other labor requirements. This registration is performed online and no physical supporting documentation is needed or required.

To finalize the registration requirements, the company must obtain the operating permit issued by the Municipality, as well as the permission of the Fire Department.

Ongoing compliance requirements

Tax Administration

- ▶ Monthly Income Tax Withholding Return (Form 103) which includes employee taxable basis and income tax withheld
- ▶ Annual income tax withholding appendix (RDEP)

Social Security

- ▶ Monthly Social Security report information uploaded to the Social Security System

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Labor Ministry System (SUT)

- ▶ Legalization of contracts and employee terminations
- ▶ Legalization of Social Benefits paid to employees (Once a year, when payment is made)

Deductions

a. Income tax

For Ecuadorian purposes, all earnings provided in cash, services or in kind are subject to income tax unless they are specifically exempted by law.

At the beginning of every fiscal year, the employer will make a projection of the annual income to be received by the employee and apply progressive tax rates in force to estimate the amount of income tax to be withheld¹. Taxable basis is calculated by summing income and deducting the employee social security contribution and personal expenses reported by every employee through a specific form determined by local tax authorities.

Personal expenses are deductible up to 50% of the total income received by the employee and for a maximum of the amount equivalent to 1.3 times the exempt lower bracket of income tax for individuals (USD14,575.60 for 2021). For Galapagos region, the deductible amount is USD26,280.93.

Income tax progressive chart for individuals 2021

Lower	Upper	Lower tax	Upper tax %
–	11,212.00	–	–
11,212.00	14,285.00	–	0.05
14,285.00	17,854.00	154.00	0.10
17,854.00	21,442.00	511.00	0.12
21,442.00	42,874.00	941.00	0.15
42,874.00	64,297.00	4,156.00	0.20
64,297.00	85,729.00	8,440.00	0.25
85,729.00	114,288.00	13,798.00	0.30
114,288.00	999.999,99	22,366.00	0.35

Personal expenses must be supported with sale receipts issued in Ecuador which must include complete personal information of the individual, spouse or dependent children.

The deduction for personal expenses could be applied for the following items:

- ▶ Housing
- ▶ Schooling, art, culture
- ▶ Health

- ▶ Food
- ▶ Clothing
- ▶ Internal Tourism

Personal expenses deduction is applicable if employees annual net income (remuneration less social security contribution) does not exceed USD100,000.00. In addition, employees with catastrophic, rare or orphan diseases can deduct personal expenses (health) up to USD22,424,00. For Galapagos region, the deduction will be up to USD40,801.89 for disease cases.

The employer is required to issue an annual withholding form named "Form 107", which is considered the employees annual Income Tax Return as long as the employee does not receive other sourced income. The employer must deliver the Form to all employees, no later than 31 January of the following fiscal year.

b. Social Security

To determine the Social Security contribution basis (taxable amount), the following must be considered: the monthly basic salary plus the amounts received for extraordinary work, commissions, bonuses or any other remuneration of a normal nature in the industry or service.

The social security contribution is compelled for the employee and the employer portions:

- ▶ The employee's contribution is equivalent to 9.45% of the monthly taxable amount.
- ▶ The employer's contribution corresponds to 12.15% of the employee's monthly taxable amount.
- ▶ The legal representative contribution is 17.6%, and it is withheld by the company.

2. Pension requirements

Social Security Pension

All employees registered in the Social Security System are entitled to a pension plan.

Employer Pension Plan

Under Ecuadorian Labor Code, employees who have worked for more than 25 years for the same employer are entitled to receive an employer pension. If employee is terminated by dismissal between year 20 to 25 a portion of the pension shall be paid. Pension amount shall be calculated by a certified actuary.

¹ Income tax rates are updated on an annual basis by the Ecuadorian Tax Authorities.

Ongoing compliance requirements

Social Security Pension

In order to receive pension plans, employees must have met one of the following conditions:

Age	Contributions (months)	Years of contribution
No age restriction	480 or more	40 years or more
60 years or more	360 or more	30 years or more
65 years or more	180 or more	15 years or more
70 years or more	120 or more	10 years or more

Employer Pension Plan

Pension accrual shall be calculated by a certified actuary.

3. Employment obligations

Employee's contract

As a general rule, all contracts signed with employees must be permanent contracts (not fixed time) with 90 days of trial time which would be used to verify their capability to accomplish with the position assigned and determine their continuance in the company. If a termination is made within the 90 days trial, no indemnification payments should be performed.

Permanent contracts must be registered in the Labor Ministry Web Page (SUT) within 30 days of the start date.

The Organic Law for humanitarian support published in the Official Gazette on 22 June 2020 establishes the emergency contract. This is an individual work contract for a defined time that can be used for the sustainability of production and revenues in an emergency situation or for new investments or business service/product lines, business expanding, modification of businesses, goods of services supply increase or in the case of needs of greater demand for production or services.

The contract will be signed for a maximum term of one year and can be renewed only once for the same term.

At the end of the contract term or if the termination is decided by the employer or employee before the term, the employee will receive the pending wages and the bonus for eviction.

If after the term of the contract the employment relationship continues, the contract will be considered indefinite.

There are other types of contracts that have a fixed time, however they usually refer to a specific labor with a start and end date.

Maximum working hours

In Ecuador, the maximum working hours are eight per day, and these must not exceed forty hours per week.

In exceptional cases, due to business requirements and based on regulations issued by the Ministry of Labor, special working schedules might be applied in which working days and days off are consecutive.

Working hours may be distributed in a regular way on the five working days of the week and overtime is subject to additional payments.

Remuneration - components and benefits

a. Remuneration definition and payment

Remuneration is compounded by all income received by the employee in cash, kind or services, including compensation for extraordinary work, commissions, and individual contributions to the Ecuadorian Social Security Institution - IESS (when borne by the employer), as well as any other compensation associated to the industry or service.

The remuneration cannot be less than the Monthly Sectorial Minimum Wage established according to the law in force.

For the year 2021, the monthly minimum wage is USD400.

b. Overtime payments

Supplementary hours

The working hours that exceed the aforementioned limits are subject to the payment of a surcharge where the percentage varies according to the schedule in which they occur. Such hours cannot exceed four in a day nor twelve hours in a week.

If overtime takes place during the day or until midnight, the employer will pay the compensation corresponding to each of the additional hours plus a 50% surcharge. If these hours are incurred between midnight and 6 a.m., the employee will be entitled to a 100% surcharge.

Extraordinary hours:

The work performed on resting days and holidays must be paid with a 100% surcharge.

The surcharge for the payment of overtime is calculated according to the value of one working hour during daytime, applying the following formula:

$$\text{Base salary} / \text{Number of regular monthly working hours (240 hours)}$$

Sample:

Monthly base salary: USD5,000

Supplementary hours: 3

Extraordinary hours: 2

Amount per working hour = Monthly base salary (5,000) / 240 = **USD20.83**

Surcharge for supplementary hours = Amount per working hour (20.83) * 1.50 * Number of supplementary working hours (3) = **USD93.75**

Surcharge for extraordinary hours = Amount per working hour (20.83) * 2 * Number of extraordinary hours (2) = **USD83.33**

Supplementary and extraordinary hours must not exceed 12 hours per week.

c. Labor benefits

Thirteenth remuneration (Christmas bonus)

Employees are entitled to receive a remuneration equivalent to the 12th portion of the annual remuneration, payable on a monthly basis or a one-time payment up to 24 December, depending on the employees' choice.

This remuneration is exempt for income tax and social security contribution purposes.

Fourteenth remuneration (Education bonus)

Equivalent to one basic salary (USD400 for the year 2021), it is payable on a monthly basis or a one-time payment up to 15 March (if employees are located in the Coast Region) or 15 August (if employees are located in the Andean and Amazonian Regions). This remuneration is exempt for income tax and social security contribution purposes.

Vacations

Employees are entitled to an annual uninterrupted period of 15 days of rest, including non-working days, as of the first year of employment.

Employees who have worked for more than five years in the same company or the same employer, will have the right to one day of vacation for each year that exceeds the fifth year or he or she will receive in money the remuneration corresponding to exceeding days.

Reserve funds

From the beginning of the second year of employment, employees are entitled to receive the 12th portion of their remuneration on a monthly basis. This amount could be paid to the employee whether on a monthly basis or paid to the Ecuadorian Social Security Institute every month, depending on the employee's choice.

Reserve funds are exempt for income tax and social security contribution purposes.

Profit sharing

Employees are entitled to participate in the profits of their employer for every fiscal year (1 January and 31 December). The percentage is equivalent to 15% of the company's profit and is distributed as follows:

- a. Ten percent (10%) will be split for the employees of the company, without regard to the remuneration received by each of them during the year corresponding to the distribution and will be delivered directly to the employees.
- b. Five percent (5%) will be delivered directly to the employees, in proportion to their family dependents, understanding these to be the spouse or partner in a de facto union, children under the age of eighteen years old and disabled children of any age.

Profit sharing must be paid by 15 April every year and is subject to income tax.

Especial conditions are applicable to mines, oil and gas industry employees.

Termination of the labor relationship

In general terms, the labor relationship may end by mutual agreement, untimely dismissal or by justified termination.

In case of mutual agreement or untimely dismissal, the employee will be entitled to receive an indemnification bonus for eviction, equivalent to the 25% of their last remuneration, calculated according to the effective working time (only entire years), as described below:

Last complete remuneration: USD5,000

Working time: 2.3 years

Last remuneration (5,000) * 25% * Full working years (2)

Eviction = **USD2,500**

In addition to the eviction bonus, employees terminated by untimely dismissal shall receive a termination indemnification corresponding to one month of remuneration for every worked year (not only entire years). In cases where the individual has worked less than three years, they will receive at least three months of remuneration, as described below:

Last complete remuneration: USD5,000

Working time: 2.3 years

Last remuneration (5,000) * Working years (3)

Untimely dismissal indemnification = **USD15,000**

Additionally, the employer may terminate the employment contract with a justified motive, with the Labor Ministry's approval, in the following cases:

- ▶ For repeated and unjustified absences of punctuality or attendance at work or abandonment of it for more than three consecutive days within a month
- ▶ For serious misconduct or disobedience of the Internal Regulations legally approved by the Labor Authorities
- ▶ For lack of integrity or unethical conduct of the worker
- ▶ For serious injuries to the employer, their spouse, ascendants or descendants or their representatives
- ▶ For ineptitude of the worker regarding the performance of the labors for which he was contracted
- ▶ Unjustified complaint against the employer regarding to their obligations of Social Security
- ▶ For the lack of compliance with safety, prevention and health regulations

In the event that the reason relied on by the employer is proven, no compensation would be generated in favor of the employee.

4. Payroll requirements

Payment frequency

Payment frequency will be established in the labor contract. According to the Labor Code, payments depend on the type of activity/role performed, however, the most common are weekly for workers (physical activities prevailing) and monthly payments (intellectual activities prevailing).

Payslips

Payslips should be provided on a monthly basis in electronic or hard copy form.

5. Banking requirements related to payroll

Payroll payments must be done using Ecuadorian financial institutions in local currency (US dollars). If payments are made to foreign accounts, 5% of currency exportation tax will apply. Payments shall be made in accounts where the employee is the account holder.



1. Government requirements

Registration requirements

Common types of legal entities in Egypt

1. Limited liability company (LLC)

▶ **Associates**

Associates should not be less than 2 persons/corporates and should not exceed 50 persons/corporates. They can be individuals or legal entities.

▶ **Name of legal entity**

The company name may be derived from its purpose and may include the name of one or more of the associates. The name must be followed by the phrase "a limited liability company."

▶ **Minimum required capital**

Generally, there is no minimum capital required for the LLC except for some certain activities such as marketing and importation.

▶ **Management of the company**

The company shall be managed by managers/general managers

▶ **Overseas activities**

The LLC is subject to Egyptian tax on its worldwide income.

2. Joint stock company (JSC)

▶ **Shareholders**

The minimum number of shareholders is three persons or corporates. Shares may be circulated between the shareholders in the case of a closed company and may be sold to other parties.

▶ **Name of the legal entity**

The names adopted by either a JSC or an LLC may not be identical or similar to that of an existing company or liable to raise confusion.

▶ **Minimum required capital**

The minimum issued capital amount for a JSC, which does not issue shares for public subscription, should be EGP250,000.

▶ **Management of the company**

The Board of Directors, no fewer than three persons, shall assume the management of the company. (All board members could be foreigners).

▶ **Overseas activities**

The JSC is subject to Egyptian tax on its worldwide income.

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3. Foreign branch

A foreign company is permitted to perform its activities through an Egyptian branch provided that the foreign company has a local signed contract with an Egyptian entity (public or private) as follows:

▶ **Name of legal entity**

A foreign branch must adopt the name of its parent company.

▶ **Assigned contract**

A foreign company engaged in commercial activity in Egypt must register a branch office in Egypt, provided that the foreign company has a local contract (with either a private or public sector entity in Egypt) to perform work in Egypt. Although a branch office can engage in commercial, financial, industrial and contractual activities, those activities (under the branch registration) will be limited to the scope of its contract for the work to be performed in Egypt.

▶ **Minimum capital requirement**

A foreign branch must have a minimum capital amount of EGP5,000.

▶ **Management of the branch**

The branch shall be managed by a branch manager who could be a foreigner.

▶ **Overseas activities**

A foreign company, which carries out commercial activity in Egypt, must register a branch. A branch is taxable only on profits realized from activities carried out in Egypt.

The Social Insurance Authority

The company must open a company file and register employees with the relevant social insurance office. For Egyptian employees, social insurance provides compensation for disability, retirement (pension), unemployment and work-related injuries

Tax registration

All legal entities should be registered for taxes and have a tax ID in order to file the related Personal Income Tax (PIT).

PIT

Tax applies to salaries and similar remuneration as follows:

- ▶ All earnings due to the taxpayer resulting from work with third parties with or without a contract, periodically or non-periodically, whatever the names, forms or reasons

for those earnings, whether they are for works performed in Egypt or abroad and paid by a source in Egypt. This includes wages, remunerations, incentives, commissions, grants, overtime, allowances, shares and portions in profits, as well as monetary privileges and allowances.

- ▶ Earnings due to the taxpayer from a foreign source for works performed in Egypt.
- ▶ Salaries and remunerations of chairmen and members of the board of directors in public sector companies that are not shareholding companies.
- ▶ Salaries and remunerations of chairmen and members of the board of directors.
- ▶ Tax is imposed on the total net income of natural persons (resident and nonresident).
- ▶ The tax year is based on the calendar year.

PIT also applies to all amounts paid to nonresidents by the entity or organization employing them for performing services under its supervision, at the rates previously mentioned after deducting the costs and exemptions prescribed by law.

Employers and those responsible for paying the taxable income, including companies or projects established under the FTZ system, are required to retain from the amounts payable to the nonresident an amount on account of the tax payable according to the tax law.

For nonresident employees, a certificate of income and a withheld taxes statement is sufficient evidence for an individual income. An individual does not need to get a tax clearance certificate before leaving Egypt.

The following is exempted from the tax:

- ▶ An annual personal exemption of EGP9,000 for taxpayers provided that the first bracket exemption is EGP15,000. Accordingly, the total exemption will be EGP24,000 annually.
- ▶ Social insurance and other contributions to be deducted according to the provision of the social insurance laws or any alternative systems.
- ▶ Employees' contribution to private insurance funds established according to the provisions of Law No. 54 of 1975.
- ▶ Premiums of life and health insurance on the taxpayer and any insurance premiums for pension entitlement.

The current law granted In-kind benefits that are not subject to tax as follows:

- ▶ Meals distributed to workers
- ▶ Collective transportation of workers or equivalent transportation cost
- ▶ Health care

- ▶ Tools and uniforms necessary for performing work
- ▶ Tenements provided by the employer to workers for performing their work

Any other in-kind benefits will be subject to tax. These include:

- ▶ Workers' share in the profits to be distributed according to the Laws.
- ▶ Cars placed at the personal disposal of the worker: The value of the benefit shall be determined at 20% of the value of fuel, insurance, and periodical maintenance connected with these cars, whether they are owned by or rented by the company.
- ▶ Cellular phones: The benefit shall be determined at 20% of the cellular phone related expenses through the year.
- ▶ Loans and advances offered by the employers: In case the employer extends a loan to the worker exceeding the total income obtained by the worker during the six months prior to obtaining the loan, interest free or with an interest of less than 7%, the value of the benefit shall be determined at 7% or at the difference between the loan interest rate is less than 7%. The loan shall comprise any of its forms, including the amounts paid in advance or appearing in the employer's books and registers and charged to the worker's account.
- ▶ Life Insurance policies on the worker, his family, or his properties: The value of the benefit shall be determined at the premiums paid by the employer during the year.
- ▶ The Company's stocks granted at a value less than the

market value of the stock: The value of the benefit shall be determined on the basis of the difference between the market value of the stock on the date it is obtained, and the value reckoned for the worker. In case restrictions exist on alienating the ownership of stocks, the benefit shall not be realized except after removal of these restrictions.

- ▶ In all cases, the employer shall withhold the tax and deliver it according to Article 14 of the law and shall include in the annual reconciliation statements all the benefits obtained by each worker according to the foregoing rules. The party to whom the revenue is payable shall withhold the tax and deliver it if he is committed to do so according to Article 16 of the law.

Ongoing compliance requirements

Tax returns and compliance

In accordance with the Egyptian Income Tax Law No. 91/2005 and subsequent amendments of Law No. 101/2012 and, Law No. 44/2014, Law No. 96/2015, Law no.97 of 2018 and law no. 26 of 2020, it is the employer's responsibility to deduct income tax; the income tax rates on the income of natural persons have been amended to reduce the tax burden on low income tax payers.

Hereunder the tax brackets used recently on May 2020:

Income tax rate	Annual net income less than 600,000	Annual net income more than 600,000 and less than 700,000	Annual net income more than 700,000 and less than 800,000	Annual net income more than 800,000 and less than 900,000	Annual net income more than 900,000 and less than 1,000,000	Annual net income more than 1,000,000
0%	From 1 to 15,000					
2.50%	From 15,001 to 30,000	From 1 to 30,000				
10%	From 30,001 to 45,000	From 30,001 to 45,000	From 1 to 45,000			
15%	From 45,001 to 60,000	From 45,001 to 60,000	From 45,001 to 60,000	From 1 to 60,000		
20%	From 60,001 to 200,000	From 60,001 to 200,000	From 60,001 to 200,000	From 60,001 to 200,000	From 1 to 200,000	
22.50%	From 200,001 to 400,000	From 200,001 to 400,000	From 200,001 to 400,000	From 200,001 to 400,000	From 200,001 to 400,000	From 1 to 400,000
25%	more than 400,000	more than 400,000	more than 400,000	more than 400,000	more than 400,000	more than 400,000

* All amounts are in EGP

* The sum of annual net income shall be rounded upon computation of the tax-to the nearest lower ten EGP.

Natural persons enjoy a personal exemption of EGP9,000.

Every employer is responsible for withholding the salary tax on a monthly basis and pay the withheld amount to the tax authority on a monthly basis noting that the due date for the month is 15 days from the month end for each month.

Every employer is responsible for declaring and submitting quarterly salary tax form to the tax authority declaring the total salary subject to tax and tax deducted from each quarter.

Every employer is responsible at the end of each calendar year to submit an annual reconciliation including all the amounts that was subject to tax and the total annual tax paid and also to see if there any differences between the salary tax paid on a monthly basis and the total taxes that should be paid and to pay the differences.

Unified tax procedures law

Law No. 206 of 2020

The law mandates the submission of the following:

1. Quarterly salary tax returns

Online submission of the quarterly salary tax returns on the ETA's portal within the prescribed deadlines (end of: January, April, July and October from each year) including specific requirements as follows:

- ▶ Number of employees
- ▶ Employees' full names
- ▶ Total gross salaries and in-kind benefits
- ▶ Total salaries tax due
- ▶ Total net salaries
- ▶ Copy of the monthly payment receipts
- ▶ Analysis of any changes to the employees

2. Annual salary tax reconciliation

An annual salary tax reconciliation should be submitted online via the ETA's portal before the end of January each year including the total employee's remuneration and excluding the total deductions and exemptions set by the law. It is the employer's responsibility to pay and settle any tax differences without breaching its right to deduct such amounts from the employees.

3. Penalties for non-compliance

Below are two ranges of penalties for non-compliance:

From EGP3,000 to EGP50,000 for the following:

- ▶ Late submission of tax return within 60 days from the filing due date
- ▶ Declaring wrong data resulting in lower tax due
- ▶ In case of repeating the previous actions, the penalties should be multiplied three times for both minimum and maximum penalties

From EGP5,000 to EGP200,000 for the following:

- ▶ Late submission of tax return more than 60 days from the filing due date
- ▶ In case of repeating the previous actions within three years, the penalties should be multiplied for both minimum and maximum penalties.

2. Pension requirements

Registration requirements

The Social Insurance Authority

According to the law, every employer is obliged to insure his or her employees under the Social Insurance Authority system. Social insurance is paid only to Egyptian nationals, except for foreigners who serve on the board of directors or whose name appears on the commercial registration of the company. The company must open a company file and register employees with the relevant social insurance office. For Egyptian employees, social insurance provides compensation for disability, retirement (pension), unemployment and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. The employer must submit a fully completed, authority-issued application employment (Form 1 and registration Form 6, and Form 2 to be submitted every January and July of every year) and the following documents to the competent office to open the company's file:

- ▶ Company's commercial registration
- ▶ Company's tax card
- ▶ Company's articles of incorporation
- ▶ Deed or lease agreement for company premises notarized at the public notary in Egypt
- ▶ Employer to fill in Form Number 2
- ▶ Employer's bank signature certificate, from the bank where the employer has a certified signature
- ▶ Employees' to fill in Form No. 1
- ▶ Employees' copy of identification card
- ▶ Employee's graduation certificate
- ▶ Employees' birth certificate (copy)
- ▶ Copy Form 6 (If any)

A new Social Insurance Law no. 148/2019 (the "Law") was issued on 19/08/2019. The ("Law") entered into force on 01/01/2020, and employers will need to start applying the Law on January 2020. The Prime Minister will issue the executive regulation within six months from the date of issuance of the Law. The Law replaced Law 179/1975 on Social Insurance (the "Old Social Insurance Law"), Law 108/1976 on Social Insurance for Employers and the like, Law 50/1978 on Social Insurance for Egyptians working abroad, as well as various other regulations and decrees. This means that all categories of insured persons will be subject to the new Law instead of the old laws.

The contribution rates/percentages to be deducted from the salaries of the insured persons (employers and employees) have changed. The amounts of income on which the rates are assessed have not been addressed by the Law but will be subject to the executive regulation to be issued soon. These may change then. Accordingly, the effect as to the increase or decrease of social insurance obligations on the concerned parties cannot be entirely assessed at this stage.

The law set the retirement age for employees and Egyptians working abroad at 60 years old. The Law also set the retirement age for employers and non-regular employees at 65 years old. However, by 2040, the Law stipulates that the retirement age for all categories will be 65 and shall increase gradually until then. The Prime Minister will issue decrees stipulating the gradual increases.

A unified retirement fund will be established for all categories and all types of insurance. A separate account will be made for each type of insurance. Under the Old Social Insurance Law, there were two separate funds for civil servants and employees in the private sector. They will now be transferred to the new fund.

Salary portion	Employee share	Employer share
Collective salary with a cap of EGP7,000	11%	18.75%

Category	Who pays the subscription?	New rate
Employees working in the private sector and the public sector	Employers on behalf of each employee	8.25% on total monthly salary (including basic and variable)
	An employee on behalf of himself/herself	11% on total monthly salary (including basic and variable)
Employers and entrepreneurs (including shareholders)	The employer or entrepreneur on behalf of himself/herself	25% from the monthly subscription income that the insured chooses (the maximum is not defined yet)
Egyptian employees working abroad	Each employee on behalf of himself/herself	21% of the monthly subscription income
Employees that fall under non-regular category (example domestic workers)	Each worker on behalf of himself/herself	13% from the minimum limit of the monthly subscription salary

Ongoing compliance requirement related to pension

The social insurance payment should be deducted and paid on a monthly basis and every employer is responsible for withholding the social insurance amount on a monthly basis and pay the withheld amount to the social insurance authority on a monthly basis noting that the due date for the month is 15 days from the month end for each month.

Every employer is responsible for preparing and submitting Form 2 on a yearly basis declaring on all the social insured employees and their data along with the social insurance amount that the employee is insured with.

3. Employment obligations

Employment contracts

Employment contracts are required to be in writing, with three copies maintained in Arabic. The employer, employee and social insurance office each keep one copy of the employment contract, which must include certain information as specified in the Labor Law.

Working hours

As per the Labor Law, employees should not work more than eight hours a day or 48 hours over a six-day working week. It is common practice that private sector employees work five days a week, usually Sunday to Thursday. The number of working hours may be increased to nine hours a day, including a one-hour break.

Annual leave

An employee is entitled to a minimum annual paid leave of 21 days for every full year of service and a proportional amount if the period of service is less than one year (eligible to be used after six months of employment). This annual leave is increased to 30 days after the employee has worked for 10 consecutive years or is over 50 years of age.

Public leave

Every employee is entitled to full pay for official holidays designated by the Ministry of Manpower and Immigration, not to exceed 14 days a year. If employees are required to work during official holidays, they are entitled to overtime (paid at twice their normal rate). The weekly days off and the official holidays shall not be counted as part of the annual leave.

Accidental leave/Emergency leave

Accidental leave is the leave taken by an employee, as a result of unexpected circumstances, in which he or she has no choice except to be absent from work. He or she should inform the employer with the reasons of absence. The Labor Law states that absence from work for accidental reasons should not exceed six days per year with

a maximum of two days each time, and this leave will be deducted from the annual leave of the employee.

Sick leave

The Labor Law provides that an employee whose sickness has been established by a responsible medical professional is entitled to sick leave of maximum 180 days per year (six months per year), in which they are entitled to receive 75% of their monthly social insurance salary during the first three months of the sick leave and 85% for the following three months. The employer is not entitled to terminate the employee's service due to sickness, unless the employee is absent due to sickness for more than 180 days in a year. After the employee utilizes all his or her entitled sick leave, a governmental medical committee should evaluate the employee's ability to work. The committee takes the final decision related to the employee's ability to work.

Performing pilgrimage or visiting Jerusalem

The Labor Law states that an employee who has spent five consecutive years in service has the right to full paid leave, for a period not exceeding one month, for performing pilgrimage or visiting Jerusalem, and such leave shall be enjoyed only once during the entire period of service.

Maternity and child care leave

A female having spent 10 months in the service of an employer shall be entitled to a maternity leave of 90 days with full wage payment, including the period before delivery, i.e., if she decides to take her maternity leave before the due date. The female employee is not entitled to this maternity leave more than twice during her working period. The employer is not allowed to oblige the female to work for the following 45 days after birth. During the 24 months following the date of delivery, she has the right to be excused from work for one hour daily to feed her child.

Annual increment

Employees are entitled to a periodical annual increment of not less than 7% of the basic social insurance salary.

Overtime pay

The minimum overtime premiums are 35% of normal pay for overtime worked during daylight, 70% for that worked at night, 100% on weekends and 200% on official holidays.

Bonuses

There is no obligation to pay annual bonuses.

Minimum wages

The minimum wage is around EGP1,200 per month.

Termination of employment during probation period

The probation period should not exceed three months and an employee must not be appointed under probation more

than once. If the employee proves unsuitable for the job during the allotted period, this period allows the employer to cancel the contract during this period.

Dismissal under a fixed term contract

The employer has the right to terminate the employment contract upon its expiry without any indemnity to be paid to the employee. In the event of dismissing the employee within the period of the contract, the employee will be entitled to compensation equal to the equivalent salary of the remaining period of his or her signed contract. To illustrate, if the contract is issued for one year and the employer decides to terminate the contract after eight months, the employer must pay the remaining four months' salary to the employee.

Dismissal under indefinite employment contract

Any of the two parties may terminate the contract at any time if the contract is indefinite, taking into consideration proper notice time and proper working conditions, and stating the reasons for the termination. The employer may not dismiss the worker unless due to reasons stated in the provisions of Article No. 69 of the Labor Law. An employee is entitled to a 60-day notice period for dismissal if his or her period of service does not exceed 10 years and a 90-day notice period if that period exceeds 10 years (should the employer wish to dismiss the employee without giving him or her the relative notice period, the employee will receive two months' salary for each year of employment, for unjustified dismissal).

Legal terminations

Grounds for legal termination without notice include the expiry of a definite employment contract, retirement, resignation, death or the incapacity of the employee to perform the relevant job on the basis of a report from the concerned governmental committee and authorities. In all cases of employment termination, the company should follow the Egyptian Labor Law and its penal regulations.

Legal obligations

There are other legal obligations to consider, including the legal annual increase and profit share. Under the profit share, employees of a joint stock company, limited liability company (LLC) or foreign branch are entitled to a share in the distributable profits. The share is fixed at an amount not less than 10% of distributable profits and not more than the total annual salaries of the employees. However, limited liability companies with capital of less than EGP250,000 are not subject to this distribution of profit share, noting that the LLC should distribute a percentage of the profits determined by the management.

Customary benefits

Customary benefits that can be paid to employees and vary from one company to another include the following:

- ▶ Bonus or performance pay
- ▶ Allowances
- ▶ Profit share
- ▶ Private medical insurance
- ▶ Tuition reimbursement
- ▶ Fellowship fund
- ▶ Stock options

4. Payroll requirements

As per Law No. 91/2005, the employer is responsible for calculating and deducting salary tax from his or her employees on a monthly basis and remitting the deducted amount to the tax authority, no later than the 15th day following each month. The employer is required to remit a quarterly salary tax return (Form 4) one month following the end of each quarter, as well as an annual salary reconciliation. Payroll cost charged or recharged to an Egyptian entity should be subject to salary tax in Egypt.

Regarding payslips, the company has to provide a payslip for the employee including the details for the provided monthly salary, benefits and monthly deduction.

5. Banking requirements related to payroll

As per Law No. 91/2005, salary tax payments are made to Egyptian tax authority bank accounts. Salary tax should be paid by a bank transfer from one of the local banks that deals with the Egyptian tax authorities and there is no foreign exchange control.

El Salvador

E



1. Government requirements

Registration requirements

Social security

Any person who performs a job or professional service of any nature for another person (whether legal, public, private or mixed), irrespective of the type of relationship linking them, the economic nature of the activity or the form of payment or compensation provided, is subject to the mandatory social security scheme.

The companies must be registered at the Salvadoran Social Security Institute (ISSS) as well as the Tax Authorities: Ministerio de Hacienda "Dirección General de Impuestos Internos", and the Pension Fund Administrator Company.

Salvadoran Social Security Institute (ISSS)

The employer must register within five days from the date the first worker is hired, as stated in Article 7 of the Regulations for the Application of the ISSS Regime.

For the registration of employers, the documentation must be filed both in original and a legible hard copy. If the original documents are not filed, the hard copies must be authenticated by a notary public.

General requirements:

1. Complete the Employer Registration Notice Form from numbers 2 to 12, and the Signature Registration Form.
2. If the employer has a stamp, it must be placed on the Signature Registration Form and Registration Notice.
3. Employer Identity Document of the individual (as an employer) or the legal representative or empowered person if the employer is a legal entity. The document may be the Unique Identification Number or "Documento Único de Identidad" (DUI) if the employer's nationality is Salvadoran, or the Resident Card or passport for foreigners.
4. Tax Identification Number or "Número de Identificación Tributaria" (NIT) of the employer (legal representative, empowered person or individual), sketch of location and payroll of employees, with which operations initiate.

The employer must also pay the corresponding social contributions as an Independent Worker, except for those independent employers who are pensioners, who must be included in the payroll without salary and mark code 3 in the observation box.

Note: For employer registration, it is necessary that at least one employee is working.

Tax Administration

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any lucrative activity or business (sale of goods or provision of services), subject to a tax under the administration of the Tax Authorities or "Ministerio de Hacienda".

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General requirements:

1. Complete Company Form
2. Tax Identification Number card of the legal representative
3. Testimony of incorporation deed
4. Proof of payment of branch or agency
5. Proof of tuition payment
6. Proof of payment of Tax Identification Number card or "NIT"
7. Initial balance
8. Signature Registry
9. Unique Identification Document (DUI) of the legal representative for Salvadorans or passport (or resident's card) for foreigners
10. Receipt of electric power

Ongoing compliance requirements

Regarding El Salvador's monthly social security contributions to the ISSS, if the contribution sheets are submitted after the fifth business day of the month following the month to which they refer, the company will incur a fine of 25% of the amount of contributions.

If contributions are not paid by the indicated date, employers will be sanctioned with a surcharge of 5% for late payment of up to 15 days, or 10% for late payment of more than 15 days. The percentages are calculated on the amount of the monthly contributions owed, and Article 49 of the Regulations for the Application of the Social Security Regime applies.

Monthly filing of the income tax withholdings and corresponding payment is to be made within the first 10 business days of each add period after month

Annual filing of the income tax withholdings is done using form F-910.

The pension funds contribution (e.g., AFP Confía and AFP Crecer) must be paid within the first 10 business days of each month.

2. Pension requirements**For Pension Fund Administrator Company**

AFP CONFÍA:

Employer registration

1. Application for registration as an employer (original) signed and stamped by the legal representative

2. Company Tax Identification Number card or "NIT" (single copy)
3. Unique Identification Document (DUI) of the legal representative (simple copy) for Salvadorans, or passport (or resident's card) for foreigners (simple copy).
4. Legal representative's Tax Identification Number card or "NIT" (simple copy)
5. Company VAT Registration number card (simple copy)
6. Social Security or "ISSS" employer card (simple copy)

User registration

1. SEPP user application form (original) stamped and signed by legal representative
2. Tax Identification number card or "NIT" of the payroll administrator (simple copy)
3. Tax Identification number card or "NIT" of the payroll manager (simple copy)
4. Unique Identity Document (DUI) of the payroll administrator (simple copy) for Salvadorans; for foreigners passport (or resident's card).
5. Unique Identity Document (DUI) of the payroll manager (simple copy) for Salvadorans; for foreigners passport (or resident's card).

Pension Funds Law, Article 19-paragraph 5 °

AFP CRECER

1. Application for registration as an employer (original) signed and stamped by the legal representative
2. Company Tax Identification Number card or "NIT" (single copy)
3. Unique Identification Document (DUI) of the legal representative (simple copy) for Salvadorans, or passport (or resident's card) for foreigners (simple copy).
4. Legal representative's Tax Identification Number card or "NIT" (simple copy)
5. Company VAT Registration number card (simple copy)
6. Social Security or "ISSS" employer card (simple copy)

Law of the Pension Savings System Article 19**Ongoing compliance requirements**

The Pension Funds contribution (e.g., AFP Confía and AFP Crecer) must be paid within the first 10 business days of each month.

3. Employment obligations

General employer obligations

El Salvador		
Employer Contribution	Percentage	Maximum cap to Rate \$
ISSS	7.50%	1,000.00
AFP	7.75%	7,028.29
INSAFORP	1.00%	1,000.00
Christmas bonus accrual	8.33%	N/A
Vacation accrual (Base salary + 30% vacation bonus)	5.42%	N/A
Severance	8.33%	N/A



The Christmas bonus is a constitutional right of public and private sector workers.

They shall be required to pay in full when the worker has worked for a year or more. However, the Ministry of Labor and Social Security (MTPS) also states, "If, on 12 December, the worker does not have a year of working with the same employer, he is entitled to receive the portion proportional to the time worked that would have corresponded to him if he had completed one year of service on the date indicated".

The bonus is calculated on the basis of Article 198 of the Labor Code. It is important to mention that this article was modified through Legislative Decree 399, published in the

Official Gazette 125 Book 400 of 9 July 2013, leaving the calculation table as follows:

1. From 1 year to less than 3 years of service, the bonus is calculated as the equivalent of 15 days' salary.
2. From 3 years to less than 10 years of service, the bonus is calculated as the equivalent of 19 days' salary.
3. For 10 or more years of service, the bonus is calculated as the equivalent of 21 days' salary

The annual vacation pay is 15 salary days plus 30% of the 15-day salary, and it must be paid to the worker before the start of the leave. To qualify for annual leave, a worker must have worked for at least 200 days in a year.



4. Payroll requirements

Statutory payroll requirements

Employees must receive either monthly or biweekly payments.

Monthly filing of the income tax withholdings and corresponding payment is to be made within the first 10 business days of each month.

Monthly social security reports: The filing is to be made within the first five working days and the payment is made including the last working day of each month. If the contribution sheets are submitted after the fifth business day of the following month to which they refer, a penalty of 25% of the amount of contributions may be imposed to the employer. If contributions are not paid by the indicated

date, employers will be sanctioned with a surcharge of 5% for late payment of up to 15 days, or 10% for late payment of more than 15 days. The percentages are calculated on the amount of the monthly contributions owed, and Article 49 of the Regulations for the Application of the Social Security Regime applies.

The pension funds contribution (e.g., AFP Confía and AFP Crecer) must be paid within the first 10 business days of each month.

5. Banking requirements related to payroll

This information is not available.

Equatorial Guinea

E



1. Government requirements

Registration requirements

Tax registration

Any legal entity staying more than three months within a calendar year in Equatorial Guinea (EG) and carrying operations or providing remunerated services in the country shall be considered as resident and therefore, must register with the Ministry of Finance and Budget for tax purposes. The registration must take place within two days following the beginning of the activities.

Following this registration, the taxpayer will obtain the NIF, a Tax Identification Number, which will allow them to pay all taxes due to the Tax Administration (withholding tax, personal income tax, VAT, corporate income tax, minimum income tax, etc.). These requirements are governed by the Law No. 4/2004, dated 28 December 2004, regulating the taxation system of the Republic of Equatorial Guinea.

Social security registration

The Social Security Institute (INSESO) is the entity in charge of the Social Security System (SSS) of EG. In accordance with the Law No. 10/2012, dated 24 December 2012, on the Reform of the General Labor Framework, employers and employees shall register themselves and shall enroll their workers, including interns, in the Social Security Institute (INSESO).

The SSS in EG is governed by the Social Security Law No. 104/1984, dated April 1984, as well as by the Regulation on the Social Security General Regime No. 100/1990, dated 23 September 1990. Under the provisions of these regulations, it is mandatory for employers to make social security contributions (SSC) on a monthly basis for all employees working in EG. Employers are responsible for paying 21.5% of the employees' SSC while employees are obliged to pay 4.5%. This SSC guarantees all employees cover under the insurance regime for sickness, maternity, labor accident and occupational diseases, retirement, survivorship allowance, and others.

When a new employee is hired, the company will need to perform the following tasks:

- ▶ Register an new employee at the INSESO
- ▶ Obtain the INSESO card
- ▶ Make the monthly contributions on behalf of the employee

When an employee terminates his or her employment contract with the company, the employer should request de-registration of the said employee from INSESO.

An employer will be responsible for covering expenses in case of workplace accidents or occupational illnesses involving its employees, if for any reason it has failed to register them with the INSESO or is in breach of its obligations toward INSESO.

Labor Ministry registration

When a business enters EG and employs people, the business must register at the Ministry of Labor and contribute to the Work Protection Fund (WPF) with 1.5% of the salary paid to employees. 0.5% of the WPF contribution is withheld from the employee's net salary and the other 1% is paid by the employer on the gross salary of the employee.

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Ongoing compliance requirements

Monthly payroll tax

All entities that employ people in EG are liable for withholding from their employees' salaries and paying to the Tax Administration the following payroll taxes on a monthly basis:

- ▶ Personal income tax (PIT): 10% for nonresident employees
- ▶ SSC: 26% of the gross salary paid to the employees; employers are responsible for paying 21.5% of the contributions while the employee is obliged to pay 4.5%
- ▶ WPF: 1.5% of the salary paid to the employee; 1% is paid by the employer while 0.5% is paid by the employee

The amount of taxes withheld from the employee's income should be declared and paid to the EG Administration within the first 15 days of the following month. For instance, payroll taxes withheld from the salary paid in November should be declared and paid to the Public Treasury by 15 December.

Annual PIT regularization

At the end of the year, the employer needs to file the PIT regularization. Entities employing people in EG will be required to provide to the Tax Administration, by 31 January at the latest, a statement of the PIT paid to the Public Treasury (Article 226 of the General Tax Code) on behalf of its employees.

2. Pension requirements

Pension registration and provident fund registration

Employers have to enroll their employees at the INSESO and pay monthly SSC. These SSC give the employees the right to receive a pension or different allowances, such as:

Old age pension or lifelong pension

The Equatoguinean SSS provides an old age pension or lifelong pension which is given to anyone over 60 years of age that has complied with at least 120 months of SSC of which 60 must correspond to the previous 10 years.

Allowances

The SSS of EG also establishes different allowances, such as the widow's allowance, orphan's pension or temporary pension in case of death of the insured.

Ongoing compliance requirements

Old age pension or lifelong pension

Pensioners have the right to receive a monthly pension, which is 40% of their base salary. Any employees having worked more than 10 years will receive 2% for each additional year after 10. The maximum pension cannot exceed 80%, regardless of the years in service. The computation basis will be the monthly average of the last 24 months of contribution.

Allowances

- ▶ Widow's allowance: from 40% to 50% of the insured's base salary for a period of 24 months
- ▶ Orphan's pension: 20% to 40% of the insured's base salary until the orphan reaches the age of 14, gets married or dies
- ▶ Temporary pension: from 40% to 80% of the insured's base salary for a period of 24 months

In case of the death of the insured, the beneficiary will only receive one of the above mentioned allowances.

3. Employment obligations

Employment laws

There are many applicable laws governing the employment relationship in EG, such as: the General Labor Code (GLC), the Labor Inspection Law, Law of the National Employment Policy, Regulatory Law concerning agencies that supply temporary workers, Law of Syndicates and Collective Work Relations, the Presidential Decree establishing the inter-professional minimum salary, and Presidential Order regarding the instructions for hiring employees in EG.

Governing authority

The Ministry of Labor and Social Security is the main governing authority of employment laws as well as INSESO.

Leave days

Every employee with at least 1 year of service shall be entitled to 30 days of paid leave. After 10 years of service, the leave period will be increased by an extra day every 2 years. In addition, the following leave shall be granted to certain employees, with full or partial payment:

1. Maternity leave: three months
2. Additional maternity leave: in case of complications
3. Paternity leave: three days of full paid leave
4. House moving: three days, up to seven days in particular cases of difficulty.
5. Sick leave: three days of full payment, after this period the INSESO will be in charge of paying the employee

6. Marriage leave: 15 days of full paid leave
7. Death of the spouse, children or parents: 10 days of full paid leave
8. Death of the grandparents, parents-in-law or siblings: seven days of full paid leave
9. To fulfill legal obligations or Governing Authority: up to 2 days per month and 15 days per year

Rest hours

The company must give a minimum of one rest hour per day. The rest time is included within the working hours unless the employee has more than two hours of rest. The working hours are a maximum of 48 hours per week (8 hours per day or 6 working days per week).

Record keeping

Wage and time records, and holiday and leave records, must be kept for five years (even if the employee has left).

A signed copy of the employment agreement, current signed terms and conditions or intended employment agreement must also be kept (and employees must be given their copy if they ask for it).

Minimum wage

Under the Presidential Decree No. 121/2011, dated September 2011, employees' average wages in a wage period must not be less than XAF117,304, which is multiplied by a coefficient between 1.1 and 11 depending on the category and the sector where the employee works. The minimum wage is published by the Government every three years. Decree No. 30/2016, dated 29 January 2016, has extended the validity of Decree No. 121/2011.

Annual bonus

Every company operating in EG must pay one month of annual bonus to employees who have worked for a year; this payment is split into two parts: the first 15 days must be paid in October and the other 15 days must be paid in December. Employees who have not worked the entire year will receive a proportional payment.

Seniority

The seniority payment is due at the end of the labor contract. Notwithstanding the cause of contract termination, the employee must receive a seniority payment corresponding to 45 days of salary per year of service or the proportional amount for an incomplete year. The payment must be based on the last salary earned by the employee.

4. Payroll requirements

All salary and wage income is taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is made to the employee. Records must be kept on paper or electronically (as long as the information can be accessed easily and converted into written form).

5. Banking requirements related to payroll

Salary must be paid monthly as agreed by the parties. It must be paid on a working day and within the daily working hours. It has to be paid in the working place or in the most suitable place for the employee.

Pursuant to Article 65 of the Labor Code, payment can be made by cash, check, postal order or bank transfer whenever this would not prejudice the employee.

Regarding payment in cash, only the part of the employee's wages exceeding the national minimum wage may be paid in cash. In the case of cash payments, the signature of the employee needs to be obtained.

In no case may payment be made through beverages, harmful drugs or psychotropic substances.

In principle, payments should be made in local currency which is the CFA XAF.

Estonia

E



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1. Government requirements

Registration requirements

Establishing a company

The legal environment for business entities in Estonia is mostly regulated by the Commercial Code.

All Estonian companies are required to be entered into the Estonian Commercial Register. A permanent establishment should be registered in the registry of the Estonian Tax and Customs Board. If a foreign company wishes to offer goods or services in Estonia permanently in its own name, it can establish a branch. The branch will be registered in the Estonian Commercial Register upon submission of an application together with the required documentation. It should be noted that a branch is not a legal person and the foreign enterprise will be liable for obligations arising from the activities of the branch.

Registration of employment

All natural and legal persons acting as employers in Estonia are required to be registered in the employment register by the Estonian Tax and Customs Board. The requirement applies also to all employees, individual contractors, managers, management and supervisory board members and trainees as well as volunteers who are entitled to remuneration. Registration must have taken place by the time an employee commences work.

As a rule, foreigners who are residing in Estonia on the basis of a residence permit are permitted to work in Estonia. Employment in Estonia is also permitted to foreigners who are staying legally in Estonia on the basis of a visa or on the basis of a visa-free stay, and whose employment has been registered with the Police and Border Guard Board prior to the commencement of work (short-term employment registration).

Registration as taxpayer

Taxpayers based in Estonia and registered in the Estonian Commercial Register (subsidiaries, branches, etc.) will be recorded automatically in the taxpayers' register maintained by the Estonian Tax and Customs Board.

Foreign companies can only register with the Tax and Customs Board in certain circumstances, e.g., acting as a foreign employer, having a permanent establishment and being a VAT-liable entity.

Ongoing compliance requirements

Monthly payroll tax return (TSD)

The period of taxation is a calendar month. The combined corporate income tax and payroll tax return, Form TSD (Declaration of income and social tax, unemployment insurance premiums and contributions to mandatory funded pension) with appendices, must be submitted to the tax authorities, and taxes must be remitted by the 10th day of the month following a taxable distribution or payment.

Social security contributions calculated from the gross employment income are payable by the employer.

Employees are not liable for personal social security contributions. Employee's unemployment insurance contributions, compulsory accumulative pension contributions and income tax are withheld from the gross income by the employer.

Payroll taxes

Social tax

The social tax rate is 33% of the employee's gross earnings.

There is usually a minimum obligation for the social tax to be paid EUR192,72 monthly in 2021, even if there were no salary payments to employee.

Unemployment insurance premiums

According to the Estonian unemployment insurance legislation, the unemployment insurance contributions must be paid by both the employer and the employee. The unemployment insurance premium is 1.6% of the gross salary of an employee and the unemployment insurance premium paid by employers is 0.8% of the amount of gross salary.

Unemployment insurance contributions do not apply to the remuneration paid to members of management boards, members of supervisory boards and procurators.

Funded pension payment

From 2012, the rate of the funded pension payment is 2% of the gross salary of a resident employee, who has joined the funded pension system.

Income tax

Personal income earned by employees is subject to income tax and the employer must withhold and pay income tax on gross wages earned, extra payments, bonus pay, holiday pay and other payments that are regarded as wages. The income tax rate is 20%.

The tax-free minimum of which no deduction of income tax takes place in 2021 is up to EUR500 in a month but decreasing depending on the total income amount.

The tax-free minimum in 2021:

- ▶ If annual income amount is up to EUR14,400, the annual tax-free minimum is EUR6,000
- ▶ In case annual income amount is between EUR14,400 and 25,200, the annual tax-free minimum amount decreases according to the following formula: $6,000 - 6,000 \div 10,800 \times (\text{annual income amount} - 14,400)$
- ▶ If annual income amount is above EUR25,200, the annual tax-free minimum is EURO.

If an employee has filed an application to the employer concerning the implementation of tax-free income, the employer can deduct the amount of tax-free income permitted per month (i.e., tax-free minimum) when calculating the amount of income tax to be withheld.

2. Pension requirements

Registration requirements

To apply for the state pension, an application and the additional required documents have to be submitted to the local pension office.

Ongoing compliance requirements

The Estonian pension system is divided into three pillars:

- ▶ First pillar – state pensions: State pension is paid for old age, for incapacity for work or loss of provider, to permanent residents of Estonia and foreigners residing in Estonia on the basis of a temporary residence permit or right of residence. The state pension is additionally divided into two: an old age pension depending on work contributions and a national pension. State pensions are paid out on the basis of the social tax calculated on salaries.
- ▶ Second pillar – funded pension: Funded pensions are mandatory for persons who were born in 1983 and later. It is a compulsory accumulative pension scheme to which resident employees make contributions at 2% of their gross salary and the state adds 4% of the 33% social tax calculated on the employee's salary.
- ▶ Third pillar – supplementary funded pensions: A supplementary funded pension can be subscribed to by concluding a pension insurance contract with a life insurance company or by making contributions to the voluntary pension fund.

Employers make contributions (through the national social tax) to the first pillar. Employees make mandatory payments into the second pillar (subject to withholding by the employer) and are free to choose whether or not to contribute to the third pillar by concluding a pension insurance contract with a life insurance company, or making contributions to the voluntary pension fund on a contractual basis with the pension product service provider. The employer can make contributions to the voluntary private pension system on behalf of the employee, exempt from income tax. The tax-exempt limit is 15% of the employee's taxable income, not exceeding EUR6,000 per year, and it applies collectively to the contributions made by the employee and the employer.

3. Employment obligations

Labor relations

Employment and labor issues are regulated by the Employment Contracts Act.

Work relations are also regulated with the Law of Obligations Act, the Individual Labour Dispute Resolution Act, the Occupational Health and Safety Act and other appropriate legal acts.

The employer's obligation is to calculate and withhold all payroll taxes.

Holiday

According to Section 55 of the Employment Contracts Act, an employee's annual paid leave is 28 calendar days, unless the employee and the employer have agreed on a longer annual leave or unless otherwise provided by law.

Rest hours

According to Section 51 of the Employment Contracts Act, an agreement by which an employee is left, over a period of 24 hours, with less than 11 hours of consecutive rest time is void, unless otherwise provided by law.

An employer shall give an employee who works more than 13 hours over a period of 24 hours additional time off, immediately after the end of the working day, equal to the number of hours by which the 13 working hours were exceeded. An agreement by which work exceeding 13 hours is compensated for in money is void. In general, total working time may not exceed an average of 48 hours per week over a 4-month period.

Certain limits must be observed when working with minors or overtime.

The restriction shall not be applied to health care professionals, welfare workers, agricultural workers and tourism workers, provided working does not harm their health and safety. Drivers' working, driving, break and rest time is regulated in detail with local and EU legislation.

Termination of employment

Bases for the termination of an employment contract are provided in the Employment Contracts Act (Section 85–94). An employer may not cancel an employment contract ordinarily, but it may be terminated upon agreement between the parties at any time (Section 79 of the Employment Contracts Act).

The extraordinary termination of the employment contract by the employer is allowed for economic reasons (decrease in work volume, reorganization of work or other cessation of work) or for reasons related to the employee (inability to perform their duties, breach of their obligations, etc.).

Minimum wage

According to Section 43 of the Employment Contracts Act, it is presumed that an employee works 40 hours over a period of 7 days (full-time work). In practice, it is presumed that an employee works eight hours a day, unless parties have agreed or it is regulated otherwise by law.

According to Section 29 of the Employment Contracts Act, minimum wages are established by a regulation of the Government of the Republic of Estonia. Wages falling below the minimum wage established by the Government may not be paid to an employee.

The minimum wages in 2021 are EUR3.48 per hour and EUR584 per month. Minimum wage requirements can be higher with collective agreements.

4. Payroll requirements

According to Section 33 of the Employment Contracts Act, an employer shall pay wages to an employee once a month, unless a shorter term has been agreed for payment of remuneration. If the pay day falls on a public holiday or a day off, it shall be deemed that the pay day is the working day preceding the public holiday or day off. The part payable of an employer's economic results (bonus) shall be paid to an employee after determining the part, but not later than six months after approval of the annual report of the employer. An employer shall transfer an employee's wages and other remuneration to the bank account indicated by the employee, unless agreed otherwise.

Payslips

The employer is obliged to provide the employee with information about the wages calculated and paid or payable to them, and provide other notices regarding the employee or the employment relationship on the employee's request. The common practice is that payslips are sent to employees monthly.

5. Banking requirements related to payroll

As mentioned above, an employer shall pay wages to an employee once a month (with the exception of remuneration related to economic results), unless a shorter term has been agreed. An employer shall transfer an employee's wages and other remuneration to the bank account indicated by the employee, unless agreed otherwise.

Payroll payments can be made by either, or a combination of:

- ▶ Cash
- ▶ Electronic funds transfer (bank transfer)

The common practice is that payroll payments are made via bank transfer.

Finland

F



1. Government requirements

Registration requirements

All new enterprises, including foreign companies starting a business in Finland, must submit a start-up notification to get a company ID. In addition when a business enters Finland, the business must register in the applicable registers with the Finnish tax authorities (e.g., the employer register, prepayment register, VAT register) and in the Trade Register when applicable. The Trade Register is a public register containing information about businesses and companies in Finland. The registration requirements vary in each situation and need to be checked in each case specifically.

Unemployment insurance

Both employers and employees are obliged to pay unemployment insurance contributions. The employer is obliged to take unemployment insurance from the Employment Fund. The liability to pay unemployment insurance contributions mainly applies to employees aged 17 to 65.

Accident insurance

The employer must always take statutory accident insurance against the risk of accidents involving their employees prior to the work commencing.

Employers can freely choose the accident insurance company from which to take the statutory coverage. Statutory accident insurance is government-controlled even if provided by private insurance companies.

Group life insurance

Group life insurance is taken together with accident insurance from the same private insurance company. The requirement to take this insurance is typically based on the collective labor union agreements. The insurance works similarly to the accident insurance.

Ongoing compliance requirements

Unemployment insurance

The contribution rates are stated by the government annually. The amount of unemployment insurance contributions is determined on the basis of the wages paid to employees. The employer must always withhold the employee's unemployment insurance contribution from the wage upon each payment of salary. The employer is responsible for payment of both the employer's and employee's unemployment insurance contributions, as well as responsible for delivering the earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The Employment Fund will see the reported information from the Incomes Register and based on that will deliver the invoices quarterly (in January, April, July and October) to the employer.

Accident insurance and group life insurance

The contribution rates are stated by the government annually. The amount of accident insurance and group life insurance contributions is determined on the basis of the wages paid to employees. The employer is responsible for making the insurance payments on the basis of invoices delivered by the insurance company, as well as responsible for delivering the earnings payment report of

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paid salaries to the Incomes Register within five calendar days after the pay date. The insurance company will see the reported information from the Incomes Register and based on that will deliver the invoices to the employer. The invoicing frequency may differ depending on the insurance company and agreement.

Employer's Health insurance contribution

If a permanent establishment exists in Finland, the employer is obligated to pay the employer's health insurance contribution to the tax authorities. The contribution rate is stated by the authorities annually. The amount of contribution is determined based on the wages paid to employees and reported by the employer's separate report to the Incomes Register on the fifth and paid by the 12th day of the month following the payment month by the employer's own initiative.

2. Pension requirements

Registration requirements

Earnings-related pensions are guaranteed by law, so every employer paying salaries to employees under Finnish pension insurance is obliged to take earnings-related pension insurance to cover their employees. Earnings-related pensions are managed by private employment pension insurance companies. Employers can freely choose the employment pension company from which to take the statutory cover. Pension provision is not, however, affected by the company with which the employee is covered, since the pension benefits are prescribed by law and do not differ between the various authorized pension companies. An employee's pension accrues from annual earnings that are increased with the wage, coefficient to the level of the retirement year and from which the employee's pension contribution is deducted.

Ongoing compliance requirements

The contribution rates are stated by the government annually. The amount of pension insurance contributions is determined based on the wages paid to employees. The employer must always withhold the employee's pension insurance contribution from the wage upon each payment of salary. The employer is responsible for payment of both the employer's and employees' insurance contributions, as well as responsible for delivering the earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The pension insurance company will see the reported information from the

Incomes Register and based on that will deliver the invoices on monthly basis to the employer.

3. Employment obligations

Incomes register

The Incomes Register is a national online database of incomes information.

The employer must file the earnings payment report of paid salaries to the incomes register latest on the fifth calendar day following the payment date.

In addition, an employer's separate report needs to be sent to the Incomes Register on the fifth day of the month following the payment month, when applicable. The employer's separate report contains information of the employer's health insurance contribution or notification if no wages payable.

The employer and employees can have access to the Incomes register. Authorities and instances (e.g., Tax authorities, the Employment Fund, pension and accident insurance companies) receive the salary information from the Incomes register. Data is stored in the Incomes Register for 10 years from the beginning of the year following the year in which the data was saved.

Labor laws and union agreements

The employer has to follow Finnish labor laws and other rules and guidance. There are also different types of collective labor union agreements with detailed rules in Finland. The collective agreement is an agreement regulating conditions to be observed in employment contracts or otherwise in employment relations, concluded by one or more employers or employers' associations on one side, and one or more trade unions on the other side.

4. Payroll requirements

Salaries are paid into employees' bank accounts. The salary is paid on the last day of the pay period, unless otherwise agreed. If the salary is based on a period of less than two weeks, wages must be paid at least twice a month, otherwise once a month.

Payslips

The employer must deliver payslips to employees. Payslips can be free-form. However, there are certain requirements regarding what information needs to be shown in the payslip.

5. Banking requirements related to payroll

The net salary payments are made by the employer to the employee's bank account.

If payments are done in a foreign currency, they have to be reported to the Incomes Register in Euros by using the exchange rate set by the European Central Bank.

France

F



1. Government requirements

Registration requirements

Social security registration

Every French employer is required to have a social security registration. The institution in France responsible for this registration is called the Organizations for the Collection of Social Security and Family Benefit Contributions (URSSAF). There are multiple URSSAF centers in the country. Employers need to register with the organization based on their permanent establishment address. Employers without a permanent establishment in France will be assigned to a specific URSSAF center, wherever their employee's workplace is located in the country. To register and be recorded as a tax collector, employers need to open an account via the dedicated section on the tax administration's website and fulfil the required process.

Tax registration

As of January 2019, French employers are required to withhold income tax from their employees who are French taxpayers.

Moreover, each employer needs to make itself known to the French tax administration.

In practice, when a permanent establishment exists, this is the same local tax administration where the employer fulfils its corporate obligations (e.g., value added tax and corporate income tax).

To register and be recorded as tax collector, the employer needs to open an account via the dedicated section of the tax administration's website and fulfil the required steps. The registration needs to be done before the hiring date of the first employee.

Ongoing compliance requirements

Every month, French employers declare all related wages and withholdings to each organization through a unique and concentrated declaration called "déclaration sociale nominative" (DSN).

Excluding a clearly specified exception, all payroll declarations are made via this channel.

DSN is issued monthly, even if it is nil, and the payments are generated on a monthly or quarterly basis depending on the employer's head count.

It is strictly regulated, and the related clarifications, specifications and explanations are available on dsn-info.fr.*

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2. Pension requirements

Registration requirements

The pension rights in France are held by two regimes:

- ▶ The basic right is held by URSSAF (the organization that covers the social security). No additional administrative requirements are requested for this registration. Once the social security registration is performed, the basic pension rights are registered.
- ▶ The complementary right is a compulsory fund, despite its name. It is a pension fund in which a single employer needs to register depending on its activity and location. Each pension fund has its own registration procedure.

Ongoing compliance requirements

The process is the same as the ongoing compliance requirements indicated under section 1 - Tax registration.

3. Employment obligations

Coverages, health and medicine at work

Employees are entitled to several coverages as per the French Labor Law. They are detailed below:

- ▶ Life coverage - Depending on the collective bargaining agreement (CBA) or the status of the employees, life coverage may be required. The legal or CBA disposition that makes this coverage compulsory describes the modalities of setting it up. It is usually up to the employer to choose the life insurance organization that fulfils the best possible legal or CBA dispositions.
- ▶ Health - Since 2016, the health coverage is compulsory for all employees. It does not depend on the activity of the employer.
- ▶ Medicine at work - The French Labour Law makes it compulsory for all French employers to ensure that there are no medical restrictions on their employees taking the position they are offered through an employment contract. The registration methodology is not regulated. It depends on each organization.

Employment contract

Any employment contract that does not follow at least one of the dispositions required by the French Labor Law needs to be written as some of them are legally required. These include the following:

- ▶ The French common employment contract is full-time and open-term.

- ▶ The labor law provides for a minimum wage, which is revised at least once a year.
- ▶ The legal duration of work in France is 35 hours a week.

Employees rights

French employees have a certain number of rights. The CBA or company agreement may grant more advantageous rights. Following are some of the main ones that are legal dispositions:

- ▶ Annual leave – Annual leaves are granted for five weeks.
- ▶ Sick leave – Depending on an employee's seniority, salary may be partially maintained by the employer.
- ▶ Accident at work – Leaves can be provided in the event of an accident at work.
- ▶ Personal life authorized absences – Leaves can be granted for personal reasons as authorized absences.

4. Payroll requirements

Except CBA dispositions that are applicable to some nominative professions, French employees are paid once a month. Payslips needs to be sorted out at the time of each salary payment. They are delivered to French employees on an "opposable" way. It is recommended to set up a secured e-pay slip system, which is strictly regulated by the French Labor Law.

Social declarations are performed and sent to the French Administrations once a month. Related contributions payments are sent to them on a monthly or a quarterly basis, depending on the employee head count. In some cases, such as hiring, sickness or leavers, instant declarations are required.

The complexity of the French Labour Law makes it common to require specialist assistance to handle the payroll, while there is no specific legal requirement to do so.

5. Banking requirements related to payroll

For better control, it is recommended to perform salary payments in EUR under banking transfers. Depending on the level of the social contributions amounts, French payroll rules make it compulsory to process a bank transfer payment. In both the cases, there is no specific constraint on the location of the employer's bank.

Since the application of the income tax withholding in France as of 1 January 2019, the withheld amounts need to be refunded to the French tax administration through direct debit and this is strictly regulated.

Georgia

G



1. Government requirements

Registration requirements

Registry of Entrepreneurs and Non-Entrepreneurial (Non-commercial) Legal Persons

Companies are required to obtain tax registration together with legal registration at the National Agency of Public Registry (NAPR) which is a legal entity of public law under the Ministry of Justice of Georgia.

Under the Law of Georgia on Entrepreneurs, the NAPR is responsible for the registration of all documents submitted for the incorporation of companies in Georgia. Incorporation application documents may include: a duly certified agreement signed by all partners of the company, Charter of the Georgian entity and a proof of identity document. The standard registration fees are GEL100. An amount of GEL200 must be paid to complete the registration on the same business day.

Either way, legal registration and tax registration are carried out simultaneously, hence no additional actions are required to complete the tax registration of the company.

Revenue Service (RS)

Pursuant to Georgian tax legislation, individuals starting economic activities are required to register with the Georgian Tax Authority (GTA) LELP Revenue Service of Georgia and obtain a Tax ID prior to their start-up. Foreign citizen non-entrepreneur individuals have to register with the GTA and obtain a Tax ID prior to filing their annual Personal Income Tax (PIT) returns. Furthermore, without the NAPR's assistance, the RS department is authorized to allow the registration process of taxpayers. These requirements apply to the following persons:

- ▶ Georgian citizens
- ▶ Foreign citizens
- ▶ Legal entities of public law (LEPL)
- ▶ Budgetary organizations
- ▶ Foreign entities or organizations or their Permanent Establishment (PE)

Ongoing compliance requirements

Personal Income Tax (PIT)

According to the Tax Code of Georgia (TCG), irrespective of residency status, a physical person receiving Georgian sourced income is subject to PIT at a rate of 20%.

Individuals who are tax residents in Georgia are generally liable to pay PIT on their worldwide income, though a tax code provides exemption for the foreign sourced income. In the case of tax nonresidents, PIT is payable only on their Georgian sourced income, subject to double taxation treaty relief (if any).

Thus, both tax residents and nonresidents of Georgia pay PIT only on their Georgian source income.

Article 104 provides the list of income that is considered as sourced in Georgia. The list includes:

- ▶ Income received from employment performed in Georgia
- ▶ Income or benefit earned from the supply of goods in the territory of Georgia
- ▶ Income earned from the delivery of services in Georgia
- ▶ Income earned from leasing movable property used in Georgia or from

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- transferring any other contractual right of use
- ▶ Interest and dividend income received from a Georgian resident
- ▶ Income received from the sale of shares in a Georgian resident entity
- ▶ Other income earned from carrying on activities in Georgia

Pursuant to TCG, employers that are residents of Georgia are obliged to withhold PIT at the source of salary payment and administer the payment of tax into the budget upon the payment of salaries.

If the employer is a nonresident entity, it should not be liable to withhold PIT and pay this into the budget if the employee personally files a PIT declaration and pays the respective taxes. Withholding tax returns are filed by 15th of the month, following the reporting period in which the payment was made. Together with the withholding tax return, information about payments made to nonresidents and taxes withheld should be submitted to the GTA within the same deadline.

2. Pension requirements

Registration requirements

Upon reaching the general retirement age of 65 (60 for women), employees are entitled to apply for state pension. According to Georgian legislation, the amount of pension payment is determined and funded by the State Budget of the respective year.

Applicants seeking a state pension must submit an application with all the necessary documents to any regional office of the Social Service Agency of Georgia. The list of these documents, as well as the procedure and conditions for awarding the pension are determined by Order No. 46/n of the Minister of Health, Labor and Social Affairs.

The application is free of charge.

Based on the pension contribution reform enacted on 1st January 2019, individuals employed in Georgia are involved in the pension savings program. According to the Law of Georgia on Funded Pensions, persons under 40 were mandatorily enrolled, whereas persons over 40 had the right to refuse participation in the pension savings program within five months after mandatory enrollment. Pension contribution rules apply to company employees,

as well as independent contractors and self-employed individuals.

The Law of Georgia on Funded Pensions applies only to citizens of Georgia and aliens and stateless persons permanently residing in Georgia, except for nonresident natural persons.

Ongoing compliance requirements

According to the Law of Georgia on Funded Pensions, the employer is liable to withhold 2% of the gross salary of the employee and pay to his or her personal retirement account on his or her behalf. Moreover, the employer is liable to pay its own portion of pension contribution which is also 2% of the gross salary to the aforementioned account of the employee (notably, such contribution is not qualified as salary income for the employee). In addition, 2% of the gross salary will be transferred to the retirement account of the employee from the state budget. LEPL Pension Agency is responsible for the implementation and administration of the pension scheme. Respective Pension Returns are filed by employers via the electronic system for managing pension contributions which is administered by the Agency.

The base from which the amount of pension contribution is calculated shall be any salary income including cash and non-cash benefits, such as insurance, housing allowance, etc. Pension savings shall not be subject to taxation at the moment of contribution or withdrawal, except for full withdrawal of savings by persons permanently leaving Georgia.

All of the abovementioned rules regarding pension contributions apply not only to company employees, but to independent contractors as well.

According to the Tax Code of Georgia, state pensions are exempted from PIT. Thus, no tax liability occurs in this regard. However, in cases when an employer pays into a private pension fund for the benefit of an employee, the contributed premiums are considered as a salary income and are subject to PIT at the source of payment at a rate of 20%. The Tax Code of Georgia, under Article 154, requires that tax shall be withheld at the source by the person paying salary to the employee. In addition, withholding liability is not triggered when the pension is paid to the employee, since it was taxed at the source of payment at the point of transfer to the private pension funds.

3. Employment obligations

Duration of work

Pursuant to the Labor Code of Georgia, the working time is 40 hours per week. However, in companies with specific working regimes where the work requires more than eight hours of continuous work (per day), working hours should not exceed 48 hours a week. It should be noted that the abovementioned duration does not include break times. If the working time during the working day is more than 6 hours, the duration of the break time should be at least 60 minutes. The duration of uninterrupted rest between working days (or shifts) shall not be less than 12 hours.

Leave days

The employee is authorized to take paid leave of at least 24 business days and maximum 15 days of unpaid leave per annum. An employee working under arduous, harmful, or hazardous labor conditions shall be granted additional paid leave of 10 calendar days annually. An employee shall, upon her request, be granted paid maternity leave of 126 calendar days, and in the case of complications during childbirth or the birth of twins, maternity leave of 143 calendar days. An employee shall, upon his or her request, be granted parental leave of 604 calendar days, and in the case of complications during childbirth or the birth of twins, a parental leave of 587 calendar days. Fifty-seven calendar days of the leave shall be paid.

Facilitating professional development

Employers shall facilitate the upgrading of the qualifications of employees. After the end of a period of maternity leave, parental leave, or new-born adoption leave, upon the request of the employee, the employer shall ensure that the qualifications of the employee are upgraded if this is necessary for the performance of the work under the employment agreement, and does not impose a disproportionate burden on the employer.

Safe and healthy working environment

Employers shall provide employees with a work environment that is as safe and healthy as possible in respect of the life and health of the employees. Employees may refuse to perform work, an assignment, or an instruction, that contravenes law or, due to the lack of occupational safety standards, obviously and substantially jeopardizes their or a third person's life and health, property, or the safety of the natural environment.

Labour Inspection Service

LELP Labour Inspection Service has the power to ensure the effective application of the Law. The Labour Inspection has power to impose administrative sanctions for the violation of labor norms from GEL 200 up to GEL 1000. Committing the same violation repeatedly or committing severe violations result in doubling or tripling sanctions.

4. Payroll requirements

According to Georgian Labor Law, remuneration must be paid at least once a month. If there is a delay, employers are obliged to pay their employees 0.07% of the delayed sum for each day of any delayed compensation or payment. Unless otherwise determined by an employment agreement, an employee shall be fully remunerated during an idle time caused through the fault of an employer.

Overtime work shall be paid for at an increased hourly rate of remuneration. The amount of the said payment shall be determined by agreement between the parties.

Deductions

Furthermore, according to the Labor Law, employers are authorized to deduct from the employee's remuneration overpayments or any other funds payable by the employee to the employer. The said deduction shall not exceed 50% of the remuneration.

No additional specific requirements are defined by the Labor Code of Georgia.

5. Banking requirements related to payroll

There are no specific requirements regarding the mode of payment except the currency rule. All payments within the territory of Georgia must be made only in GEL. Payroll payments can be made in cash or by bank transfer. Taxes should be paid from the local bank account into the Georgian State Budget.



1. Government requirements

Registration requirements

Registration for wage tax

- ▶ A wage tax number must be applied for.
- ▶ The authority responsible for applications is the tax office (in German: "Betriebsstättenfinanzamt") where the company is located. Even if there are several offices and stores, there should be one office where the main decisions about salaries, bonuses, etc., are made and calculated. This office is to be registered as the main business establishment for wage tax purposes.
- ▶ Wage tax calculation is based on the German income tax law (in German: "EStG - Einkommenssteuergesetz") together with wage tax regulations (in German: "LStR - Lohnsteuerrichtlinien"). The tax year is the same as the calendar year.
- ▶ A tax number can be applied for from the responsible tax authorities either by phone or letter. The authority will then send a questionnaire for the setup of the company data and will issue a tax number after approximately three to four weeks on the basis of the data provided.
- ▶ An application for a tax number can be prepared or supported by a tax consultancy. However, the questionnaire must be signed by an authorized person of the company.

Registration as an employer for social security insurance

- ▶ The company number must be applied for from the Federal Employment office.
- ▶ Social security insurance is based on the Social Security Law (in German: "SGB - Sozialversicherungsgesetzbuch").
- ▶ A company number can be applied for either by phone or online and is available immediately after application, on the same day. No registration with the social security institutions is necessary upfront as this is processed through the social security registration of the employee at the start of employment.
- ▶ An application for a company number can be made by a tax consultancy. No signature by an authorized person of the company is necessary.

Registration as an employer for statutory accident insurance

- ▶ An employer insurance number must be applied for at the responsible insurance authority, along with a classification for insurance (risk tariff).
- ▶ Insurance is based on the SGB.
- ▶ The application can be made either by phone or letter. The authority will then send a questionnaire for the setup of the company data and will issue an insurance number after approximately three to four weeks on the basis of the data provided.
- ▶ The application for an insurance number can be prepared or supported by a tax consultancy. However, the questionnaire must be signed by an authorized person of the company.

Ongoing compliance requirements

Filing and payment obligations

Payroll filing obligations are mentioned in the table included in this chapter.

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Tax rate

No wage tax is imposed on earnings up to EUR9,744.00 per annum in 2021 – this amount increases almost every year. There is no linear taxation in Germany. German taxation is calculated in a progressive and proportional manner. This means that with every Euro the employee earns more, the income tax percentage is increasing – taxation is increasing smoothly in the lower area of income, and is increasing even more in the higher area of income. The marginal tax rate starts at 14% on earnings higher than EUR9,744.00 per annum and ends at the top income tax rate of 45% with a solidarity surcharge of 5.5% (which is equal to an effective 47.48%) on earnings higher than EUR274,613.00 per annum. (Note: From 2021, the solidarity surcharge is no longer valid for middle and lower incomes so that up to a taxable income of EUR61,717 no solidarity surcharge will be due in the future.)

There are no fixed percentages for wage tax existing in Germany, but tax brackets exist.

The list of wage tax brackets is as follows:

- ▶ Wage tax class 1 – granted to single people (or married people, who live separately)
- ▶ Wage tax class 2 – granted to single people, who have at least one child
- ▶ Wage tax class 3 – granted to married people if the spouse is accepting wage tax class 5
- ▶ Wage tax class 4 – granted to married people if the spouse is accepting wage tax class 4
- ▶ Wage tax class 5 – granted to married people if the spouse is accepting wage tax class 3
- ▶ Wage tax class 6 – granted to all people who work for two employers at the same time

The wage tax bracket is electronically transmitted to the payroll software of the employer based on the tax ID number. If no tax ID number is provided, tax class VI should be used until receipt of proper data.

Social security insurance rates and obligations

The mandatory German social security branches are pension care, unemployment, health care and nursing care, as well as accident insurance.

The expenses of pension, unemployment, health care and nursing care insurances are distributed differently by the employee and employer. Statutory accident insurance is borne at 100% by the employer. The calculation has to be processed on the basis of the gross salary each month. There are different percentage rates for each of the mandatory social security branches and social security ceilings which are changing each year.

2. Pension requirements

Registration requirements

Statutory pension insurance

There is an electronic data exchange process with the agency responsible for collecting the social security contributions. The deadline for registration of the employee is six weeks after the start of employment. The deadline for submitting the yearly information is 15 February of the following year. Both registrations are to be done via electronic data transmission through the payroll software.

Voluntary company pension schemes

Additional company pension schemes can be set up. However, conditions and rates are granted on a voluntary basis by the company and are not based on legal requirements and obligations.

In general, any amendment with regard to employment has to be provided via electronic data transmission to the insurance authority, e.g., contributions as calculated through payroll each month, hire and termination information, change in hours or any change in the employment contract type, or insurance status.

Refer to page 149 for a short overview of the pension schemes.

The company pension scheme (bAV) enables the subsidized building of a supplementary pension via the employer. The company pension scheme can be financed by the employer or by the employee by waiving part of the gross earnings in favor of the pension scheme. As a rule, contributions are made jointly by the employer and employee. No matter who pays the contributions, the employee pays less taxes and social security contributions. According to the company pension regulations, in cases of deferred compensation, the employer is obliged to provide an additional amount of 15% of the converted salary as an employer's contribution to the pension fund, the pension fund or for direct insurance if the deferred compensation leads to savings in social security contributions. Contribution to the company pension scheme are tax-free and to a certain extent free of social security contributions during the savings phase. Therefore, the later pension has to be fully taxed.

1. Direct insurance

Contributions are tax- and social security contribution-free up to 4% of the respective applicable income threshold WEST (2021: EUR85,200); a further 4% p.a. is tax-free.

2. Pension fund

Contributions are tax- and social security contribution-free up to 4% of the respective applicable income threshold WEST (2021: EUR85,200); a further 4% p.a. is tax-free. Tax- and duty-free if contributions are paid to assume a pension obligation.

3. Support fund

Contributions in unlimited amounts free of tax and social security contributions. In the case of deferred compensation, the exemption from social security contributions is limited to a maximum of 4% of the contribution assessment ceiling WEST (2021: EUR85,200).

4. Direct commitment

Unlimited contributions free of tax and social security contributions. In the case of deferred compensation, the exemption from social security contributions is limited to a maximum of 4% of the WEST income threshold (2021: EUR85,200).

3. Employment obligations

Minimum pay

- ▶ The legal wage per hour for the year 2021 amounts to at least EUR9.50, further increases are planned but not yet adopted by the legislator.
- ▶ It is applicable to all companies with exemptions for the following employees:
 - ▶ Certain types of interns
 - ▶ Children and young employees who have not completed their vocational training
 - ▶ Trainees within the meaning of the Vocational Training Act
 - ▶ Long-term unemployed people within the meaning of section 18, subsection 1 of the Social Security Law III
 - ▶ Volunteering workers
- ▶ Minimum pay should be determined on the basis of the working time accounts (documentation on the number of hours worked per week per month) or, if these do not exist, on the basis of the fixed working hours according to the employment contracts.

Non-compliance can result in fines of up to EUR500,000 and criminal liability for managing directors and executive boards.

Vacation entitlement

Generally, vacation entitlement is regulated by law (in German: "BUrlG- Bundesurlaubsgesetz") and also through employment contracts or collective agreements. Vacation is always related to working days, not hours. Full-time employees are entitled to full-day vacations, while part-time employees have their vacations adjusted accordingly. Employees in full-time employment are entitled to a minimum of 4 weeks (20 workdays) of holiday per calendar year.

Employment contract

The employee not only has the obligation to perform his or her contractual work duties but also the right to appropriate employment. If the employment is not possible due to the temporary failure of a machine, the agreed salary must still be paid because the risk of unavailability of the required equipment is borne by the employer. Likewise, the employer must adhere to the agreed working time if the employment contract does not explicitly provide for flexibility. However, flexible working hours also require timely agreement between the employer and his or her employees. If the employee is no longer able to exercise his or her duties for health reasons, he or she must be transferred to another place in the company within the scope of the company's possibilities.

Works council

The establishment of a works council is one of the fundamental rights of employees. The employer must allow appropriate election and enable the members of the elected body to exercise their functions. Likewise, every employee has the right to visit the works council during working hours.

Holiday

Holiday planning requires in-house arrangement so that not too many employees apply for leave at the same time. Rejection of a holiday application for urgent operational reasons is in principle possible, but the operational necessity may not be caused by negligence. Thus, the employer must employ enough staff or be willing to employ temporary workers in order to compensate for times when the employees have a higher-than-average sickness rate.

Data security

The employer holds a variety of different employee data. This may only be used for the purpose for which it was obtained. A transfer of employee data is not possible in principle, exceptions require the express consent of the employee. The prohibition of the passing on of personal data concerns not only transmission to third parties, but also includes unnecessary transmission to other departments of the company. If an employee is dealing with sensitive data, he or she must be expressly committed to data protection. In addition, there is the obligation to appoint a data protection officer, who prevents or at least reveals violations of data protection.

Health and the value of the worker's work

The employer's duty to take care of the worker is regulated by different laws and covers both the health and value of the worker's work. If the transport of personal belongings to the workplace is not permitted or not possible, lockable cabinets must be provided. Workers with activities that cause pollution of the body must be provided with showers. The regular cleaning of toilets is also part of the

employer's obligation to respect its employees. An essential element of the employer's obligation to provide care is to ensure compliance with occupational health and safety regulations. Both the daily maximum permissible working time and the time between two work shifts are regulated by law; exceptions are possible only in absolute emergencies. In the case of a recognizable illness of an employee, or if he or she is unable to work properly, the employer must influence him or her to visit the doctor.

Rehabilitation management after long sickness

After an extended illness, the company has to offer rehabilitation management to the employee. This includes a consultation as well as examination, even if operational reasons caused the circumstances which led to the illness.

4. Payroll requirements

Payment

A central duty of the employer is the payment of the agreed wage – the amount cannot be less than legal regulations, such as the minimum wage in many industries. Punctual payment and correct calculation of the amount is also an element of compulsory performance. If, instead of a fixed salary, the actual working time is paid, the employer must ensure that this is correctly recorded. According to the law, punctuality in money transactions is highly important. If the employee forgets to communicate his or her new bank account, the amount must be retransmitted as soon

as possible. Transfer to the following month's salary is not allowed. Likewise, an erroneously inadequate transfer must be corrected immediately; in the case of minor amounts, transfer to the subsequent period can only be made if the employee expressly agrees. The obligation to pay includes the granting of paid leave as well as the payment of wages in the case of the employee's incapacity for work.

Social security contributions and wage tax

Contributions to social insurance must be paid by both the employer and the employee. The employer carries out the technical implementation of the deduction of social security contributions and wage tax, in addition, the employer may even be personally liable for income tax not being paid to the authorities.

5. Banking requirements

Data files for payroll payments processed via data transmission to the bank can be prepared by EY payroll software, also if a foreign client or employee bank account is to be used. In general, only a valid IBAN number and BIC number is needed in order to prepare payroll bank files for the client (Germans as well as foreign clients within Europe).

Kind of pension	Wage tax		Social security Contribution phase
	Contribution phase	Payout phase	
Direct commitment: ("Direktzusage")	Contributions by the employer as well as from salary waiver Free of wage tax	Payments by the employer to the employee Liable to wage tax On basis of individual tax rate; tax allowances for pensions are to be deducted	Free of social security insurance if <u>not</u> from salary waiver If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2021 up to EUR3,408
Support fund: ("Unterstützungskasse")	Contributions by the employer as well as from salary waiver Free of wage tax	Payments by the insurance company to the employee Liable to wage tax On basis of individual tax rate; tax allowance for pensions are to be deducted	Free of social security insurance if <u>not</u> from salary waiver If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2021 up to EUR3,408

Kind of pension	Wage tax		Social security
	Contribution phase	Payout phase	Contribution phase
Pension fund: ("Pensionskasse")	<p>If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2021 up to EUR3,408 Free of wage tax</p> <p>Contributions by the employer in addition up to EUR1,800 Free of wage tax if pension entitlement after year 2004</p> <p>Higher contribution by the employer Liable to wage tax On basis of individual tax rate; tax allowances for pensions are to be deducted</p> <p>Contribution from salary waiver up to EUR1,752 can be taxed at a flat rate of 20% if pension entitlement before year 2005 and disclaimer from employee is provided</p>	<p>Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return</p> <p>Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return</p> <p>Payments by the insurance company to the employee Liable to income tax, to be declared as other income with the profit share (section 22 No. 1 s.3 Income Tax Law) through private income tax return</p>	<p>If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2021 up to EUR3,408 Liable to social security insurance</p> <p>Free of social security insurance up to EUR1,752 if paid in addition to the base salary</p>
Direct insurance: ("Direktversicherung")	<p>If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2021 up to EUR3,408 Free of wage tax</p> <p>Contributions by the employer in addition up to EUR1,800 Free of wage tax if pension entitlement after year 2004</p>	<p>Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return</p> <p>Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return</p>	<p>If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2021 up to EUR3,408 Liable to social security insurance</p>

Kind of pension	Wage tax		Social security Contribution phase
	Contribution phase	Payout phase	
	<p>Higher contribution by the employer</p> <p>Liable to wage tax</p> <p>On basis of individual tax rate; tax allowances for pensions are to be deducted</p> <p>Contribution from salary waiver up to EUR1,752 can be taxed at a flat rate of 20% if pension entitlement before year 2005 and disclaimer from employee is provided</p>	<p>Payments by the insurance company to the employee</p> <p>Liable to income tax, to be declared as other income with the profit share (section 22 No. 1 s.3 Income Tax Law)through private income tax return</p>	<p>Free of social security insurance up to EUR1,752 if paid in addition to the base salary</p>

What is to be filed when, with which authority and how?

What to file?	For which period?	When to file?	With which authority must it be filed?	How to file?	When is the payment due?
Payroll					
Wage tax return monthly ("Lohnsteueranmeldung")	If the total wage tax for the calendar year is more than EUR5,000, a monthly return for the wage tax arising from the first calendar day of the month to the last calendar day of the month has to be filed.	By the 10th of the following month (e.g., for June, by 10 July)	With the tax authority where the company has been registered and/or the local tax authority of the city where the company is located	The return has to be transmitted electronically to the authority.	By the 10th of the following month (e.g., for June, by 10 July)
Wage tax return quarterly ("Lohnsteueranmeldung")	If the total wage tax for the calendar year is more than EUR1,080, but less than EUR5,000, a monthly return for the wage tax arising from the first calendar day of the quarter to the last calendar day of the quarter has to be filed.	By the 10th of the month after the past quarter (e.g., for the first quarter, by 10 April)	With the tax authority where the company has been registered and/or the local tax authority of the city where the company is located	The return has to be transmitted electronically to the authority.	By the 10th of the month after the past quarter (e.g., for the first quarter, by 10 April)

What is to be filed when, with which authority and how?					
What to file?	For which period?	When to file?	With which authority must it be filed?	How to file?	When is the payment due?
Payroll					
Wage tax return yearly ("Lohnsteueranmeldung")	If the total wage tax for the calendar year is less than EUR1,080, a yearly return for the wage tax arising from the first calendar day of the year to the last calendar day of the year has to be filed.	By 10 January the following year	With the tax authority where the company has been registered and/or the local tax authority of the city where the company is located	The return has to be transmitted electronically to the authority.	By 10 January the following year
Premium statement for social security insurance (always monthly) ("Beitragsnachweis")	A monthly statement for the social security insurance premiums arising from the first calendar day of the month to the last calendar day of the month has to be filed.	By the fifth last working day of the corresponding month	With the health insurance companies of the employees	The statement has to be transmitted electronically to the health insurance companies.	By the third last working day of the corresponding month
Statement for compulsory accident insurance ("Meldung für die Berufsgenossenschaft")	A yearly statement for the total wages paid from the first calendar day of the year to the last calendar day of the year has to be filed in order to enable the authority to assess the yearly premium.	By 11 February of the following year	With the accident insurance company where the company has been registered	The statement has to be transmitted electronically to the accident insurance company.	By the date listed on the premium assessment notice which is sent by the authority to the company after the filing of the statement
Statement for the compensation levy for non-employment of severely handicapped persons ("Schwerbehindertenabgabe")	Only needed for companies with more than 20 employees. A yearly statement for the total wages paid from the first calendar day of the year to the last calendar day of the year has to be filed in order to enable the authority to assess the yearly premium.	By 31 March of the following year	With the Federal employment office where the company is registered	The statement has to be transmitted electronically to the federal employment office.	By 31 March of the following year

Guatemala

G



1. Government requirements

Registration requirements

Some of the requirements related to government bodies are:

For Guatemalan Social Security (IGSS)

1. Photocopy of the Company's Trade Patent
2. Photocopy of Business Trade Patent
3. Photocopy of Public Deed of Constitution of the complete Society (legible and its modifications if any)
4. Photocopy of the Notarial Certificate of appointment of the Legal Representative, with the annotation of the Mercantile Registry
5. Photocopy of the Personal Identification Document (DPI) of the legal representative, legible from both sides
6. If the representative is a foreigner, a photocopy of the passport authenticated by a notary
7. Photocopy of the Certificate of Registration and Modification to the Registry Unified Tax (RTU) with current and recent ratification.

Legal basis:

- ▶ Board of Directors Agreement 1,123 "REGULATIONS FOR REGISTRATION OF EMPLOYEES IN THE SOCIAL SECURITY REGIME"

For Recreational Institute for workers (IRTRA)

General requirements:

1. Letterhead where the procedure to be completed is specified
2. Photocopy DPI
3. Photocopy of the employer registration of the company to the IGSS (form DRPT-001)
4. Photocopy of the Resolution issued by the Department of Collection of the IGSS
5. Photocopy of the Registration of Establishment issued by the IGSS

It is also necessary to send a photocopy of the receipts since they began to attribute the Recreation tax to the IGSS.

Legal basis:

Decree #1528 Congress of the Republic of Guatemala.

For Tax administration

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any lucrative activity or business (sale of goods or provision of services), subject to a tax under the administration of the General Tax Office.

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General requirements:

1. DPI of the legal representative.
2. When you do not have your DPI, attach a document issued by RENAP, stating the process of obtaining the document, as long as the Unique Identification Code (CUI) is displayed, with or without a photograph.
3. In cases that apply, a neighbourhood card in accordance with the law.
4. Passport in case of being a foreigner.
5. Testimony of the original constitution or legalized copy and photocopy.
6. Appointment of the original legal representative or legalized copy and photocopy.

Simultaneous management:

You must enable accounting books (books that are necessary according to your affiliations) with the form SAT-RM02 (available on the Mercantile Registry page), you must cancel Q0.50 for each page enabled.

Notes:

- ▶ You must ask any printing company authorized by SAT to print your invoices and other documents.
- ▶ You must register Active Accountant Expert.
- ▶ They can change the regime, after notifying the Tax Administration, as long as they submit it in the month of December and it will take effect as of January 1 of the following year.
- ▶ When you have complete accounting, you can opt for the Accrual Accounting System, for both income and costs and expenses, you can change with prior authorization from the Tax Administration.

Ongoing compliance requirements

- ▶ Monthly income tax reporting to the SAT through the SAT-1331 form, and the SAT-2000 receipt is provided during the first 10 business days of the month.
- ▶ For monthly social security contributions, a receipt is generated from the online system of the IGSS and payment is made on the 20th of each month.
- ▶ An annual reconciliation of withholdings is made to the tax authority, which is a breakdown of all the withholdings made from employees' pay during the fiscal year. This is submitted on 28 February every year.

2. Pension requirements**Registration requirements**

According to the IGSS:

- ▶ Pension for old age is available for those who reach 62 years of age and who have 240 months of contributions (Agreement No. 1124 of the Board of Administration of Regulations on Disability, Old Age and Survival ("Consejo De Administración De Reglamentos Sobre Discapacidad Vejez Y Supervivencia")).
- ▶ In addition every individual can voluntarily contribute to a pension plan via the authorized banks in the Guatemala banking systems.

Ongoing compliance requirements

This information is not available.

3. Employment obligations

Employer contribution	Percentage
IGSS	12.67%
Christmas bonus accrual	8.33%
XIV Bonus accrual	8.33%
Vacation accrual	4.17%
Severance accrual	8.33%

- ▶ A minimum salary payment of GTQ2,893.21 and payment of Bonus 14 ("Bono 14") (payable in July of each year) are required.
- ▶ A Christmas bonus is payable in December each year.
- ▶ Employees are eligible to 15 days of vacations for each year worked.

4. Payroll requirements

Employees must receive either monthly or biweekly payments.

Monthly income tax reporting to the SAT through the SAT-1331 form, and the SAT-2000 receipt is provided during the first 10 business days of the month.

For monthly social security contributions, a receipt is generated from the online system of the IGSS and payment is made on the 20th of each month.

An annual reconciliation of withholdings is made to the tax authority, which is a breakdown of all the withholdings made from employees' pay during the fiscal year. This is submitted on 28 February every year.

Annual report of active employees must be reported to the Labor Ministry.

5. Banking requirements related to payroll

This information is not available.

Honduras

H



1. Government requirements

Registration requirements

Companies must be registered at the Honduran Social Security Institute (IHSS) Ta Administration "Secretaría de Finanzas", Instituto de Nacional de Formación Profesional (INFOP), Privat Contribution Scheme (RAP Régimen de Aportación Privada).

Honduran Social Security Institute (IHSS)

General requirements:

1. Photocopy of company deed
2. Classification of the economic activity of the company
3. Exact address of the company (sketch)
4. Registro Tributario Nacional/National Tax Registry of the Company
5. Email
6. Photocopy of identity card of the employer or manager
7. List of workers indicating
 - ▶ Number of identity or legal residence of each worker
 - ▶ Full name and surname
 - ▶ Start date
 - ▶ Number of affiliation
 - ▶ Salary that accrues monthly

Tax administration

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any business (sale of goods or provision of services), subject to a tax under the administration of the General Tax Office.

General requirements:

To obtain the RTN of a commercial company, the following documents are required:

1. Registration form (Form DEI 410) needs to be duly completed; This form is obtained free of charge at the customer service windows of the Dirección Ejecutiva de Ingresos.
2. Photocopy of constitution deed or authorization letter issued by a notary
3. Photocopy of the RTN of the notary who authorized the deed of incorporation
4. Photocopy of the identity cards of the partners
5. Copy of identity and RTN of the manager or president

Instituto Nacional de Formación Profesional (INFOP)/National Institute of Vocational Training

Autonomous and semi-autonomous institutions are not expressly exempted from paying contributions under this law; the contribution is one percent of the amount of salaries and wages paid to the Institute on a monthly basis.

General requirements:

1. Fill out the registration form (it will be delivered to the Management of Contributions Department) signed and stamped by the general manager or legal representative
2. Photocopy of:
 - ▶ The constitution deed
 - ▶ Current operating permit

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- ▶ National Tax Registry (RNT) of the Company
- ▶ Identity card of the manager or legal representative

Steps

- a. Enroll in the Register of Institute Taxpayers
- b. Submit to Institute the balance sheet corresponding to the previous year, within 60 days following the closing of operations
- c. Submit to the Institute monthly copies of the payroll and wages earned by their workers or other equivalent documents
- d. Structure and develop professional training services in accordance with the provisions of the Institute
- e. Present when required by accredited representatives of the Institute, the necessary accounting documentation for the verification of contributions (this information will be kept confidential)
- f. Provide the Institute within the terms set by it, with the information it requires for the fulfillment of its purposes

Regimen de Aportaciones Privadas (RAP)

Any company that has 10 or more employees in the national scope, must contribute to the RAP. The RAP allows the affiliation of any company with a minimum of five employees for companies that wish to join voluntarily.

The RAP is the labor-employer contribution (equivalent to 1.5% worker and 1.5% employer), and it constitutes a mandatory contribution of employers and workers of the country. This is credited in the form of savings deposits in favor of each contributing worker.

General requirements:

1. Photocopy of the constitution or document that protects legal status
2. Photocopy of the Legal Power of Representation
3. Photocopy of identity card of the legal representative of the company
4. Photocopy of the RTN of the company
5. Completed application for Registration of Employer Affiliation (signed and stamped)

Ongoing compliance requirements

The monthly payment of taxes will be according to the annual tax calendar, validating the last digit of the tax identification number of the company.

For monthly social security reports, the payment must be made on the 10th business day of each month

The INFOP contributions must be paid at the institution determined by the Institute, within 10 business days following the corresponding month.

Neighborhood tax (Impuesto Vecinal): This is a type of personal tax that falls on the annual income received by natural persons within a municipality, whether or not they have domicile or residence therein. It is the income, any kind of return, profit, dividend, income, interest, product, profit, participation, salary and in general any perception in cash, in securities or in kind that modifies the assets of the taxpayer. This personal tax is paid to each municipality and needs to be deducted from payroll. The company is the withholding agent for this personal tax.

Every natural person will pay annually a personal tax, on their annual income received in the Municipality, which will be computed by applying the rate contemplated in Article 77 of the Municipalities Act and it must be presented before 30 March of each year.

2. Pension requirements

RAP

Refer to the earlier section on RAP for the registration requirements.

Affiliation to any other pension fund administration is voluntary and its contribution depends on the economic capacity of each person or the amount desired. The pension fund administration charges a percentage for the administration of the funds, which are invested in financing through banks.

Ongoing compliance requirements related to pension

It is required to report salaries to RAP every month.

3. Employment obligations

Honduras		
Employer contribution	Percentage	Max cap Lempiras*
Reserva Laboral	3.30%	28,904.46
IHSS (EM & IVM) Sick, Maternity, Disability, Old age and death	5.00%	9,380.67
	3.50%	9,792.74
RAP	1.50%	N/A
INFOP	1.00%	N/A
13th month accrual	8.33%	N/A
14th month accrual	8.33%	N/A
Vacation (10 días Año 1)	2.78%	N/A
Severance	8.33%	N/A

* The amounts of maximum cap will change every year in January.

Thirteenth month:

Salary of the 13th month as a bonus will be paid in the month of December each year. However, the parties may agree on such delivery on a different date, and it will be paid by calculating the average of ordinary wages received during the time worked in the year in question. It takes into consideration the salaries paid from 1 January to 31 December of the current year.

Fourteenth month:

Payment of the 14th month of salary is established as a right to all employees and workers. It is effective in the month of June each year, in the same modality and conditions with which the 13th month becomes effective (in Aguinaldo Concept). It takes into consideration the salaries paid from 1 July of the previous year through 30 June of the current year.

A worker is entitled to paid annual leave after completing 12 months of continuous service with the same employer. To take advantage of the annual leave, the employee must have worked at least 200 days during a year. The length of annual leave depends on an employee's length of service with an employer. This is at least:

- ▶ 10 days per year of uninterrupted service
- ▶ 12 days for 2 years of uninterrupted service
- ▶ 15 days for 3 years of uninterrupted service
- ▶ 20 days for 4 or more years of service

4. Payroll requirement

Statutory payroll requirements

Employers must make monthly or biweekly salary, payments and comply with the above employment obligations.

The monthly payment of taxes will be according to the annual tax calendar, validating the last digit of the tax identification number of the company.

For monthly social security reports, the payment is made on the 10th business day of each month.

The INFOP contributions must be paid within 10 business days following the corresponding month.

The RAP contributions must be paid within 10 business days following the corresponding month.

5. Banking requirements related to payroll

This information is not applicable.

Hong Kong

H



1. Government requirements

Registration requirements

Employees' Compensation Insurance (ECI)

It is compulsory for the employer take up ECI to cover the liabilities under the Employees' Compensation Ordinance and also under the common law for the work injuries and occupational diseases that may be suffered by the employees under contract of service.

Employer's tax file number

The new employer will be issued with an "employer tax file no." from the Inland Revenue Department (IRD). You may request this by writing to the IRD with your company's certificate of incorporation, if not automatically issued by the IRD.

New employees

The employer will be required to file a Commencement Notification form IR56E to the IRD within three months of the employee's start of employment.

Ongoing compliance requirements

ECI

The employer should report to the Commissioner for Labour for any accident or occupational disease in specified period based on the level of injury and occupational disease.

Employer's filing obligation - annual reporting

The employer is required to report the remuneration paid to the employees by submitting the annual Employer's Return (BIR56A and IR56B) within one month after the tax year end to the IRD for their employees.

Terminated employees

The employer is required to file a Notification of Cessation of Employment form IR56F (on termination of service or death), no later than one month before cessation.

If the employee is leaving Hong Kong for good or for a substantial period of time, the employer is required to file a Departure notification form IR56G, no later than one month before departure and withhold money for tax clearance.

2. Pension requirements

Registration requirements

Employer should enroll all employees in a Mandatory Provident Fund Scheme (MPF) no later than 60 days upon their first day of employment according to the Mandatory Provident Fund Scheme Ordinance (Cap 485). For new joiners,

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employee is eligible to a 30-day contribution holiday and they should make their contribution together with the employer in the month when 60 days of employment is reached.

Ongoing compliance requirements

Employer and employee should make monthly MPF payments calculated at 5% of the employees' relevant income subject to minimum and maximum capping on or before the contribution in each month (i.e., 10th day of the following month). With effect from 1 November 2013, the minimum relevant income level is HKD7,100 (applicable to the employee only) and the maximum relevant income level is HKD30,000.

3. Employment obligations

Employment Ordinance

According to the Employment Ordinance, the employer and the employee should have signed an employment agreement listing out the conditions of the employment which includes but not limited to wages (rate of wages, frequency, etc.), wage period, notice period for termination of employment and the details of end of year payment if eligible. The employer should always keep all wage and employment history of each employee in a period preceding 12 months during their employment. The related information should also be kept for 12 months after the employee's last working day.

Minimum wage

Under the Employment Ordinance, employees' average wages in a wage period must not be less than the statutory minimum wages. Statutory Minimum Wage (SMW) has come into force since 1 May 2011. With effect from 1 May 2019, the SMW rate is raised to HKD37.5 per hour. Concurrently, the monetary cap on the requirement of employers keeping records of the total number of hours worked by employees is also revised to HKD15,300 per month.

Leave entitlement

In addition to the minimum wages, the employers must provide at least the leave entitlement set out under the Employment Ordinance. All employees employed under continuous contract shall enjoy not less than one rest day for every seven working days and statutory holiday. The employees who have been employed for more than three months shall also enjoy the statutory holiday paid. The minimum requirements for annual leave are 7 days paid annual leave per year and the annual leave shall increase 1 day per additional service year until the annual leave capping of 14 days is reached on the 9th service year. Employees employed under continuous contract also have the right to accumulate 2 paid sickness days per month during the first 12 months of employment, and 4 days per month thereafter to reach a maximum of 120 days of paid sick leave.

Pregnant employees, who is employed under continuous contract, shall enjoy 14 weeks' maternity leave and the maternity leave shall also be paid if she has been employed under continuous contract for not less than 40 weeks before the commencement of maternity leave. Male employees shall enjoy minimum of 5 days paid paternity leave if they have been employed under continuous contract for not less than 40 weeks before the first day of paternity leave.

4. Payroll requirements

Payroll payments

The employer should strictly follow the timing of payment set out in the Employment Ordinance. The employer is required to make salary payment to the employee on the last day of each pay period or not later than seven days after the end of wage period. Wage period can be defined by the employer and the employee but usually set as one month. For termination case, the employer should settle all final payment (except severance payment) within seven days after the employees' termination date.

Statutory entitlement under Employment (Amendment) Ordinance 2007

As set out in the Employment (Amendment) Ordinance 2007, holiday pay, annual leave pay, sickness allowance, maternity leave pay, paternity leave pay, end of year payment and wages in lieu of notice should be calculated on the basis of the 12-month average wages preceding the day or the first day of the leave period of an employee.

5. Banking requirements related to payroll

There is no specific requirement on the mode of payment. Some MPF trustees may not accept overseas bank transfer and will require local Hong Kong bank transfer.

Hungary

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1. Government requirements

Registration requirements

Name of registration requirement

- ▶ Tax registration
- ▶ Government gateway registration
- ▶ Registration at the National Health Insurance Fund of Hungary if the number of employees is less than 100
- ▶ Registration at the Hungarian Central Statistical Office

Governing authority

- ▶ Hungarian National Tax and Customs Office (hereafter "Hungarian Tax Authority")
- ▶ National Health Insurance Fund
- ▶ Hungarian Central Statistical Office

Governing legislature or law

Act CL of 2017 on the Rules of Taxation

Registration procedures

New companies in Hungary have to register themselves to receive a tax number.

It is mandatory for the companies in Hungary to communicate electronically with the state authorities as well as to arrange the pertaining submission and reception of documents (e.g., monthly payroll return) via official platforms for the fulfilment of this obligation, the state provides the economic organizations with the "Company Gate" (in Hungarian: "Cégkapu") service.

The companies may be represented by an authorized person in the course of performing the administration before the Hungarian Tax Authority. To confirm the right of representation, a specific form should be completed with the data of the company and the representatives and submitted to the Hungarian Tax Authority with a permanent authorization attached.

From payroll perspective, the company as an employer must register the new joiners and the leavers at the Hungarian Tax Authority. The form should include the employer's data, employee's data and information about the employment relationship (e.g., working hours).

All forms are available in Hungarian only.

Related registration fee

There are no related authority fees.

Ongoing compliance requirements

Name of compliance and filing requirement

Monthly payroll return containing all employees' income, benefit-in-kind payments and the related liabilities

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Governing authority

Hungarian National Tax and Customs Office

Governing legislature or law

Personal Income Tax, Social Contribution Tax, Vocational Training Contributions and Support for the Development of Training Programs and Social security benefits Acts and rules about the compulsory health insurance benefits

Filing obligations

The employer must prepare and file the monthly payroll return by the 12th day of the following month through the Government Portal.

Frequencies of lodgement and payment arrangement

The employer must withhold the taxes and social security contributions from the employees' gross salaries and transfer these payroll taxes to the designated bank accounts of the Hungarian Tax Authority by the 12th day of the following month.

Details of requirement

The company as employer has to determine and withhold the liabilities.

Tax rates applicable

The following taxes and contributions are deducted from the employees' total income:

- ▶ Personal income tax: 15%
- ▶ Social security contribution: 18.5%

The employer is required to pay the following taxes and contributions based on the employees' gross salaries:

- ▶ Social contribution tax: 15.5%
- ▶ Training fund contribution: 1.5%

Observations

In certain cases, the income can be exempted from Hungarian taxation or social security based on the tax treaties and social security agreements. In this case, the tax base and social security base would differ from the local employee's tax and social security base as it would be prorated.

2. Pension requirements

There is no separate registration requirement for pension purposes in Hungary. The monthly payroll return includes pension contributions which will be forwarded to the National Pension Fund by the Hungarian Tax Authority.

3. Employment obligations

Employment obligations under the Hungarian Labour Law and related ordinances are governed by the National Work Safety and Labour (Issues) Inspectorate.

In accordance with the law, a valid employment should be in place between the employer and the employee.

Details of obligations**Payment**

The gross monthly base salary or gross hourly salary has to be fixed in the employment contract.

Payment of the monthly salary must be completed until the 10th of the month following the month to which it pertains.

If payday falls on a weekly rest day (weekly rest period) or a public holiday, the wages shall be paid at the latest on the last preceding working day.

Upon termination of the employment relationship by notice, the employee must receive the work wages in any case till the fifth working day after the termination of the employment relationship.

Sick leave

Employees are entitled to 15 days of sick leave per calendar year. In respect of employment relationship commencing during the actual calendar year, employees are entitled to sick leave as of the starting date for the days prorated.

Additional and special sick pay shall be applied in connection with long term sickness, any duration of being unfit for work due to accidents at work and occupational diseases as specified by social insurance provisions, and in connection to pregnancy.

Maternity leave

Mothers shall be entitled to 24 weeks of maternity leave. In the absence of an agreement to the contrary, maternity leave shall be allocated to commence four weeks prior to the expected time of birth. The duration of maternity leave, except where entitlement is specifically connected to work, shall be recognized as time spent at work.

Holiday

Workers are entitled to paid annual leave based on the time spent at work, comprising vested vacation time and extra vacation time. The amount of vested vacation time is 20 days, to which extra vacation time is added, depending on the age of the employee. Maximum available vacation time is 30 days.

Vacation time must be allocated by the employer in the year in which it is due.

Employees with children under 16 years of age are entitled to extra vacation time as follows:

- ▶ Two working days for one child
- ▶ Four working days for two children
- ▶ Seven working days for three children

In case the child is with disabilities, extra vacation days must be increased by two working days.

This extra vacation time may be requested by both parents.

Upon the birth of his child, a father shall be entitled to five extra vacation days, or seven days in the case of twins, until the end of the second month from the date of birth, which shall be allocated on the days requested by the father.

Minimum salary

The amount and scope of the mandatory minimum wage and the guaranteed wage minimum shall be determined by the Government each year.

As of February 2021, the minimum wage for unskilled labor is gross HUF167,400 and gross HUF219,000 for skilled labor. Minimum wages may also be affected through collective bargaining agreements.

Overtime

Any employee that works more than 8 hours a day or 40 hours per week is eligible for mandatory overtime pay. Overtime pay is 50% of the base salary on top of the base for every hour worked.



The employee is entitled to 50% wage supplement if required to work on Sundays in regular working time.

Employees required to work on public holidays in regular working time shall be entitled to 100% wage supplement.

Observations

Part-time employees should be treated like full-time employees, irrespective of the hours worked. In the case of part-time work, annual leave shall be reduced proportionately. The benefits will be prorated for part-time permanent contracts.

The duration of a fixed-term employment relationship may not exceed five years, including the duration of an extended relationship and that of another fixed-term employment relationship concluded within six months of the termination of the previous fixed-term employment relationship.

4. Payroll requirements

Name of payroll requirement

- ▶ Payroll calculation
- ▶ Payslip
- ▶ Net salary
- ▶ Payment instruction

- ▶ Tax and contribution list
- ▶ Payroll tax return
- ▶ General Ledger (GL) file if applicable
- ▶ Social security allowance calculation
- ▶ T1041 form

Governing authority

Tax Authority, National Health Insurance Fund National Work Safety and Labour (Issues) Inspectorate

Governing legislature/law

Hungarian Labour Law, Personal income tax, see above under point payroll requirements

Details of payroll requirement

- ▶ Registering and de-registering insured employees
- ▶ Calculating monthly payroll
- ▶ Calculating taxes and contributions payable monthly, providing the company with the exact amounts
- ▶ Preparing monthly payroll return
- ▶ Issuing of income certificate
- ▶ Preparing reports and GL postings for the accounting of the company as an employer



- ▶ Providing financial services (bank transfers): transferring net salaries or social charges (optional), performing payroll consulting on request (payroll planning and calculations)
- ▶ Requesting tax certificates (special order)
- ▶ Paying the income tax advances and the related payroll and social security contribution the employer has deducted by the 12th day of the following month
- ▶ Preparing statistical reports
- ▶ Performing administrative tasks related to benefits-in-kind
- ▶ Conducting administration of health insurance benefits and allowances (sickness benefit, infant care allowance, childcare allowance, etc.)

Observations

In case of payments from the parent entity, separate agreement is necessary, and the relevant liabilities can be settled through the Hungarian payroll. The payments or policies should be reviewed case by case.

5. Banking requirements related to payroll

In accordance with Act I of 2012 on the Labour Code under the Hungarian Labour Authority, salaries must be paid no later than the 10th of each month. The exact date of payment must be set out in the employment contract, and payment should be in local currency.

Payments can be paid in cash or via wire transfer to the employee's bank account. In case of cash payments, the employer and the employee must sign a record confirming that the payment has been paid. The tax and contribution obligations must be paid by the 12th of the following month.

On payday, the employees must be provided a payslip (in an electronic form or hard copy) which contains the employee's gross and net salary with all the taxes and contributions deducted in that month.



1. Government requirements

Registration requirements

Permanent Account Number (PAN)

In accordance with the Income-tax Act, 1961, companies should register for a Permanent Account Number (PAN), which is a corporate income taxpayer's identification number. This is a mandatory requirement and the PAN is issued as part of the incorporation process of a private limited company. It is a unique identity number to be quoted by a company for all income tax filings and communications and a mandatory document for undertaking a variety of transactions in India.

Tax Deduction Account Number (TAN)

In accordance with the Income-tax Act, 1961, companies should register for a Tax Deduction Account Number (TAN), which is a corporate number required to be obtained by all persons responsible for collecting or withholding taxes. A company has to remit taxes under this identity when it withholds taxes from its employees or from its vendors. It is a unique identity number to be quoted by the company for all its withholding tax filings and communications. If a company operates at multiple locations, it has the option to register the TAN in multiple locations; however, a company may also choose to have a single TAN registration

Ongoing compliance requirements

Tax compliance

In accordance with the Income-tax Act, 1961, while making certain payments, the employer is required to withhold taxes and deposit the same into the Indian Government Treasury. The tax on payment of salaries needs to be withheld at the prescribed slab rates at the time of payment/credit to the account of the payee or accrual in specific cases, whichever is earlier.

The Indian tax year is the period beginning on 1 April and ending on 31 March of the following year.

The rates in force for the tax year in which payment is made (slab rates) are subject to amendment every year. The withholding should be made proportionately at the time of every salary payment at the average rate of income tax, computed on the basis of slab rates and estimated income for the employee for that tax year.

The taxes withheld from the income credited or paid from April to February have to be deposited into the Government Treasury within seven days from the end of the month in which such income was credited or paid. Taxes withheld from the income credited or paid in the month of March have to be deposited into the Government Treasury by 30 April.

Effective April 2020, the Government has introduced a new regime of taxation that provides an option to individual taxpayers to pay taxes at reduced slab rates. However, certain exemptions and deductions are not available to the taxpayer under this new concessional tax regime. Individuals can choose the new concessional regime if it is more beneficial to them.

Quarterly withholding tax returns (Form 24Q)

Every company withholding tax from salaries is required to file quarterly returns electronically using the prescribed form (Form 24Q) within the following time periods:

- ▶ Quarter ending June: by 31 July

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- ▶ Quarter ending September: by 31 October
- ▶ Quarter ending December: by 31 January
- ▶ Quarter ending March: by 31 May

The above dates are subject to change as prescribed by the Central Board of Direct Taxes.

Issuance of withholding tax certificate (Form 16)

Every company withholding tax from payments is required to issue a certificate to the payee, certifying the amount of taxes withheld and deposited into the Government Treasury. These certificates are required to be downloaded by the company from the Government Tax Office website (called TRACES) and should be issued to the employees after verification and signatures. This has to be issued by 15 June every year for the previous financial year (last date is subject to change by way of notification from the Central Board of Direct Taxes).

2. Social security and pension requirements

Registration requirements

Provident fund registration and pension registration.

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, this is a registration which covers the provident fund and pension schemes that are social security cum retiral benefits for employees. This registration is mandatory if the company has 20 or more employees (including contract staff). There are different rules for contributions relating to domestic and international workers and the pension scheme also works differently for each of these categories. This registration may be a centralized registration or may be obtained on the basis of branch locations.

Whenever an employee joins a company, a declaration needs to be obtained from the employee using Form 11 to analyze the applicability of pension based on the fact pattern of the employees' employment history.

The provident fund and pension requirements are continually undergoing significant change and further guidance should be sought for the latest position.

Ongoing compliance requirements

Provident and pension funds

The provident fund payments (both employee and employer) need to be contributed at 12% of base wages as defined in the Provident Fund Act. This needs to be deposited into the fund by the 15th of every month for the

previous month. The employer's contribution is distributed between provident fund and pension fund and withdrawal of this fund is based on certain criteria. The allocation to pension fund is decided based on the employee's declaration in Form 11 and the employee's base wages.

The company will need to generate an Electronic Challan cum Return (ECR) online and subsequently, deposit the contributions into the provident fund account of the employee before the 15th of the subsequent month.

Form IW-1

A statement is required to be filed with details of international workers (IW). A nil statement is required to be mandatorily filed even if there are no IW joiners in the month.

IW is defined as:

- ▶ Indian employee working in a foreign country with which India has entered into a social security agreement and being eligible to obtain the benefits under the social security program of that country under the social security agreement, or
- ▶ Non-Indian employee (who is not holding an India passport), working for an establishment in India to which the Employees' Provident Funds and Miscellaneous Provisions Act applies (excluding those who have obtained a Certificate of Coverage from the social security authorities of their home country with which India has a social security agreement or those who are contributing to a social security program of their home country with whom India has a bilateral comprehensive economic agreement containing a clause on social security prior to 1 Oct 2008)

3. Employment obligations

Employee State Insurance Registration (ESI)

This is a State-specific mandatory health insurance registration for companies with 10 employees or more (including contract staff, if any). Registration sometimes depends on the jurisdiction of the place of work.

If the employee head count is high, the company may attempt to obtain a centralized registration. In case the location does not have a designated Government hospital, the company may be exempted from participating in this contribution at the discretion of the ESI officer.

The contributions are mandatory for employees drawing a salary below a certain threshold limit, as notified by the authorities. The company has to file "nil" returns if no employees fall under this threshold salary limit. The covered employees are issued a card, which covers hospitalization.

The ESI remittance and the returns are due on or before the 15th of the following month.

Profession Tax (PT) registration

This is a State-specific registration and is driven by the law in a particular State for carrying on a profession in that State. Depending on the employee's work location, the company needs to identify whether there is a requirement to register in that place. If there is a requirement (as per the local State laws), the company needs to file the application with the respective State and complete the registration.

Once registered, based on the profession tax rates in the specific State, the company needs to deduct the profession tax and the remittances are done on a monthly basis to the PT office. In some states, it is done on a half-yearly basis.

Below are remittance and filing details for some of the key States (cities):

- ▶ Karnataka (Bangalore): 20th of the following month
- ▶ Andhra Pradesh or Telangana (Hyderabad): 10th of the following month
- ▶ Maharashtra (Mumbai or Pune): end of the following month
- ▶ West Bengal (Kolkata): 15th of the following month
- ▶ Tamil Nadu (Chennai): half-yearly – 30 September and 31 March
- ▶ Delhi: not applicable

Shops and Establishment Act and Labour Welfare Fund

These are labor-related registrations; they are not mandatory in all States and have different filing deadlines in each State. This will depend on the employee's work location. Companies may need to register their premises under the Shops and Establishment Act before starting operations in a State.

If the Labour Welfare Fund is applicable, companies and their employees may need to contribute a nominal amount to the Labour Welfare Fund based on the State specific rules.

Below are remittance and filing details for some of the key States (cities):

- ▶ Karnataka (Bangalore): 15 January of the following year
- ▶ Andhra Pradesh or Telangana (Hyderabad): 31 January of the following year
- ▶ Maharashtra (Mumbai or Pune): 15 July and 15 January
- ▶ West Bengal (Kolkata): 15 July and 15 January
- ▶ Tamil Nadu (Chennai): 31 January of the following year
- ▶ Delhi: 15 July and 15 January

There are many other labor related laws like The Maternity Benefit Act, 1961, The Employee Compensation Act, 1923, The Payment Of Bonus Act, 1965, The Equal Remuneration Act, 1976, The Payment Of Gratuity Act, 1972, The Minimum Wages Act, 1948, The Payment Of Wages Act, 1936 etc., under which companies will need to

register and comply. However, these labor laws are in the process of being replaced with the New Labour Codes.

New Labour Codes

The Central Government of India is in the process of implementing 4 labor codes in India which will replace/subsume several current central labor laws. These Codes are: The Code on Wages, 2019, Code on Social Security, 2020, the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020. These codes will come into force when the associated rules are notified by the Central Government. This is still pending.

4. Payroll requirements

A company needs to determine a compensation structure for its employees based on their roles, responsibilities and levels in the organization.

The salary is derived from this compensation structure and has to be paid to the employee after making statutory deductions like income tax, provident fund or pension, and State-specific taxes (Profession Tax, Labour Welfare Fund and Employee State Insurance). Usually, the payment frequency is once a month and the salary payout is pro-rated in case the employee joins during a month or leaves during a month. A monthly payslip is issued to the employees after salary is credited to their bank accounts. Most companies also provide an annualized tax calculation sheet at the end of each month. Taxes are calculated based on annualized projected income as estimated by the company for the tax year (April to March).

5. Banking requirements related to payroll

Payment is in Indian rupee for all local employees. Any payments to expatriates outside India in any other foreign currency have to follow the requirements of the Foreign Exchange Management Act, 1999 including a requirement to submit several documents to the bank along with certifications, which include the details and nature of payment and the withholding tax details in the income tax website, verified by an independent chartered accountant and attested by the company as well.

Payments are generally transferred via the corporate bank and can be paid via National Electronic Funds Transfer (NEFT) to any of the employee's bank accounts in any bank in India. The banking regulations are governed by the main central bank in India – The Reserve Bank of India.

Indonesia



1. Government requirements

Registration requirements

Tax registration and payroll tax withholding: Companies with employees will have payroll tax withholding obligation on the taxable remuneration provided to the employee. For the remittance and the reporting of the tax withheld, the company would need to have a tax identification (ID) number. Obtaining this tax ID number is one of the requirements for setting up a company. There is no specific tax ID number for payroll tax withholding purposes only.

Company registration for social security: Any company which employs people is required to enroll employees in Indonesia's social security program called BPJS. To be able to enroll the employee, the company must register first with the Badan Penyelenggara Jaminan Sosial (BPJS). There are two BPJS, i.e., BPJS Kesehatan (BPJS-Health Care) and BPJS Ketenagakerjaan (BPJS-Worker). The company must register with these two BPJS offices. Certain forms need to be completed and signed by the company's officer for the registration. The documents that need to be attached to the registration form are the company's notarial deed, company's tax ID card, statement of company's domicile.

Ongoing compliance requirements

Monthly payroll tax (Income Tax Article 21 withholding): A company, as employer, has payroll tax obligation on monthly basis. The company is required by law to calculate the tax payable on taxable remuneration provided to its employees and other taxable individuals, withhold the tax payable, remit the tax withheld to the State Treasury and then report the tax withheld on the monthly payroll tax return to the tax office. The form of tax return is Form 1721. The remittance is due by the 10th of the following month and the filing is due by the 20th. The tax rates for tax resident is at progressive rates of 5% - 30% and for nonresident is a flat rate of 20%. There is no different tax treatment for local national and expatriate employees. The key is whether the individual is considered as resident or nonresident. There is no annual payroll tax reporting. The December monthly reporting served as annual calculation as the reporting would include the total income during the respective calendar year.

Social security (BPJS obligation): After the company has registered and enrolled its employees in the BPJS program, the company would need to remit and report the total contribution (of employer and employee contributions), to the nominated bank for BPJS contribution payment purposes. The payment of BPJS health care is due by the 10th of the month, the payment of BPJS-Worker is due by the 15th of the following month.

2. Pension requirements

Registration requirements

There is no separate pension registration required. The BPJS-Worker program covers the pension program. Nonetheless, there are companies which also set up other pension programs for their employees, in addition to the mandatory BPJS-Worker program.

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Ongoing compliance requirements

Indonesia social security

The social security program in Indonesia is called BPJS. On the basis of the current regulation, it is mandatory for expatriate employees to participate in this program if they work in Indonesia for more than six months.

There are two types: health care or "BPJS Kesehatan" and Worker social security or "BPJS Ketenagakerjaan." The regulation states that BPJS contributions are made and calculated based on certain percentage of the employee's wages. Currently the employee's wages is interpreted as "regular income i.e., salary payments and other fixed monthly allowances" so that irregular income such as bonus or stock option income are not commonly included as the basis for BPJS contribution.

The following table illustrates the percentage of contribution amount.

Program	Contribution amount (%)			
	Employer		Employee	
Social worker benefits (BPJS Ketenagakerjaan)				
Occupational Accident Benefit (JKK)	0.24 to 1.74	(depending on type of industry of the company)	–	
Death Benefits (JKM)	0.3		–	
Old-Age Pension (JHT)	3.7		2.0	
Pension Contribution (JP) (expatriates not mandatory for this program)	2.0	Up to a maximum of IDR175,092 per month	1.0	Up to a maximum of IDR87,546 per month
Health care benefits (BPJS Kesehatan)				
From January 2020 onward	4.0	Up to a maximum of IDR480,000 per month	1.0	Up to a maximum of IDR120,000 per month

3. Employment obligations

There is no mandatory employee insurance program other than the BPJS health care and BPJS worker as mentioned above.

Leave days: An employee under the manpower regulation is entitled to annual leave, minimum 12 working days per year, after the employee continuously worked with the company for 12 months.

Rest hour: The company must give rest hours, a minimum of half hour after working for four hours. The rest time is not considered work hour. The working hours is maximum 40 hours per week (7 hours per day if there are 6 working

days per week or 8 hours per day if there are 5 working days per week).

Minimum wages: There is a minimum wage requirement which varies on the basis of the local government regulations.

Differential treatment for permanent staff/contracted staff: Contract employment is only allowed for certain type of work for maximum period of three years. There is no probation period for contract employee. If the contract is terminated before the contract period ends, the employer must pay compensation up to the end of the contract.

4. Payroll requirements

Payroll requirement: There is no specific regulation related to the payment frequency. It would depend on the company policy or as per employment contract.

Payslip: There is no requirement for the company to issue payslip to each employee. However, it is a general and good practice that the company issue payslip, or make it available whenever the employee requests for such slip.

Payment from parent company: It is possible for payroll to remain with the parent company, but it should be properly arranged and certain document should be in place to avoid unnecessary tax exposure.

5. Banking requirements related to payroll

Payment in Indonesian rupiah (IDR): Salary payment made by the company to its employees, including to expatriate employees must be in IDR.

Foreign currency: Foreign exchange from IDR to USD is maximum USD25,000/month/customer if there is no underlying transactions. However, if there is underlying transaction such as repayment of loan, paying school or medical fee outside Indonesia, such limitation does not apply.

Iran



1. Government requirements

Registration requirements

Individual income tax

Taxable persons

Iranian legislation does not contain a concept of tax residence in relation to individuals. Tax is imposed on all payments in cash and in kind, which are received by individuals from sources in Iran for employment exercised within the territory of Iran.

Taxable individuals comprise of the following:

- ▶ All owners of personal and real property located in Iran
- ▶ Every Iranian individual resident in Iran, on all income earned in Iran or abroad
- ▶ Every Iranian individual residing abroad, on all income earned in Iran
- ▶ Every non-Iranian person, with regards to income earned in Iran, as well as in respect of the income derived from Iranian sources for the grant of a license or other rights, for the provision of training and technical assistance, or from the screening rights of motion pictures

Employment income

Both Iranian and expatriate personnel (with a work permit) working in Iran are subject to tax on their employment income. Local employees are taxed on their income and allowances declared on the local payroll of the company.

Expatriate employees are also taxed on the total salary and respective allowances for working on their assignments in Iran. Employers of expatriate personnel are required to submit the original employment agreement of each employee to the Tax Office after having it authenticated by the authorities in the country of domicile of the employee and certified by the nearest Iranian consular office. However, some foreign companies elect for their expatriate employees to be taxed at the deemed salary rates published by the Tax Office. These rates depend on the rank and the country of citizenship of the individual.

All salaries, wages and allowances paid to individuals, subject to certain exemptions listed below, are subject to Personal Income Tax (PIT). The tax applies to salaries and wages paid in cash or in kind.

No expenses are specifically listed as deductible in arriving at income subject to the tax on salaries. The Iranian Direct Tax Act (DTA) does, however, provide for the general deductibility of two categories of expenditure in arriving at the taxable income of individual taxpayers. These are:

- ▶ Expenses incurred during the tax year on medical treatment of the taxpayer, spouse, children, parents, brothers and sisters
- ▶ Life insurance premiums paid to Iranian insurance institutions

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For the taxation year ending on 20 March 2022, a yearly salary income of IRR480 million (or monthly salary income of IRR40 million) for both public and private sector employees is exempt from salary tax. Earnings exceeding the above amount are taxed at progressive rates, as follows:

Annual calculation			Monthly calculation		
Gross salary (IRR)	Rate	Tax (IRR)	Gross salary (IRR)	Rate	Tax (IRR)
360,000,000	-	-	30,000,000	-	-
540,000,000	10%	54,000,000	45,000,000	10%	4,500,000
900,000,000	10%	54,000,000	75,000,000		4,500,000
360,000,000	15%	54,000,000	30,000,000	15%	4,500,000
1,260,000,000		108,000,000	105,000,000		9,000,000
540,000,000	20%	108,000,000	45,000,000	20%	9,000,000
1,800,000,000		216,000,000	150,000,000		18,000,000
660,000,000	25%	165,000,000	55,000,000	25%	13,750,000
2,310,000,000		363,000,000	192,500,000		30,250,000

For annual salaries above IRR3,840,000,000 or monthly salaries above IRR320,000,000, the excess over such amounts will be taxed at 35%.

Exempt income

The following types of income are exempt from tax on salaries:

- ▶ Retirement pension, severance pay/termination benefits, dismissal compensation, pensions and annuities paid to the heirs, service life bonuses, payments for unused vacation days
- ▶ Travelling expense reimbursements and travelling allowances paid in connection with one's job
- ▶ Accommodation provided on the factory's site for the benefit of workers and low-cost housing provided by the employer outside the factory
- ▶ Amounts received under an insurance policy on account of compensation for physical injury or medical treatment and the like
- ▶ New Year bonuses or year-end allowances aggregating one twelfth of the amount of the tax exemption mentioned in Article 84 of the DTA
- ▶ Employer-provided housing put at the disposal of civil servants by virtue of a legal permission or according to special regulations
- ▶ Amounts paid by an employer for the medical treatment of its employees or their dependents, directly or through the employee to the physician or hospital attending the employee, as substantiated by supporting receipts and documents
- ▶ Non-cash benefits paid to employees, not exceeding one sixth of the amount of tax exemption mentioned in Article 84 of the DTA
- ▶ Fifty percent of the employment income of employees working in less developed regions
- ▶ Salaries from a foreign source paid to various government, diplomatic or consular personnel who are not citizens of Iran, subject to reciprocity
- ▶ Salaries of foreign experts posted to Iran by a foreign government or institution under technological, economic, scientific or cultural grants in aid, in respect of the salary they receive from their respective governments or from said international institutions

2. Social security and pension requirements

Registration requirements

Payroll social security contributions

All employees working in Iran should be covered by the employer under the contributory social security scheme of Iran. The social security charge is levied on a maximum ceiling, which is presently IRR6,196,155 per day effective from 1 Farvardin 1400 (21 March 2021) per day for the Iranian fiscal year ending 20 March 2022. In preparing monthly payrolls, the number of days of the month (per the Iranian calendar) must be considered for the calculation of social security premium. The monthly ceilings are IRR192,080,805 for 31-day Iranian calendar months (months 1 to 6), IRR185,884,650 for 30-day Iranian calendar months (months 7 to 11), and IRR179,688,495 for the last Iranian calendar month which has 29 days. The employee's contribution is 7%, and the employer's share is 23% for Iranian employees and 20% for expatriate employees.

Iran has a Pay-As-You-Earn (PAYE) system for the payment of payroll social security contributions. Employers should file a monthly payroll list with the Social Security Organization (SSO). Applicable social security contributions (both employee's and employer's shares) should be paid to the SSO with the monthly payroll list.

There are fines (for the employer) for not paying or late payment of social security contributions, and for not filing payroll lists. Employers must choose Iranian calendar months for salary social security filing and payment purposes.

The deadline for paying social security contributions and filing the payroll list with the SSO is the end of the Iranian month following the month in which salaries are paid, or salary expense is booked. Iranian months end on the 19th, 20th, 21st, or 22nd of Gregorian months.

Expatriate personnel might be exempted from the Iranian social security charge if they can prove to the SSO that they are insured under a similar scheme in their country

of domicile. In order for a foreign employee to be exempt from Iranian social security, the employee must provide a certificate from his or her home country which states that he or she is covered under a similar scheme with the same coverage as required by the Iranian Social Security Law. The certificate must also be endorsed by the relevant Iranian Consular Office. The coverage must include accidents, sickness, pregnancy, wage compensation, disability, retirement, and death.

In general, the SSO is quite strict in granting exemptions, and, in any case, if exemption is granted, a compulsory accident insurance (premium is 3% of salary and fringe benefits - no ceiling - and is deductible from the employee's pay) must be paid instead.

Two-sevenths of the employee's share of the social security contribution is deductible from the taxable income of the employee.

Tax returns and compliance

Iran has a PAYE system for the payment of salary tax. Employers should file a monthly payroll list with the Tax Office. Employers can choose either Iranian or Gregorian calendar months for salary payment. However, for salary tax payment and filing, Iranian calendar months must be used. As such, it is recommended that Iranian calendar months be used for salary payment as well. Applicable salary tax should be paid to the Tax Office with the monthly payroll list. There is no requirement to file individual tax returns in Iran with respect to the employment income.

Pension requirements

Per local Social Security law, the following individuals can benefit from pension:

- ▶ A man to have reached the age of 60, and a woman to have reached 55 years of age having paid at least SSO premium for 10 years prior to requesting requirement.

Note 1: Any individual who has worked full-time for 30 years and has paid the SSO premium for the term in question, can apply for a retirement pension (if the man is 50 years old and the woman is 45 years old).

Note 2: Insured individuals with 35 years of work and full SSO premium pay history can apply for retirement claim regardless of their age.

Note 3: Female workers can retire with 20 days of salary on a condition that they have 20 years of work experience and 42 years of age and have paid their SSO premiums fully.

3. Employment obligations

Employment contract

Employment contracts are required to be in writing, with two copies maintained in Farsi. The employer and employee each keep one copy of the employment contract, which must include certain information as specified in the Labor Law.

Working hours

As per the Labor Law, employees should not work more than 44 hours over a six-day (eight hours on five days, and four hours on the sixth day) working week. It is common practice that private sector employees work five days a week, usually Saturday to Wednesday.

Annual leave

According to the Labor Law, each employee is entitled to receive 30 vacation days which includes four Fridays (but excludes other holidays). If a company has two weekend days (for example, foreign companies and embassies usually have Friday and Saturday as their weekend), the employee shall be entitled to receive 22 vacation days which are working days. The employee therefore accrues vacation days starting from the first day of employment at the rate of 1.83 days per month. Furthermore, according to the Labor Law, an employee can carry over maximum nine days of leave from one year to the next; however, this is cumulative. That is, if an employee has worked 10 years for a company and is in his or her 11th year of employment, the employee could potentially have carried over 90 days of leave. If this employee has more than 90 days, say, 120 days, unused leave and is being terminated, the company may compensate the employee for the 120 days. However, according to the Law, the company has to compensate the employee for 90 days unused leave only.

Public holidays

Every employee is entitled to full pay for official holidays designated by the government. If employees are required to work during official holidays, they are entitled to overtime (paid at 1.4 times their normal rate). The weekly days off and the official holidays shall not be counted as part of the annual leave.

Sick leave

Each employee is entitled to three sick leave days per month. That is, the employer is only obliged to pay for three days of sick leave per month to an employee. Therefore, if an employee is sick for up to three days in a payroll month, he or she will receive the full month's salary for that month. It is at the employer's discretion to require that the employee present a doctor's letter.

If an employee is sick more than three days in a payroll month, the situation becomes different. It is best to use an example here. Let us assume that an employee, whose monthly gross salary (base salary and all benefits) is IRR15,000,000, is sick for 10 days in a 30-day payroll month. In such a case, the employer only pays 20 days salary to the employee.

The employee's gross salary for the month becomes $15,000,000 \times 20/30 = \text{IRR}10,000,000$. Salary tax and social security premium for the employee will be calculated based on gross salary of IRR10,000,000.

The employee can then refer to the relevant SSO office after the payroll list for that month is filed with the SSO. The employee must go to the SSO office and present the doctor's letter that indicates the number of days (i.e., 10 days) the employee was sick. The SSO has its own formula for calculating how much to pay to the employee (there are certain deductions including the social security premium). The employee will not receive the full 10 days' salary; the amount is less (approximately 2/3 of the full amount). However, what the employee receives is not subject to tax. The employee's employment record with respect to social security will remain intact.

The social security law is silent with respect to how many days sick leave the SSO shall pay an employee. Usually up to one month does not require any investigation by the SSO. However, if the employee remains sick and is not able to go to work for a longer period, a special committee within the SSO reviews the case and, based on evidence submitted, decides whether it will continue to pay the employee or not.

Performing pilgrimage

Every worker shall have the right to benefit from one month of privilege vacation or vacation without pay for performing the obligatory Hajj pilgrimage only once during the entire period of his or her work.

Maternity leave and paternity leave

Currently, the period of maternity leave for which the Social Security Office (SSO) pays the employee is six months. Maternity leave can start as early as three months before the date the baby is due. For the past couple of years, there have been discussions to increase maternity leave to nine months and also provide 15 days paternity leave for expecting fathers, to be covered by the SSO as well. However, the relevant directive has not been issued yet. Therefore, for now, it can be assumed that the period of maternity leave is six months and there is three days of paternity leave.

There are no such things as “paid” or “unpaid” leave for maternity. The employer does not pay anything to the employee during her maternity leave; the SSO does. As soon as the pregnant employee presents a letter from the doctor to her employer, mentioning the employee must go on leave, the employer shall take her out of the payroll. After six months, when she is back from her leave, she must take all the documents that the SSO requires to the relevant SSO office and receive her salary for that period. At the same time, she may resume work and be on the employer’s payroll.

The amount she shall receive from the SSO is approximately two-thirds of her normal monthly salary (up to the SSO ceiling) and shall not be taxable. The employee may agree on a special arrangement with the SSO to receive a monthly amount on-account. At the end of six months, the on-account amounts shall be deducted from what the SSO is going to pay her.

Mission or assignment allowance

According to the Iranian Labor law, any worker who by contract or subsequent agreement is assigned to a mission away from the workplace shall be entitled to an assignment allowance. This allowance shall not be less than the fixed daily wage or basic wage of the worker. Furthermore, the employer shall be required to provide transport or to cover travel costs. This arrangement shall apply when the worker must travel 50 kilometers or more from his or her principal workplace in order to discharge his or her duties, or where the employee must spend at least one night at the place of assignment. Even when an employee travels outside the 50-kilometre radius of his or her place of work for not the full day, the employee is entitled to receive a full day mission pay for that day. Mission pay is exempt from salary tax.

Allowances and fringe benefits

The following allowances and fringe benefits must be provided by employers to employees in the Iranian year 1400 (Iranian calendar year commencing on 21 March 2021 and ending on 20 March 2022):

- ▶ A monthly housing allowance of IRR3,000,000 is payable to every employee.
- ▶ Monthly child allowance payable to any employee with children is IRR2,655,495 per child per month.
- ▶ Monthly employer’s contribution for the purchase of employees’ subsidized vouchers of essential consumable goods: IRR6,000,000
- ▶ At the end of each Iranian calendar year, each employee is entitled to receive an end-of-the-year bonus, the amount being the lower of two months (60 days) salary or 90 days minimum daily wage (currently IRR885,165, prorated for the number of days worked in that Iranian calendar year.

The above allowances should be added to the employee’s base salary and are subject to salary tax.

Annual increment

Employees are entitled to an annual salary increase the percentage of which is announced by the government on an annual basis. The minimum mandatory annual increase in the Iranian year 1400 (effective 21 March 2021) was 26% plus a flat IRR82,785 per day provided that the daily wage does not fall below the minimum daily wage of IRR885,165. In addition a daily annuity of IRR46,667 is also payable to those workers who have worked one year (i.e., for the whole of Iranian year 1399) for their current employer.

Overtime pay

The overtime premiums for normal pay overtime worked during daylight, as well as weekends and holidays is 40% of basic salary.

Bonuses

The only mandatory bonus in Iran is the New Year's (Norooz) bonus. According to the directive issued by the Ministry of Labor and Social Affairs, Norooz bonus is payable on the basis of 60 days (two months) of last salary, provided that the amounts paid in this respect do not exceed 90 days minimum wage. Accordingly, the maximum compulsory amount of Norooz bonus for Iranian year 1400 (ending 20 March 2022) is IRR79,644,850 and the minimum compulsory amount is IRR53,109,900. For employees with less than one full year of employment, the above limits will be observed pro rata.

Although employers can voluntarily pay bonuses in excess of the above limits, it should be noted that since Norooz bonus is legally exempt from payroll social security, amount paid in excess of the limits may be subject to payroll social security by the Social Security Organization.

New Year bonuses or year-end allowances aggregating one twelfth of the amount of the tax exemption mentioned in Article 84 of the DTA are exempt from tax.

Minimum wage

The minimum wage in year 1400 is IRR885,165.

Termination of employment

The employment agreement may be terminated in any of the following cases:

- a) Death of worker
- b) Retirement of worker
- c) Total disability of worker
- d) Expiry of duration of definite employment agreements and their non-renewal explicitly or implicitly
- e) Completion of work in the contracts for specific task.
- f) Resignation of worker

Note 1: Any worker tendering his or her resignation shall be obligated to remain on the job for one month, and to initially notify the employer of the resignation in writing. Should a worker notify the employer of his or her intention to withdraw his or her earlier resignation in writing within a period of 15 days, such resignation shall deemed to be void, and the worker shall be required to submit copies of the resignation letter and the subsequent letter withdrawing his or her earlier decision to the Islamic Council of the workshop or the guild Society or the workers' representative.

Upon completion of work, all claims arising out of the employment agreement and the period of employment in the above cases shall be paid to the worker, and in the event of his or her death, to his or her legal heirs.

Note 2: So long as the heirs are not legally known and administrative procedures, have not been carried out, the Social Security Organization (SSO), shall be under the obligation to pay on account, the salary of the deceased to his or her dependent family members for a period of three months at the rate of the last salary.

In terms of receipt of salary or pension arising out of death, sickness, retirement, unemployment, suspension, total or partial disability or protective regulations and conditions relating to them, workers shall be covered by the SSO.

In the event of termination of the agreement, completion of definite works or expiry of definite agreements, the employer shall be required to pay to a worker who has worked on the job for one year or in excess of it under an agreement, an amount equivalent to one-month salary for each year of continuous or alternate service at the rate of the last salary as severance benefits.

In cases where an employment agreement has been concluded for a definite period or for performance of a specific work, neither party may cancel it unilaterally.

Note 3: Disputes arising out of such employments shall be decided by the fact-finding board and dispute settlement board.

Probation period

The parties may, through mutual agreement, determine a period as probation period. In the course of this period, either party shall have the right to terminate the agreement without prior notice and without any obligation to indemnify damages. Should the work relationship be terminated by the employer, the employer would be under the obligation to pay the salary for the whole probation period. If such a move is taken by the worker, he or she shall be entitled to collect salary only for the period of performance of work.

Note: The duration of the "Probation Period" must be stated in the employment agreement. This period shall not exceed one month in case of unskilled and semi-skilled workers, and three months in case of skilled workers possessing high level specialization.

End of service benefit

The Labor Law says that when an employee retires, resigns, or is let go, the company must pay at least one-month latest salary for every year the employee has been employed by the company as severance pay. For a partial year, the severance pay is prorated. The Labor Law does not put any cap on what can be paid as severance pay.

Severance pay is exempt from salary tax. However, the Tax Law is silent on the maximum amount of severance pay that is exempt from salary tax. As such, different tax inspectors deal with the taxation of severance pay subjectively, and thus, differently.

4. Payroll requirements

Generally, there are no specific regulations with regards to payroll in Iran. However, the minimum requirements as per the Iranian Labor Law as well as Social Security Law need to be adhered to. This means that salary/wages must be paid at least monthly, unless otherwise agreed as per the employment contract (in case daily or hourly arrangements are stipulated) and every employee needs to be covered under the contributory social security scheme (refer to Section 2 for further details).

5. Banking requirements related to payroll

Generally, there are no specific regulations with regards to payroll and banking in Iran. However, the following need to be adhered to:

- ▶ Payments for salary/wages needs to be made to a designated bank account of the respective employee.
- ▶ As part of the monthly payroll process, bank letters are drafted outlining the amount of salary/wages, the name(s) of the respective employee(s) and the designated bank account(s). Based on the same, the bank of the employer is instructed to transfer the respective payments to the designated bank account(s).
- ▶ Due to current banking restrictions in light of sanctions against Iran, overseas payments are currently not feasible/difficult to facilitate. Hence, for the payment of salary and wages, Iranian banking systems are used.



1. Government requirements

Registration requirements

In order to legally carry out work in Iraq, it is a requirement under Iraq's companies' law that a company must be registered with the Iraqi Ministry of Trade. Depending on the proposed activities, additional or alternative registrations may be required, e.g., with the Iraqi Central Bank or with the Communications and Media Commission. The two most common forms of registration vehicles for companies intending to carry out commercial activities in Iraq are:

Limited liability company

A limited liability company in Iraq can conduct a wide range of activities and is generally not limited to the activities it was initially established to undertake. In addition, until recently, foreign investors were permitted to hold 100% of the shares of an LLC. On 9 September 2019, the Iraqi Federal Government released amendments to its Companies Law that introduced a 51% Iraqi ownership requirement for LLCs.

A limited liability company in Iraq is independent of any other affiliated entity registered within Iraq or outside Iraq and has its own identity for tax and legal purposes.

Registration can take up to a whole year to complete as it is a highly cumbersome legal process.

Branch office

A branch office in Iraq may be set up to conduct a specific set of objectives and is granted a license to conduct commercial activities if it meets certain conditions.

A branch office in Iraq does not have a separate legal existence. It is an extension of its head office company and carries out business under its name.

Registration takes four to eight weeks if all required documents are readily available in the required state of notarization, legalization and authentication.

Tax registration

All companies registered in Iraq are required to register with the General Commission for Taxes for tax filing, reporting and payment purposes. Upon successful registration, the company will obtain a single Tax Identification Number (TIN) for all types of taxes administered by the General Commission for Taxes, including corporate income tax and employee income tax.

Ongoing compliance requirements

Employee income tax

Iraqi nationals and foreigners working in Iraq are subject to tax on their income derived from Iraq. In addition, Iraqi nationals are subject to tax on income earned from all sources (Iraqi and foreign-sourced income). The General Commission for Taxes does not currently require each employee to be registered with the tax authority or to have a unique TIN for employee income tax filing and payment purposes.

Note: This chapter does not address the Kurdistan Region (KRI) which has its own practice and laws that may differ from Federal Iraq.

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Under Iraq's Income Tax Law No. 113 of 1982 (as amended), the employer is the party responsible for deducting the employee income tax from its employees' salaries and wages, filing the periodic returns, and remitting the deductions to the General Commission for Taxes.

The periodic returns include the monthly withholding declaration, the annual employee income tax return (form D/4A), and the annual summary schedule.

The employee income tax is levied according to the following scale:

D/4A form		
From IQD	To IQD	Rate %
0	250,000	3
250,001	500,000	5
500,001	1,000,000	10
1,000,001	No upper limit	15

The payment of the employee income tax liability has to be made in Iraqi dinars via wire transfer or a certified check issued to the benefit of the Direct Deductions Department or the Large Taxpayers Department at the General Commission for Taxes (depending on the classification of the taxpayer) as per the current method of payment acceptable to the Iraqi governmental authorities.

The filing and payment of the monthly employee income tax liability is due by the 15th day of the month which follows the month of the deduction.

The annual employee income tax return (D/4A form) for each employee, along with the annual employee summary sheet, should be filed with the GCT by 31st March of each year.

2. Pension requirements

Registration requirements

Social security

All companies registered in Iraq are required to register their employees (Iraqis and non-Iraqis) with the Department of Retirement and Social Security for social security filing, reporting and payment purposes. Upon successful registration, each employee of the company will be issued a social security number. A key requirement in order to be able to register employees for social security purposes is

for the company's employment to be made up of at least 50% Iraqi nationals. The company should also ensure that its non-Iraqi employees have valid work permits.

Ongoing compliance requirements

Social security

According to Social Security Law No. 39 of 1971 (as amended), employees (Iraqis and non-Iraqis) should pay into social security. The general rates of social security are 12% for employers and 5% for employees. For oil and gas companies, the rates for social security contributions are 25% for employers and 5% for employees. An exemption from Iraqi social security may be available to non-Iraqis working in Iraq, after obtaining the authorities' approval.

It is the responsibility of the employer to withhold the social security contributions from the employees' income for each month of the fiscal year and file a monthly contributions form to the social security authority. An annual social security filing must also be made by the employer.

The payment of social security has to be made in Iraqi dinars via wire transfer or a certified check issued to the benefit of the Department of Retirement and Social Security, as per the current method of payment acceptable to the Iraqi governmental authorities.

The monthly social security contributions and filings are due by the 30th day of the month which follows the month of the deduction. Whereas the annual social security forms are due before the end of February of each year.

3. Employment obligations

Iraq's labor regulations are governed by the Labour Law No. 37 of 2015 (the "Labour Law"). The provisions of this law apply to all workers (Iraqis and non-Iraqis) employed in the private sector.

The contract of employment largely determines the terms and conditions of employment. When drafting an employment contract, an employer must comply with the requirements set out in the Labour Law, guaranteeing certain employee rights and benefits. The Labour Law includes a number of requirements to which an employer must adhere when dealing with employees. Some of these requirements include:

- ▶ Arabic must be used in all employment relationships, including contracts and other related documents.
- ▶ An employer must ensure sufficient health and safety measures are in place.

Note: This chapter does not address the Kurdistan Region (KRI) which has its own practice and laws that may differ from Federal Iraq.

Annual leave

Employees are entitled to annual leave after a period of one full year of employment. The annual holiday is 21 days per year and is increased by 2 days for every 5 years of employment with the same employer up to 10 years, and 3 days for every 5 years after the first 10 years of service with the same employer. According to Article 79 of the Labor Law, any agreement to waive or abandon the annual holiday, in whole or in part, for compensation or other advantage, is null and void.

Sick leave

Sick leave is 30 days per year based on a valid medical report.

Maternity leave

Maternity leave is 14 weeks.

Marriage leave

Marriage leave is five weeks.

Bereavement leave

Bereavement leave is five days.

Pilgrimage leave

Employees are entitled to an unpaid pilgrimage leave once during the period of their service.

Unpaid leave

When necessary, the employer may grant the employee, upon request, unpaid leave.

4. Payroll requirements

According to the Labour Law, an employer is required to maintain a wage and overtime register that includes all details of its employees' wages, wage deductions, and net wages paid. The wage register is subject to verification and inspection by an Iraqi Ministry of Labour inspector.

5. Banking requirements related to payroll

All companies in Iraq are required to open a bank account with a bank authorized in Iraq in order to make their payments due to the government authorities. Wages are to be paid in Iraqi dinars, unless otherwise stated in the employment contract. Wages may be paid by checks, bank transfers or payment orders.

Payment of the employee income tax liability and social security contribution has to be made in Iraqi dinars via wire transfer or a certified check issued to the benefit of the relevant government authority, as per the current method of payment acceptable to the Iraqi governmental authorities.

Note: This chapter does not address the Kurdistan Region (KRI) which has its own practice and laws that may differ from Federal Iraq.

Ireland



1. Government requirements

Registration requirements

Employer registration with the Irish Revenue Commissioners

Any employer who makes payments exceeding EUR8 per week for a full-time employee, or EUR2 per week for an employee with other employment, must register for Pay-As-You-Earn (PAYE) purposes with the Irish Revenue Commissioners. An employer is also required to notify Revenue of their name and address and of the fact that they are making such payments within a period of nine days after the date of commencement of payment to employees. A company must register as an employer and operate PAYE on the income of directors even if there are no other employees. If you are a director of an Irish incorporated company, you must pay tax (PAYE) on your income as a director. This is the case regardless of residency status of where the work duties are performed. You do not need to register as an employer if you have a domestic employee and you:

- ▶ Pay them less than EUR40 per week
- ▶ Have only one such employee

To register for PAYE or Pay Related Social Insurance (PRSI) the paper-based methods are as follows:

- ▶ Form TR1 must be completed for an individual, sole trader, or partnership
- ▶ Form TR1 (FT) must be completed for a non-resident individual, sole trader or partnership
- ▶ Form TR2 must be completed for a company;
- ▶ Form TR2 (FT) must be completed for non-resident traders
- ▶ Form PREM Reg must be completed by employers that are already registered for income tax or Corporation tax.

The payroll registration should be in place before the first employee commences.

Hiring an Employee

Someone who has never worked in the state before

When an employee commences employment for the first time, they should register for "myAccount" on the ROS website, then register their new job by clicking on the "Jobs and Pensions" section in "myAccount". A Tax Credit Certificate will then be made available to their new employer to allow the employer to make the correct tax deductions from the employee's pay.

Someone who has worked in the state before

If the employee has already worked in Ireland, then their previous employer will notify Revenue that the employee has left by including their leave date on the final payroll submission. The new employer will notify Revenue that the employee has commenced working with them through their payroll process. The employee can however also follow the same steps as a first-time worker and register their new job on the "Jobs and Pensions" section in "myAccount".

Ongoing compliance requirements

Income tax and employer's PAYE

Employees are taxed through payroll in Ireland. The most common form of income tax is PAYE deducted by employers from employee's pay. The amount

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per employee is determined by Revenue who provide a certificate of tax rates and cut-off points. PAYE, PRSI and Universal Social Charge (USC) are deducted from the employee's earnings. The amount deducted will vary between each individual as earnings and personal circumstances will dictate the amount being deducted.

PAYE

PAYE is calculated at 20% and 40% of earnings depending on earnings throughout the year. Personal circumstances will determine how much tax will be paid.

Pay Related Social Insurance (PRSI)

PRSI rates have a number of different classes and the amount of PRSI to be paid will be determined by which PRSI class an employee is assigned to. The most common class is Class A, which means the employee will pay 4% and the employer will pay 11.05% of earnings.

Universal Social Charges (USC)

The amount of USC deducted from an employee will also be determined by the employee's earnings and the employee's personal circumstances. The rates vary between 0.5% and 8%.

Revenue Payroll Notification (RPN)

The RPN provides the employer with the necessary information to deduct from their employees the correct income tax (PAYE), Universal Social Charge (USC) and Local Property Tax (LPT). It shows tax credits, PAYE and USC cut-off points, any previous pay, tax and USC deducted from 1 January (unless the certificate is on a week one or month one basis), PAYE and USC exemptions, the amount of LPT to be deducted (if applicable). The employer's payroll software will retrieve the relevant RPNs from Revenue as part of the normal payroll process. If the employer does not use a payroll package, they can request the RPN through ROS. An employer must always use the most up to date RPNs when calculating employees' pay and deductions. If an employer is unable to retrieve an RPN, they must operate the emergency tax basis on their employee's pay.

Payroll submissions

On or before an employer makes a payment to their employees, they must report the payroll information to the Irish Revenue Commissioners. Each payroll submission must include the amount of pay, payment date and amount of income tax, USC, PRSI and Local Property Tax deducted for each employee. Revenue will issue the employer with a monthly statement based on their submissions. This will be issued by the fifth day of the following month and will show a summary of the total liability. Once the monthly

statement is available, the employer has the option to view the statement, accept the statement, and/or amend the payroll submission (if errors are identified). If the employer takes no action, then the statement is automatically deemed as their return by the 14th of the following month. The employer can pay the liability on the Revenue website, through ROS. The liability must be paid by the 23rd of the following month for ROS users or by the 14th of the following month for employers not using ROS.

2. Pension requirements

Registration requirements

A pension scheme is a method of saving for retirement and is considered a long-term investment. There are three main types of pension schemes available:

- ▶ Company pension schemes (occupational pension scheme)
- ▶ Personal retirement savings accounts (PRSAs)
- ▶ Personal pension plans (retirement annuity contracts)

A pension scheme, regardless of the type, must receive Revenue approval in order to qualify for the various tax benefits associated with pensions such as tax relief on pension contributions or a tax-free lump sum on retirement. In addition, an occupational pension scheme and a PRSA must be approved by the Pensions Authority.

A company pension scheme, also known as a superannuation scheme or an occupational pension scheme, is a pension scheme set up by an employer on behalf of employees. Currently, an employer is not obliged to set up a company pension scheme for their employees. Where one is provided, contributions may be made by both the employer and the employee. The level of contributions depends on the particular scheme and is usually stated in the employee's terms of employment. A company pension scheme can be a defined benefit scheme, a defined contribution scheme or a hybrid scheme.

Employees may wish to make additional contributions to the pension scheme over and above the normal regular amount required by the rules of the pension scheme, and which are outlined in the employee's terms of employment. The mechanism for making such contributions is by way of additional voluntary contributions (AVCs).

Employers, regardless of the size of the workforce, who do not provide a company pension scheme for their employees, or where some employees are excluded from the company scheme, are obliged to enter into a contract with a PRSA provider to provide access for such excluded employees to at least one standard PRSA.

Where an employee makes contributions, including AVCs to the employer's pension scheme or PRSA, the employer is only permitted to allow tax relief up to the maximum age-related limits. Any contributions in excess of the age-related limit should be deducted from the employee's net pay as this does not qualify for tax relief. This generally only happens where an employee makes AVC contributions to the pension scheme. However, tax relief for any excess contributions, while not allowable in the year in which they are paid, are not lost. The employee can approach Revenue after the year end to claim relief for any excess contributions to be carried forward to a future year.

Ongoing compliance requirements

If the company decides to provide a pension scheme for employees, it will be collected or deducted through the employee's payroll. The company needs to agree with the employee and also the pension provider the percentage of contributions. The employee and employer contributions will be paid over to the pension provider. Regardless of the type of pension scheme, employers must pay over the contributions to the administrator of the scheme by the 21st of the month after the month in which they were deducted. Employers must notify employees in writing, at least once per month, of the total amount deducted from the employee's salary and the amount of the employer contribution, if any, paid to the pension trustees in the preceding month.

3. Employment obligations

Contracts and terms of employment

Anyone who works for an employer for a regular wage or salary automatically has a contract of employment. Although the complete contract does not have to be in writing, an employee must be given a written statement of terms of employment.

An employee must receive a written statement of five core terms within five days of starting work, as set out in the Employment (Miscellaneous Provisions) Act 2018. This Act applies since 4 March 2019. Employers face serious penalties if they do not comply. The core terms that must be provided are:

1. The full names of the employer and employee
2. The address of the employer
3. The expected duration of the contract (where the contract is temporary or fixed term)
4. The rate or method of calculating pay and the pay reference period for the purposes of the National Minimum Wage Act 2000 (for example, a week, a fortnight or a month)
5. What the employer reasonably expects the normal length of your working day and week to be, in a normal working day and in a normal working week

An employee must receive a written statement of the remaining terms of employment within two months of starting work, in accordance with the Terms of Employment (Information) Acts 1994-2014. However, this requirement does not apply if you have been employed for less than a month. This must include:

1. The place of work
2. The title of the job or the nature of the work
3. The date the employment started
4. Pay intervals (for example, weekly or monthly)
5. Any terms or conditions relating to hours of work (including overtime)
6. Paid leave (other than sick leave), including annual leave and public holiday entitlement
7. Sick pay
8. Pension and pension schemes
9. Period of notice to be given by employer or employee
10. Details of any collective agreements that may affect your terms of employment

The statement of terms must indicate the reference period that your employer uses to calculate your entitlements under the National Minimum Wage Act 2000. (Under that Act, your employer may calculate your minimum wage entitlement over a reference period of between a minimum of one week and a maximum of one month).

The employer must sign and date the statement of terms, but there is no requirement for the employee to sign it. The employer must keep a copy during the period of your employment and for at least a year after it ends.

Changes to the contract of employment can occur due to a change in the law, but otherwise, changes must be agreed between the employer and employee.

Rates of pay

Since 1 January 2021, the national minimum wage is EUR10.20 per hour. Wage rates are solely based on age.

- ▶ Aged 20+: EUR10.20
- ▶ Aged 19: EUR9.18
- ▶ Aged 18: EUR8.16
- ▶ Aged under 18: EUR7.14

Hours of work, breaks and rest periods

Employers are responsible for ensuring that employees are given adequate rest. The Organization of Working Time Act 1997 sets the rules governing maximum working hours (the maximum average working week for many employees cannot exceed 48 hours), daily and weekly rest breaks.

The general rule on breaks is that employees are entitled to 15 minutes after a four-and-a-half-hour work period. If the employee works more than 6 hours, they are entitled to 30 minutes, which can include the first 15-minute break. Special rules apply to shop employees who work more than six hours and whose hours of work include the period 11.30 a.m. - 2.30 p.m. These employees are entitled to a one-hour consecutive break which must occur between 11.30 a.m. - 2.30 p.m.

Employees are entitled to 11 consecutive hours of rest in any period of 24 hours. In addition, employees should get 24 consecutive hours of rest in any period of 7 days, and this should normally follow on from one of the 11-hour rest periods already mentioned. As an alternative, your employer can give you two 24-hour rest periods in a week if it follows a week, in which you did not get any 24-hour rest periods. Unless your contract states otherwise, the 24-hour rest period above should include a Sunday.

The working hours of young people under the age of 18 are regulated by the Protection of Young Persons (Employment) Act 1996.

The provisions of the Organisation of Working Time Act 1997 on breaks and rest periods do not apply to:

- ▶ The Gardaí
- ▶ Defence Forces
- ▶ Employees who control their own working hours
- ▶ Family employees on farms or in private homes

In the following situations employers can be exempted from providing rest periods:

- ▶ Exceptional circumstances: for example, if it is not possible to provide rest periods due to exceptional circumstances or an emergency
- ▶ Collective agreement: rest periods can be changed if there is a collective agreement to vary them. These changes must be approved by the Labour Court or if there is an Employment Regulation Order or Registered Employment Agreement
- ▶ Shift work: in certain circumstances, for example, people working split shifts or changing shifts

These exemptions are allowed provided the employee is given equivalent compensatory rest. This means that if a rest period is postponed, the employee must be allowed to take it within a reasonable period of time. The Workplace Relations Commission has a Code of Practice on Compensatory Rest Periods. However, the regulations governing those employed in transport activities (SI 20/1998) and in certain categories of civil protection services (SI 52/1998) exempt them from the provisions on statutory rest breaks and periods but do not require them to have equivalent compensatory rest.

There are special regulations governing working time of fishermen (S.I. No. 441/2020).

Leave

An employee's entitlement to annual leave or holidays from work is set out in legislation and in the contract of employment. Legislation gives various entitlements to leave from work. These include annual leave, public holidays, maternity leave, paternity leave, adoptive leave, carer's leave, parental leave and other types of leave from

work. It is also important to note that the periods of leave provided for by legislation are the minimum entitlements only, the employee and employer may agree to additional entitlements. In the case of agency employees, the party who pays the wages (employment agency or client company) is the employer for the purposes of the Organisation of Working Time Act 1997 and is responsible for providing the entitlement.

The Act provides for a basic annual paid leave entitlement of four weeks, although an employee's contract could give greater rights. Part-time workers' entitlement is generally calculated as 8% of the hours worked, subject to a maximum of four working weeks per leave year.

It is for the employee and employer to decide when annual leave may be taken, but this is subject to a number of conditions. The employer must take into account the employees' family responsibilities, opportunities for rest and recreation that are available to them and to consult with the employee (or their union) at least one month before the leave is to be taken. In addition, annual leave should be taken within the appropriate leave year or with the employees' consent, within six months of the relevant leave year. Further holding over (also known as carrying-over) of annual leave at an employee's wish is a matter for agreement between the employee and employer.

Pay in respect of annual leave is paid in advance at the normal weekly rate. If the pay varies because, for example, of commission or bonus payments, the pay for holidays is the average of your pay over the 13 weeks before you take holidays.

Failure to pay all or part of the wages due to an employee is considered an unlawful deduction and a complaint can be made under the Payment of Wages Act.

Deductions

The Payment of Wages Act 1991 refers to situations where deductions are made from pay or the employee needs to make a payment to the employer.

- ▶ The following deductions from your pay by your employer are allowed when:
 - ▶ They are required by law, for example, PAYE, USC PRSI
 - ▶ They are provided for in the contract of employment, for example occupational pension contributions
 - ▶ They are made with the employee's written consent, for example, trade union subscriptions
 - ▶ They are to recover an overpayment of wages or expenses
 - ▶ They are required by a court order, for example, an attachment of earnings order in a family law case
 - ▶ They arise because you are on strike

If your employer suffers loss because something is the fault of an employee, for example breakages or till shortages deductions from the pay may be allowed. Deductions may also be allowed if the employer supplies a service as part of the job, for example, a uniform. In these cases a deduction (or payment by the employee) is only allowed if:

- ▶ It is allowed for in the contract
- ▶ It is fair and reasonable
- ▶ The employee has received a written notice of the deduction - a full week's notice if the deduction arises from an employee's mistake
- ▶ The amount of the deduction does not exceed the loss or cost of the service
- ▶ The deduction takes place within six months of the loss or cost occurring

4. Payroll requirements

Payslips

The Payment of Wages Act, 1991, gives all employees a right to a payslip, which will show the gross wage and details of all deductions. A payslip is essentially a statement in writing from the employer to the employee that outlines the total pay before tax and all details of any deductions. It can be provided either in electronic format or in hard copy.

5. Banking requirements related to payroll

Payroll payments can be made by one or a combination of:

- ▶ Check or bank draft drawn on any of the commercial banks or a Trustee Savings Bank
- ▶ A payable order issued by a Minister of the Government or a public authority
- ▶ A postal order, money order, paying order or warrant issued by, or drawn on, An Post
- ▶ A credit transfer to an account specified by an employee
- ▶ Cash

Italy



1. Government requirements

Registration requirements

Registration with the Chamber of Commerce and Tax Office

From a general point of view, all companies that want to supply services, sales, trading, manufacturing and so on are obliged to register with the Chamber of Commerce and obtain a VAT number to be able to start a business.

The VAT number allows the company to be identified to the national authorities and for the payment of taxes to the Tax Office, and social security contributions to the social security authority – “Istituto Nazionale della Previdenza Sociale” (INPS).

Failure to register or the registration after the start of business results in the payment of penalties.

Registration with the social security authority – INPS

All companies that want to hire employees must register with the social security authority (INPS) to obtain a registration number which will allow the Institute to identify the company when it pays employees' social security contributions.

Depending on the sector classification of the company (trade, services, industry, etc.) and based on the type of employees (white or blue collars, executives, expatriates, etc.), specific contribution tables with different rates are provided. Registration must be carried out immediately after hiring the first employee.

Registration with the Labor Office (Centro per l'Impiego)

All companies that want to hire employees must register with the Labor Office (Centro per l'Impiego) to obtain a username and password that will allow them to submit employee hiring and termination notifications.

Mandatory hiring and termination notifications

Notifications about new hires must be submitted electronically, through the Labor Office portal, by the day before the beginning of the employment at the latest.

Notification of contract terminations must be submitted electronically, through the Labor Office portal, within five days of the end of the employment.

In both cases, late notification will be subject to penalties.

Mandatory insurance against workplace injuries with the National Institute for Insurance against Accidents at Work (INAIL)

Before beginning work activities with employees, all companies must register with INAIL to obtain a registration number which will allow the Institute to identify the company, and a specific number to identify each workplace located in Italian territory.

A specific risk classification and a contribution rate (in the range of 0.4% up to 9% of the gross salary) is attributed to the company on the basis of the type of activity performed by the employees.

The annual balance (related to the previous year) and advance payment of premium (related to the following year) is made in January. The premium (balance and advance) is computed on the basis of the salaries paid during the previous year.

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Failure to register or late registration and late payment of premiums results in the payment of penalties.

Ongoing compliance requirements

Payment of withholding taxes and annual income certification

Employees, collaborators and any personnel who receive a payslip are required to pay their income taxes to the tax authority (Agenzia delle Entrate) on a monthly basis. The income taxes are calculated and withheld through the monthly payroll process. The tax rate varies according to the level of income between 23% and 43% of the taxable amount. In addition to the above mentioned income taxes, the employee is due also the regional and municipal taxes that are calculated according to the employee's fiscal domicile.

The employer, acting as withholding tax agent, makes the payment, through the F24 form (an electronic form), by the 16th of the month following the month to which the taxes make reference.

At the end of the fiscal year, or earlier in the event of termination of the employment, the employer is required to calculate the balance of taxes on the basis of the actual income paid to the employee.

The balance takes place in December and the employer, through the payslip, calculates the taxes actually due by the employee, and retains those due or refunds those overpaid during the year. By 16 March of the following year, the employer issues a document called "Certificazione Unica" (CU) where the income paid to the employee, the taxes and contributions withheld, the benefits in kind provided and the "Trattamento di Fine Rapporto" (severance indemnity) related to the previous fiscal year are reported. The employer does not act as a withholding agent for other personal income of the employee. The late payment of taxes results in the payment of interest and penalties.

Annual statement of tax withheld from employees

Every year, companies that act as withholding tax agents are required to submit the so called 770 form. The 770 form is the document that the withholding tax agents, who liaise on behalf of the taxpayer with the tax authority, must submit electronically to the tax authority, usually by the end of October of the following year. The form contains information about tax withheld and paid on behalf of employees and may also include self-employed workers. Failure to submit or late submission of the statement results in the payment of penalties.

Payment of monthly social security contributions

Companies, employees or collaborators, and any personnel who receive a payslip, are required to pay, at varying rates, contributions to the INPS on a monthly basis. The social security contributions due by employees are calculated and withheld through the monthly payroll process. The employer, through the F24 form (an electronic form), pays its part of contributions and the part deducted to employees. The payment has to be made by the 16th of the month following the month to which the taxes make reference.

The social security contributions due by employees are about 10% of their gross salary; the social security contributions due by the employer range from approximately 27% to 31%. Late payment of social contributions results in the payment of interest and penalties.

To determine the correct contribution rate and the correct employee's pension scheme, it is necessary that the employee declares to the company, with a specific self-declaration form, the seniority pension scheme based on the date when the first contribution has been paid in relation of the whole professional life.

If the first contribution is before 31 December 1995, the pension scheme is called *Retributivo* and the employee and employer pay contribution for all the social security income.

If the first contribution is after 1 January 1996, the pension scheme is called *Contributivo* and the employee pays contribution up to an annual threshold released yearly by the social security institute. The company, over the threshold, pays only minimum contribution (approximately from 2.73% up to 5.85%).

2. Pension requirements

Registration requirements

Registration with an integrative health fund

The health funds are the instrument provided by the Italian Law in order to ensure a second level of healthcare as a supplement to the national health system. They can be "open", accessible to all employees, or "closed", reserved only to employees hired with a specific National Collective Labor Agreement (NCLA).



Registration with the "closed" health funds (for companies or employees) is regulated by the NCLA and these funds are made applicable to employees. Specific funds are available on the basis of the type of NCLA (trade, industry, bank, etc.) and the employee's position (blue or white collar executive).

Registration with an integrative pension fund

The pension funds are the instrument (belonging to the so called private pension system) provided by the Italian Law in order to guarantee to employees a supplementary pension, in addition to the national mandatory pension. They can be "open", accessible by all employees, or "closed", reserved only to employees hired with a specific NCLA.

Registration with the "closed" pension funds (for companies or employees) is regulated by the NCLA in

force. Specific funds are available on the basis of the NCLA (trade, industry, bank, etc.) and the employee's position (blue or white collar executive).

Ongoing compliance requirements

Payment of contributions to integrative health funds

Companies and employees registered to integrative health funds are required to pay contributions to the fund at varying rates. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays its part of contributions and the part deducted from employees using the method established by each fund (usually a bank transfer). The payment can be monthly, quarterly or annual (depending on fund regulation).



Payment of contributions to integrative pension funds

Companies and employees registered to integrative pension funds are required to pay contributions to the fund at varying rates. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays its part of contributions and the part deducted from employees using the method established by each fund (usually a bank transfer). The payment can be monthly or quarterly (depending on the fund regulation).

3. Employment obligations

Minimum salaries

The NCLAs establish the minimum salaries for employees on the basis of their rank (executives, managers, white collar, blue collar, apprentices, etc.). The NCLAs also establish the periodic salary increases (generally once per year) and employers are obliged to pay employees this increase.

In addition to the minimum wages, employers may provide a part of salary exceeding the minimum established by the NCLA. On the basis of the agreement with the employee, such an additional amount, called "superminimo", can be absorbable (it can be reduced when the mandatory minimum salary increases occur) or not absorbable (it cannot be reduced when the mandatory minimum salary increases occur).

“Trattamento di Fine Rapporto” (TFR) - severance indemnity

The so called Trattamento di Fine Rapporto (TFR) is an amount accrued on a monthly basis and paid to the employee at the end of their employment. The TFR is calculated on the recurring elements paid to the employee, and it is about 7% of the gross salary and any other item (bonus, etc.) or fringe benefit (company car, etc.) provided to the employee.

The TFR is calculated and accrued by the company and paid out to the employee when they leave the company. In specific circumstances established by the Labor Law, the employee may request an advance of the TFR up to 80% of the accrued amount.

Since 2007, employees have been able to decide whether to keep the TFR in the company or transfer it to an integrative pension fund. If the latter, the employer is required to transfer (on a monthly or quarterly basis) the accrued TFR to the pension fund chosen by the employee.

National Collective Labor Agreement (NCLA)

Leave days, paid permission hours, sick leave, rest hours, overtime and seniority increases, etc., are managed by the NCLAs. Each NCLA contains specific provisions that regulate each specific part of the employment.

Mandatory hiring of disabled people

Companies with more than 15 employees are obliged to hire one disabled person as soon as they have hired their 15th employee.

The number of disabled people to be hired depends on the total number of employees. Please see the below criteria:

- ▶ One disabled person for companies with 15-35 employees
- ▶ Two disabled people for companies with 36-50 employees
- ▶ Disabled people should make up 7% of the workforce for companies with more than 50 employees

Gender equality report (Rapporto Biennale Parità Uomo-Donna)

The public and private company with more than 100 employees must fill, every two years, a report to declare some data related to the situation of male and female employees. The report needs to be submitted every two years. The deadline is 30 April after the second year (e.g., report for the period 2020/2021 needs to be submitted within 30 April 2022).

Declaration of regular contributive position (DURC)

The companies have to require the certificate with which declare the regular position on behalf of the national

institutes to obtain the eligibility to subsidies, financial aid but also to declare the regular position necessary in case of contracts with the public or private sector.

4. Payroll requirements

The payroll for employees is processed on a monthly basis and employees receive a payslip every month.

The annual gross salary is payable through 13 or 14 monthly instalments depending on the provisions of the NCLA applied to employees. The 13th is paid in December and the 14th is paid in June.

The company policy sets out the day of the month in which the employees should receive the net salary. The most common date is the 27th of the month.

Payslips

Certain employees, for example, collaborators, administrators or specific roles not classifiable as employees, may receive quarterly, biannual (every six months) or annual payslips. In such cases, the terms of payment are agreed in advance between the parties.

All employees and collaborators must be provided with payslips on the same working day as the pay day. Payslips can be provided in electronic form.

5. Banking requirements related to payroll

Net salary can be paid in Euro by one or a combination of the following methods:

- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

The most common way to pay the net salary is by bank transfer.

To pay the taxes and social security an Italian bank account is required.

A bank linked with the Revenue Agency's service called Entratel is preferred. The list of banks can be found at the website below:

<https://agenziaentrate.gov.it/portale/web/guest/schede/pagamenti/f24/elenco-banche-convenzionate-f24/elenco-banche-f24-xcodice>

Jamaica

J



1. Government requirements

Registration requirements

Tax Registration Number (TRN)

In accordance with the Income Tax Act, companies that will be conducting business within Jamaica are required to register with the Tax Administration Jamaica (TAJ) to obtain a Tax Registration Number (TRN). Companies can visit the TAJ website (www.jamaicatax.gov.jm) to apply for the TRN online. To complete the application, companies should log in to TAJ's Web Portal, select the "Apply for a TRN" option under the e-services home page, and follow the instructions thereafter.

National Insurance Scheme (NIS) number

In accordance with the National Insurance Act, companies that will be conducting business within Jamaica are required to register with the Ministry of Labour and Social Security to obtain a National Insurance Scheme (NIS) number. Companies should download the employer registration application form from the Ministry of Labour and Social Security's website at <https://mlss.gov.jm/departments/national-insurance-scheme>, and follow the instructions that are provided on the website.

The TRN and NIS numbers are required by companies for the filing of payroll tax returns and for other business that they need to conduct with Tax Administration Jamaica.

There are no application fees for the TRN and NIS numbers.

Ongoing compliance requirements

Employers are required to submit online an Employer's Monthly Remittance (Form S01) and an Employer's Annual Return (Form S02) for deductions relating to the following tax types for all employees.

- ▶ Pay-As-You-Earn (PAYE)
- ▶ National Housing Trust (NHT)
- ▶ National Insurance (NIS)
- ▶ Education Tax (Ed. Tax)
- ▶ Human Employment and Resource Training (HEART)

Payment arrangements for payroll taxes are done monthly either online or directly at a tax office. There are no additional payment requirements that are associated with the online filing of the Form S02. However, the employer is required to make payment arrangements monthly at the time when they file the Forms S01 online. Where at the time of filing the Form S02, it is noted that there is an underpayment of tax, the employer should settle the shortfall promptly.

Pay-As-You-Earn (PAYE)

PAYE (Income Tax) is payable at the following rates, based on the Income Tax Act.

Annual statutory income	Tax rate
Up to JMD1,500,096 (applicable to Jamaican residents)	0%
JMD1,500,096 and up to JMD6,000,000	25%
Above JMD6,000,000	30%

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National Housing Trust (NHT)

NHT contributions are payable at the rate of 3% of gross income for the employer and 2% of gross income for the employee, based on the NHT Act.

National Insurance (NIS)

NIS contributions are payable at the rate of 3% of gross income for the employer and 3% of gross income for the employee, based on a maximum insurable wage ceiling of JMD3,000,000 per annum. The wage ceiling was JMD1,500,000 up to 31 March 2021 and it is expected to increase to JMD5,000,000 per annum effective 1 April 2022.

Education Tax (Ed. Tax)

Ed. Tax contributions are payable at rates of 3.5% of statutory income for the employer and 2.25% of statutory income for the employee, based on the Ed. Tax Act.

Human Employment and Resource Training (HEART)

HEART contributions are payable at a rate of 3% of gross income only by the employer based on the HEART Act.

Similar tax rates apply for both local and foreign employees. There are income tax exemptions for certain employees e.g., diplomats, pensioners, etc.

2. Pension requirements

Registration requirements

The Income Tax Act states that ordinary annual contributions to an approved superannuation fund (approved by Tax Administration Jamaica) are generally tax deductible in computing an individual's taxable income, subject to the following:

- ▶ The employee's contribution shall not exceed 10% of annual remuneration.
- ▶ The employer's contribution with respect to an employee shall not exceed 10% of the employee's remuneration.
- ▶ Where the employer contributes less than 10% of the employee's remuneration, the employee may contribute the difference between the employer's actual contribution and the maximum contribution payable by the employer.

Ongoing compliance requirements

Refer to comments above.

3. Employment obligations

This information would have to be obtained from an expert (such as an attorney) who advises about labor law in Jamaica.

4. Payroll requirements

The Income Tax Act requires monthly tax reporting via the PAYE system.

Employers are required to keep records of payments and deductions either on a tax deduction card or in another form (e.g., payroll register) as may be authorized. On the last day of each year, employers should provide each employee with a certificate showing their gross emoluments and the tax deducted for that year. Payslips should also be provided to employees weekly, monthly or bi-monthly whenever payment occurs.

5. Banking requirements

Employers can pay employees by check, cash or bank transfer.

The payment requirements and restrictions may vary, depending on the financial institution.

Japan

J



1. Government requirements

Registration requirements

Tax notifications required when establishing a company

When establishing a company, the following notifications related to payroll calculations must be filed with the tax authorities.

1. Tax office
 - ▶ Notification of Establishment/Relocation/Closure of a salary-paying office must be submitted within one month of establishment (Income Tax Act 230).
 - ▶ Application for Approval Made in Relation to the Special Provision for Due Dates for Withholding Income Tax needs to be submitted by the last day of the month before the company intends to implement the special withholding timing. By filing this application, a company may pay withholding tax semi-annually rather than on a monthly basis. This can only be applied if there are always less than 10 people receiving salaries (Income Tax Act 216, 217, 218).
2. Municipalities in which employees are resident
 - ▶ Notification of Transfer of Salaried Workers for Special Collection must be submitted promptly to the municipality where employees reside (Local Tax Act 321).

Ongoing compliance requirements

Withholding income tax

All types of income earned by individual are taxable and this is not limited to salary and bonuses, remuneration fees paid to professional services, interests and dividends, capital gains etc. from stock, and other relative income. The payer of the various earnings made to the individuals has the responsibility to calculate and withhold income tax and pay to the tax office.

For residents, withholding tax calculation will differ among income type. Withholding income tax calculation for salaries and bonuses paid by company to employees adopts the progressive taxation system and the tax rate range from 5% to 45% plus 2.1% of calculated income tax as special income tax for reconstruction.

It is required for the employees to submit Declaration of exemption for dependent form to the company by the day before receiving the first salary of the year in order to apply the lower tax rate (Ko-ran) and treat the special deductions such as dependents, and disability. The company must keep the form and submit to the tax office upon the request.

The tax should be withheld at the same time as the whatever taxable payment is made to the employee and the withheld tax payment is due on 10th of the following month of occurrence of taxable payment. (Income Tax Act 9, 36,183,186,194)

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Retirement allowance

Withholding tax calculation for retirement allowance differs from the one for salary/bonuses. With submission of Application concerning receipt of retirement income form from the employee, the retirement income for non-specified officer is calculated as follows:

(Amount of earnings from general retirement allowance - Deduction for retirement income) \times 1/2

In case of specified officer, the same formula applies except for not multiplying by 1/2.

It is required for the employee receiving the retirement allowance to submit Application concerning receipt of retirement income form in order to apply the progressive tax rate from 5.105% to 45.945% (including special income tax for reconstruction), but if it is not submitted, flat 20.42% (including special income tax for reconstruction) applies.

The tax should be withheld at the same time as the whatever taxable payment is made to the employee and the withheld tax payment is due on 10th of the following month of occurrence of taxable payment. (Income Tax Act 30, 202,203)

Withholding income tax for nonresidents

The scope of income and the amount to be withheld will differ among resident and nonresident in Japan. Individuals will be determined as residents if they have a domicile in Japan or reside in Japan continuously for one year or more. For expatriates on assignment, if the period in the assignment letter is over one year, they will become residents immediately. If the assignment period is less than one year, they will be treated as nonresidents but if the actual period of residency in Japan reaches one full year, they will become residents.

For nonresidents, a flat rate of 20% for income tax plus special income tax for reconstruction which is 2% of income tax withheld, totaling to 20.42% will apply.

If expatriates being regarded as residents are paid in both home country and Japan, withholding income tax is eligible for payments made through Japan payroll. There is no obligation to withhold tax for payments made outside Japan and therefore unless concluded necessary, in general shadow payroll is not required in Japan. The income received in home country should be reported in the tax return filing and tax be paid based on the report.

But if the expatriates are nonresidents and payer has address or branch office (PE) in Japan, the payment made outside Japan is subject to withholding taxable.

(Income Tax Act 161181183212, 220)

Inhabitant Tax

Individuals will be eligible to pay inhabitant tax if they had taxable income in the previous year and continue to be resident of Japan as of 1 January. If the individual was employed to a company as of 31 December and year-end tax adjustment had been performed to their income, the company will send the information (Salary payment report) to the resident municipal office. Based on this information, inhabitant tax amount will be calculated by the resident municipal office and provided to the company. (It is approximately 10% of the total taxable income). The company will arrange to deduct the instructed amount and pay to the municipal offices. The payment is due on 10th of the following month of the deduction. If the individual happens to leave the company, the municipal office will send notification and payment forms directly to the individual. (Local Tax Act 321-3,4,5)

Issuing a certificate of annual income and withholding taxes

1. When paying salaries to employees in Japan, the company must prepare two copies of the annual income and withholding tax forms for each employee and submit one copy to the tax office by the 31 January of the following year; the employee retains the other copy (Income Tax Act 226).
2. When making a retirement allowance payment in Japan to employees, the company must prepare two withholding tax slips for each employee and submit one to the tax office within one month of the employee leaving the company and one to the employee (Income Tax Act 226).

Implementing year-end adjustment

At the end of the year, the employer should perform year-end tax adjustment to employees whose salary for the year is JPY20m or less by collecting declarations from employees and recalculate tax amount of the year based on the employee's annual taxable income and declarations. The differentials should be reimbursed or additionally collected and finalize the amount in final payroll month i.e., December. The adjustment results (Annual withholding tax report) should also be reported to the tax office and finalize the annual payment in December payroll payment. (Due 10 January, next year) (Income Tax Act 190)

2. Pension requirements

Registration requirements

Subscribing to social security

1. Health insurance, nursing care insurance and employee pension

Employees who fulfil certain requirements must subscribe to employee health insurance, nursing care insurance (employees from 40 to 64 years old) and the employee pension plan. Example of requirements: Full-time employees are required to enroll in health, nursing care, and employee pension plans. Part-time employees are required to join these plans where, in principle, the part-time employee's working hours per week and working days per month are at least 75% of those of normal full-time employees (Health Insurance Law, Long-Term Care Insurance Law, Employees' Pension Law, etc.).

2. Employment insurance

Employees who fulfil certain requirements must enroll in employment insurance. Examples of requirements: workers expected to be employed continuously for at least 31 days, or work more than 20 hours of work per week (Employment Insurance Act)

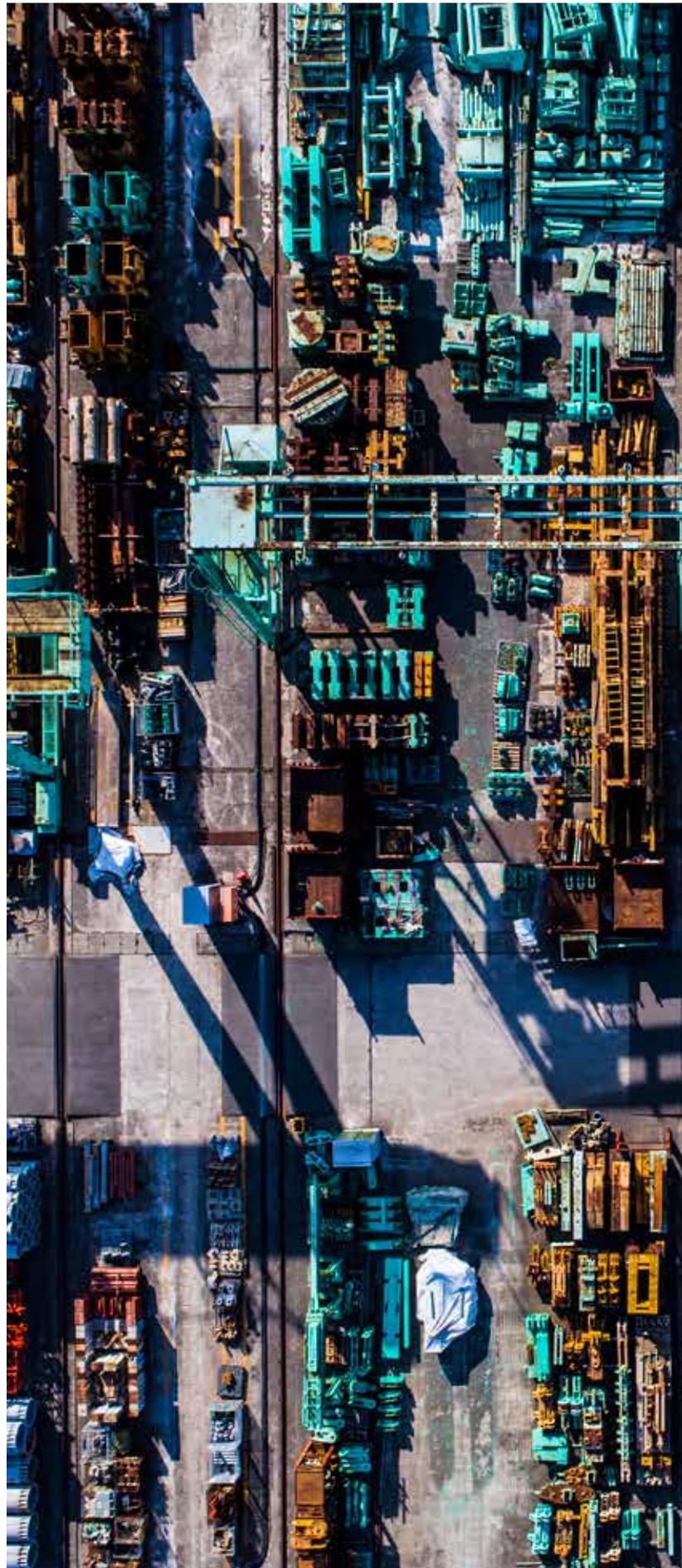
3. Workers' compensation insurance

Workers employed by an office, must be insured for workers' compensation (Industrial Accident Compensation Insurance Act).

Social Security notifications required when establishing a company.

All offices of a company which continuously employ workers must subscribe to social security. The following reports or notifications must be submitted to the following Authorities by the company when establishing a company and hiring employees.

1. Health Insurance Association and Pension Office
 - ▶ Report on establishment and employment for health and pension insurance must be submitted with a certified copy of company registration within five days of establishment
 - ▶ Report on new employment must be submitted within five days of the employment (Health Insurance Act 3,48 /Pension Insurance Act 6,27)
2. Public Employment Security Office
 - ▶ Report on establishment and employment for employment insurance must be submitted with a copy of report on establishment of a labor insurance relationship and a certified copy of company registration within 10 days of establishment.
 - ▶ Report on new employment must be submitted by 10th of following month of the employee joining the company (Employment Insurance Act 5, 7)





3. Labor Standards Inspection Office

- ▶ Report on establishment of a labor insurance relationship must be submitted with a certified copy of company registration within 10 days from the first date a worker joins the company (Act on the Collection, etc. of Insurance Premiums of Labor Insurance Act 4)
- ▶ Labor Insurance Estimated Premiums Declaration must be submitted within 50 days from the first date the worker joins the company (continued business) (Act on the Collection, etc. of Insurance Premiums of Labor Insurance,15)
- ▶ Report stating that the company hired the first employee to which the Labor Standards Law applies must be promptly submitted (Labor Standards Act 104)

Ongoing compliance requirements

Employee pension and health insurance standard compensation

When an employee joins a company, the company must conduct procedures for them to subscribe to the employee pension plan and health insurance.

The standard monthly compensation amount which forms the basis of social security premiums is determined according to compensation on joining the company, and provided there is no significant change subsequently; social security premiums are deducted from the monthly salary for one year based on the same standard monthly compensation amount. (Health Insurance Act40, Employees' Pension Insurance Act 20)

For employee pension, contribution rates are 18.3% of each insured worker's standard monthly remuneration (maximum: JPY650,000) and standard bonus (maximum: 1.5 million yen). For Health Insurance, contribution rate for those under 39 years is 9.87% of each insured worker's standard monthly remuneration (maximum: 1.39 million yen) and standard bonus (maximum: 5.73 million yen per year). For those from 40 to 64 years, the rate goes to be 11.66%.

This rate is given above is Japan Health Insurance Association Tokyo branch. The rate differs among each prefecture of Japan Health Insurance Association and other private health insurance association that the company is enrolled. The contribution is equally covered by both insured worker and employer.

Employee pension and health insurance changes

If there is a change in fixed wages and consequently there is over two grades changes after three months payroll, companies must report the change the standard monthly compensation by submitting a report on annual revision of standard remuneration. (Health Insurance Act 43, Employees' Pension Insurance Act 23)

Employee pension and health insurance regular revisions

It is necessary to submit a Report on annual revision of standard remuneration for insured persons by 10 July each year. In the calculation basis notification, the standard monthly compensation amount is calculated on the basis of the average compensation amount from April to June; a new standard monthly compensation amount is applied from September's insurance premiums. (Health Insurance Act 41, Employees' Pension Insurance Act 21)

Payment of employee pension and health insurance

The company pays the insurance premiums, received from employees plus the company's own portion to the pension office, etc., by the end of each following month. (Health Insurance Act 164, Employees' Pension Insurance Act 83)

Employment insurance

When paying compensation each month, the company deducts employment insurance calculated at a certain rate to be paid on behalf of the employee. The contributions are calculated by applying a percentage to the total amount of wage payment. The rate is 0.9% total; employer's portion is 0.6% and the employee's portion 0.3% except for few kinds of job (*effective as of April 2021). The rate may be revised every April. The year for calculation of employment insurance is from 1 April to 31 March of the following year. Between 1 June and 10 July each year, the insurance premium amount is calculated based on the total wages in the previous insurance year. The company declares and pays the insurance premiums received from employees together with the insurance premiums payable by the company by 10 July each year. (Act on the Collection, etc. of Insurance Premiums of Labor Insurance 15,19)

Expatriates with Social Security Agreement

Japan has concluded social security agreement with 20 countries and signed the agreement with 3 countries as of October 2020. In case that the expatriates on a temporary assignment to Japan from the countries with effective agreement are insured under the social security of their home country, they shall be exempted from enrolling to the Japanese social security system. The exemption based on the agreement differs among the countries.

For requesting exemption, submission of Certificate of Coverage issued by their home countries' government is required.

Workers' compensation insurance premiums

Employees do not pay premiums for accident insurance. The contribution fee should be 100% covered by the employer, and it is calculated by applying a percentage to the total amount of wage payment. The rate depends on

the type of business; from 0.25% to 8.8% (*effective as of April 2021). The rate may be revised every April. The workers' compensation calculation period is from 1 April to 31 March the following year. Between 1 June and 10 July each year, the insurance premium amount is calculated on the basis of the total wages in the previous insurance year. The company declares with a submission of Labor Finalized and Estimate of following year Insurance Premium Declaration Form and pays the insurance premiums payable by the company by 10 July each year. (Act on the Collection, etc. of Insurance Premiums of Labor Insurance 15,19)

Social security premiums on bonuses

Social security premiums on bonuses are calculated separately from the insurance premiums on salaries. The company must submit a bonus payment notification to the pension office and the health insurance association.

3. Employment obligations

Employment law

There are many laws governing employment relationship. Among them, the Employment Contract Act (ECA) and the Labor Standards Act (LSA) are fundamental regulations. A serious violation of the LSA may result in criminal sanctions.

Governing authority

The Ministry of Health, Labor and Welfare is the main governing authority of employment laws. Within the Ministry, the Prefectural Labor Bureaus fulfil the duties of regionally based general labor administration agencies. Also, the Labor Standards Inspection Offices provide supervisory oversight to ensure that companies fully comply with LSA working condition regulations and standards.

Minimum wages

Wages to be paid for working hours must meet or exceed the minimum wage requirements provided under the Minimum Wages Act.

Minimum wages mean either:

1. The minimum wages stipulated by each region; or
2. The minimum wages stipulated by each industry.

Working hours and rest time

In principle, LSA 32 states that working hours shall not exceed 8 hours per day and 40 hours per week, excluding rest time. And in accordance with LSA 34, an employer shall provide workers with at least 45 minutes of rest time during working hours when working hours exceed 6 hours, and at least 1 hour when working hours exceed 8 hours.

For an employer to have workers work overtime, LSA 36 states that the employer is required to:

1. Enter into a labor-management agreement with the workers' representative and file the same with the relevant Labor Standards Inspection Office; and
2. Pay statutory increased wages for overtime work. The rate of increase for work in excess of statutory working hours is 25% and for late night work between 22:00 to 5:00 is 25%.

Days off

An employer must provide workers with at least one day off per week (LSA 35). Alternatively, an employer may provide workers with four days off or more during a four-week period. In order for an employer to have workers work on such days off, the employer is required to (1) enter into a labor management agreement (LSA 36) with the workers' representative and file the same with the relevant Labor Standards Inspection Office, and (2) pay statutory increased wages for work on days off. The rate of increase for work on statutory days off is 35%.

Annual paid leave

LSA 39 provides minimum standards for workers' annual paid leave. Under the LSA, annual paid leave accrues automatically if a worker has been employed continuously for at least six months and has reported to work on at least 80% of the total working days. The number of days of annual paid leave gradually increases according to the worker's years of employment (from 10 days upon 6 months completion to 20 days upon completion of 6 years and 6 months). For part-time workers, pro-rated number of days of annual paid leave must be granted.

Dismissal

Generally, there is no concept of "at will" employment in Japan where an employer may terminate the employment contracts of regular workers at any time without cause. Rather, it is generally very difficult for any employer in Japan to unilaterally terminate an employment contract. The default position is that a dismissal by an employer is deemed by law to be an abuse of the employer's authority and therefore null and void if the dismissal lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms.

However, if the employers have decided to dismiss an employee with a good and acceptable reason from social perspective, they must notify the dismissal 30 days prior to dismissal date or pay 30 days' worth of wages to the employee. Whichever way, the employer is required to guarantee 30 days wages payment.

Differential treatment for fixed-term or part-time workers

Under the LCA, if the working conditions of a fixed-term employment contract worker is different from those of a

non-fixed-term contract, such a difference must not be unreasonable. Factors considered include:

1. The duties of the workers and the extent of responsibility accompanying the said duties
2. The extent of changes in the duties and work locations
3. Other circumstances.

Similarly, the Act on Improvement, etc. of Employment Management for Part-Time Workers prohibits discriminatory treatment against part-time workers that undertake the same work as ordinary workers (typically full-time workers)

Working conditions

When hiring an employee, the employer shall prepare an employment agreement. The agreement should be prepared for each individual even if their conditions are the same. There are no obligations to prepare a written contract (though it is highly recommended), the employer must notify the working conditions listed below in writing. (LSA 15)

- a. Labor contract period
- b. The conditions for renewal (if the contract period is fixed)
- c. Workplace and job description
- d. Working hours (including starting and finishing time, whether overtime work is required, break hours, holidays and leave)
- e. Wages (including how it is decided, calculation and payment method, cutoff date and payday)
- f. Retirement and dismissal policy (including all grounds of dismissal)
- g. Wage raise policy

If the company includes conditions not meeting the minimal standards defined in the law, the condition will be invalid and will be overridden by the minimal standard.

Rules of Employment

When the company continuously employ 10 or more workers, they are obliged to prepare Rules of Employment and submit to the local Labor Standards Inspection Office. Upon submission, the company shall attach document describing comments/opinions of the representative of workers. Full agreement is not required from the workers' representative but by attaching the document, this will prove that the rule has been shared and acknowledged by the workers. If any amendments are made to the rules, the amended rules of employment shall be submitted. (LSA 89, 90)

The following are mandatory items under the Rules of Employment:

- a. Working hours (including starting and finishing time, break hours, holidays and leave)
- b. Wages (including how it is decided, calculation and payment method, cutoff date and payday, wage raise)

- c. Retirement and dismissal policy (including all grounds of dismissal)

The employer is obliged to disclose Rules of Employment and made accessible to all employees.

4. Payroll requirements

Basic rules for paying wages

1. Currency payment rule

▶ No payment in kind

Wages must be paid in currency. Payment in kind is forbidden. However, if there are separate rules in law or labor agreements, payment other than currency may be permitted.

▶ Remittance of wages to a savings account

With the employee's consent, wages may be remitted by bank transfer and paid into savings or deposit account at a bank or other financial institution or into a securities account under the employee's name.

2. Full amount payment rule

Wages must be paid in full without deductions.

However, in the following cases, deductions may be made from wages:

- ▶ Where there are separate stipulations in the law, such as withholding tax, social security, and other deductions
- ▶ Where a labor-management agreement has been concluded expenses for company accommodation, payment for purchased items, etc.
In such case, it is necessary to conclude an agreement with the employee representative
- ▶ When labor was not provided due to absence, late arrival or early departure, or when wages had been paid in advance

3. Once a month rule

Wages must be paid at least once a month (twice a month or once a week is also possible)

4. Fixed payment date rule

A wage payment date must be fixed and specified.

5. Direct payment rule

- ▶ Wages must be paid directly to the employee
- ▶ Wages must not be paid via another person or to a representative of the employee
- ▶ Even for minors, a guardian cannot receive wages on behalf of the employee

5. Banking requirements related to payroll

There is no particular law, but payment of taxes and social security premiums must be made via a Japanese financial institution (Bank of Japan revenue agency).



1. Government requirements

Registration requirements

In order to legally carry out work in Jordan, it is a requirement under Jordan's Companies Law that a company must be registered with the Jordanian Ministry of Industry and Trade. Depending on the proposed activities, additional registrations may be required; e.g., with the Jordanian Construction Contractors Association and the Jordanian Engineering Association for companies intending to undertake engineering and construction activities. The three most common forms of registration vehicles for companies intending to carry out commercial activities in Jordan are:

Limited liability company

A limited liability company (LLC) may be established in Jordan with no explicit restrictions on the types of activities that it may undertake. Furthermore, an LLC can conduct a wide range of activities and is generally not limited to the activities it was initially established to undertake, as long as its Articles and Bylaws allow for this. Foreign investors are permitted to hold 100% of the shares of a Jordanian LLC, subject to certain restrictions.

A LLC in Jordan is independent of any other affiliated entity registered within Jordan or outside Jordan, and has its own identity for tax and legal purposes.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication, including the approval of the competent authorities in Jordan.

Branch

A branch can be formed by a foreign entity to perform a specific contract that it has secured to undertake work in the country for a limited period of time. A branch may operate in Jordan permanently if a license by the authorities can be secured.

A branch office in Jordan does not have a separate legal existence. It is an extension of its head office company and carries out business under its name.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication including the approval of the competent authorities in Jordan.

Representative office

A representative office in Jordan (locally known as a non-operating foreign branch) may be established in Jordan to study the market and evaluate contractual opportunities. The representative office cannot enter into contracts or conduct business. It may only carry out non-revenue generating activities.

A representative office in Jordan acts as a regional office representing operations conducted outside Jordan at the head office level.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication, including the approval of the competent authorities in Jordan.

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Tax registration

All companies registered in Jordan are required to register with the Income and Sales Tax Department for tax filing, reporting, and payment purposes. Upon successful registration, the company will obtain a single Tax Identification Number (TIN) for all types of taxes administered by the Income and Sales Tax Department, including corporate income tax, sales tax, and employee income tax.

Ongoing compliance requirements

Employee income tax

Jordanians and non-Jordanians working in Jordan are subject to tax in Jordan on their income earned in, or derived from, Jordan, regardless of their residency status. The Income and Sales Tax Department requires each employee with taxable income to be registered with the tax authority and to obtain a unique TIN. Under Jordan's Income Tax Law No. 34 of 2014 (as amended) the employer is responsible for deducting the employee income tax from its employees' salaries and wages, filing the periodic returns, and remitting the deductions to the Income and Sales Tax Department. The periodic returns include the monthly withholding declaration (AR/2 form) and the annual summary schedule. The employee, on the other hand, is responsible for submitting to the Income and Sales Tax Department his or her annual employee income tax return (AR/3 form).

The monthly employee income tax return must be filed and payment must be made to the Income and Sales Tax Department within 30 days from the month of the deduction.

The annual employee tax return (AR/3 form) filing and payment is due by 30th April of each year

The employee income tax is levied according to the following scale:

From JOD	To JOD	Rate %
–	5,000.00	5
5,000.00	10,000.00	10
10,000.00	15,000.00	15
15,000.00	20,000.00	20
20,000.00	1 million	25
Above 1 million	–	30

Additionally, a national contribution tax of 1% is imposed on the taxable income of natural persons exceeding JOD200,000.

The payment of the employee income tax liability has to be made electronically (if the payment exceeds a certain threshold) in Jordanian dinars to the benefit of the Income and Sales Tax Department.

2. Pension requirements

Registration requirements

Social security

All companies registered in Jordan are required to register their employees (Jordanians and non-Jordanians) with the Social Security Corporation for social security filing, reporting, and payment purposes. Upon successful registration, each employee of the company will be issued a social security number.

Ongoing compliance requirements

Social security

According to Social Security Law No. 1 of 2014, employees (Jordanians and non-Jordanians) should pay into social security. The current rates of social security are 14.25% for employers and 7.5% for employees.

It is the responsibility of the employer to withhold the social security contributions from the employees' income for each month of the fiscal year and file a monthly contributions form to the social security authority. An annual social security filing must also be made by the employer.

The payment of the social security has to be made electronically in Jordanian dinars to the benefit of the Social Security Corporation.

The monthly social security form and payment must be made to the Social Security Corporation by the 15th day of the month which follows the month of the deduction.

3. Employment obligations

Jordan's labor regulations are governed by Labour Law No. 8 of 1996 (the "Labour Law"). The provisions of this law apply to all workers (Jordanians and non-Jordanians).

The contract of employment largely determines the terms and conditions of employment. When drafting an employment contract, an employer must comply with the requirements set out in the Labour Law, guaranteeing certain employee rights and benefits. The Labour Law includes a number of requirements to which an employer must adhere when dealing with its employees.

Furthermore, under Jordan's Labour Law, several types of leave are permitted including:

Annual leave

Employees are entitled to annual leave with full pay of 14 days, unless a longer period was agreed. The annual leave shall be 21 days if the employee remains in the service of the employer for five successive years. Public holidays, religious feasts and weekly holidays shall not be calculated as part of the annual leave unless they took place during the annual leave. If the employee's period of service has not reached a year, then he or she shall be entitled to pro rata paid leave for the period which he or she has worked.

Sick leave

Sick leave is 14 days per year based on a valid medical report.

Maternity leave

Maternity leave is 10 weeks.

4. Payroll requirements

According to the Labour Law, an employer is required to maintain payroll records for all of its employees working in Jordan.

5. Banking requirements related to payroll

All companies in Jordan are required to open a bank account with a bank authorized in Jordan in order to make their payments due to the government authorities.

The payment of the employee income tax liability and social security contribution have to be made electronically in Jordanian dinars to the benefit of the relevant government authority.

Kazakhstan

K



1. Government requirements

Registration requirements

State registration in Kazakhstan follows a “one-stop shop” principle: all registration documents must be submitted to a single government authority - the Government for Citizens. Under the law on state registration, the procedure should take from one to five business days. In practice, general registration can take up to one month.

The law prescribes a standard set of documents that must be submitted for the state registration of a company. Having all the right documents is key to a successful registration process. It is essential to ensure that the documents have been duly signed, sealed, notarized and legalized, or apostilled if they were executed abroad; otherwise, the registration process may be considerably delayed.

The state registration fee is currently 6.5 minimum calculation indexes (MCI)¹ (approximately USD43).

Tax registration for individuals working in Kazakhstan also follows a “one-stop shop” principle. Hence, tax registration and social security registration are done at once when an individual receives Individual Identification Number (IIN). All the documents required for IIN obtainment should be submitted to a single government authority, the “Government for Citizens”. It is possible to submit the required documents both online (through an official website of “Government for Citizens”) and in-person. The process of IIN obtainment should take one business day. However, in practice this process may take longer.

Ongoing compliance requirements

On the basis of the Tax Code, a company is responsible for submitting to the tax authorities quarterly Personal Income Tax (PIT) and social tax reports by the 15th day of the second month following the reporting quarter.

Besides payroll withholding obligations levied imposed on tax agents, a foreign individual may also have a personal tax filing obligation in certain cases.

PIT

As required by the Tax Code, a tax agent is responsible for withholding and remitting income tax from payments made to resident and nonresident individuals.

Under the withholding mechanism, a tax agent withholds PIT and transfers it to the state budget on a monthly basis by the 25th day of the month following the month in which income was paid.

Special regime exists for shadow payroll in respect of income paid to individuals working in Kazakhstan under a service agreement between individuals’ home country employer and a counter party in Kazakhstan.

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¹ The MCI was established by the Law of the Republic of Kazakhstan “On the Republic’s Budget for 2021-2023”. Effective 1 January 2021, the MCI is KZT2,917.

Tax rates

The following tax rates are applicable to resident and nonresident individuals depending on the type of income:

1. Employment income received by residents and nonresidents: 10%
2. Capital gains, interest and winnings received by residents: 10%
3. Kazakhstan source dividends received by residents: 5%
4. Capital gains, dividends, interest royalties received by nonresidents: 15%
5. Income received from sources registered in a tax haven: 20%
6. Other (non-employment) income paid to nonresidents: 20%

Income received in foreign currency is converted to the local currency (tenge) at the exchange rate on the day prior to the date when the income is paid.

Social tax

On the basis of the Tax Code, employers pay social tax, but this is an additional direct tax on employers that is not earmarked for the social benefit of employees.

Social tax is assessed on the employer's expenses in the form of employees' income.

Social tax exemptions apply, but are not limited, to the following:

- ▶ Employees' Social Medical Insurance fund contributions
- ▶ Obligatory pension fund contributions

Employers are required to pay social tax at a flat rate of 9.5% of gross income, less income not subject to social tax (e.g., obligatory pension fund contributions). The minimum taxable base for social tax per employee is the Minimum Monthly Salary (MMS) (approximately USD100 in 2021).

Monthly social insurance contributions are deducted from the monthly social tax to be paid to the state budget (see social insurance contributions). Social tax must be remitted to the state budget on a monthly basis by the 25th day of the month following the month of income accrued.

Social insurance contributions

In accordance with the Law of the Republic of Kazakhstan, "On obligatory social insurance", employers pay social insurance contributions at a rate of 3.5% on income paid to employees who are citizens of Kazakhstan, repatriated ethnic Kazakhs, foreigners and stateless persons holding a residence permit in Kazakhstan, or citizens of the Eurasian

Economic Union (EEU) countries (i.e., Russia, Belarus, Armenia, Kyrgyzstan).

For 2021, income received in excess of 7 MMS (KZT297,500) per month is not subject to social insurance contributions. The minimum monthly tax base for obligatory social insurance contributions per employee is the MMS (approximately USD100 in 2021). If income subject to social insurance contributions is less than the MMS, the monthly base for social insurance contributions per employee should be the MMS.

Obligatory social medical insurance

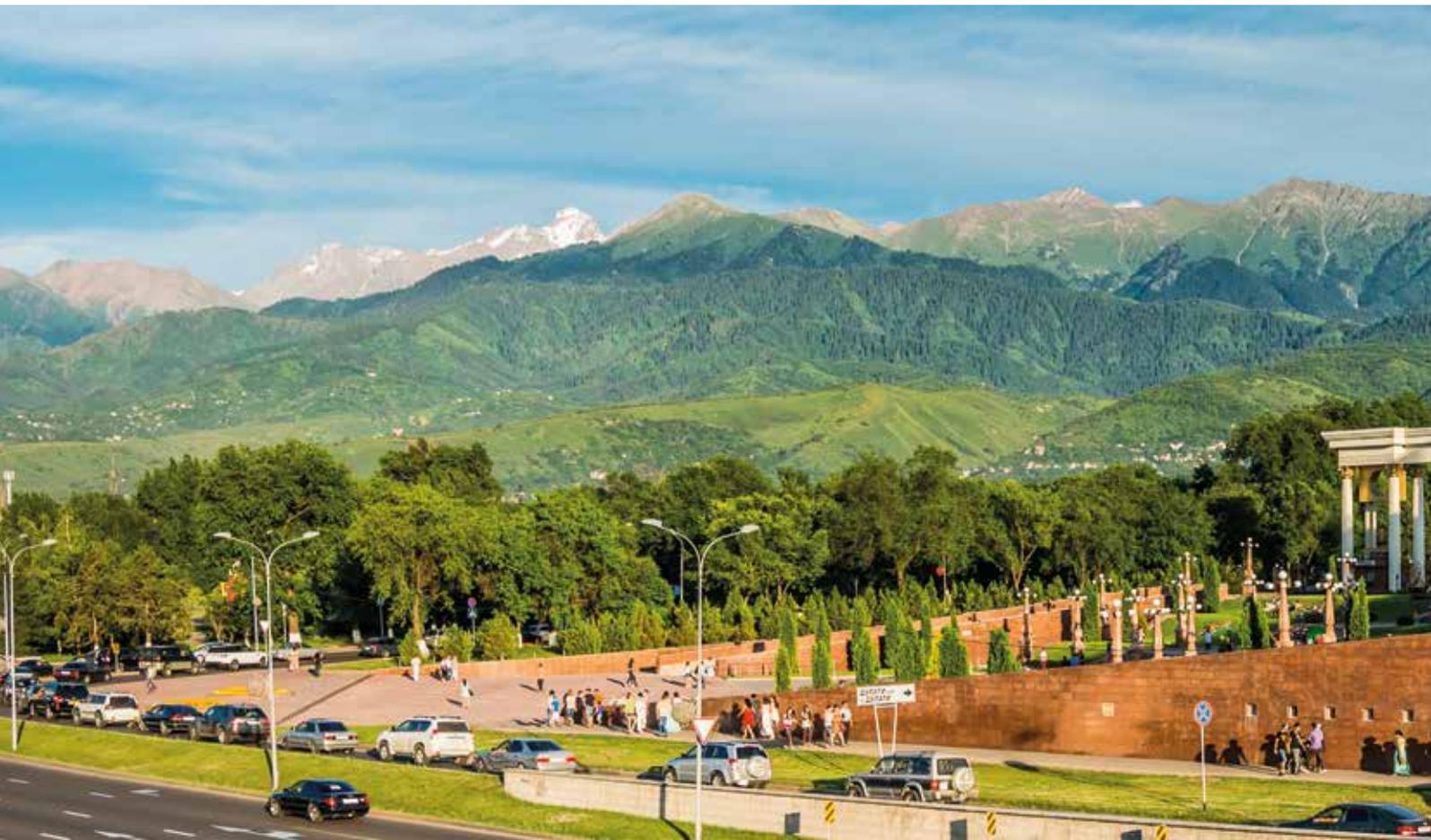
In accordance with the Law of the Republic of Kazakhstan No. 405-V "On obligatory social medical insurance" (OSMI), employers must make, at their own expense, employer contributions to the Social Medical Insurance Fund on a monthly basis at a rate of 2% of income paid to employees (applicable to Kazakhstan citizens, repatriated ethnic Kazakhs, citizens of the EEU countries and foreign citizens holding Kazakhstan residence permit).

In addition to employer contributions, starting from 2020, employer, being a tax agent, should withhold and remit to the Social Medical Insurance Fund monthly contributions from income of employees (Kazakhstan citizens, repatriated ethnic Kazakhs, citizens of the EEU countries and foreign citizens/stateless persons holding Kazakhstan residence permit) at 2% for 2021 of such employee's income.

For 2021 income subject to employer and employee OSMI contributions is capped at 10 MMS (approximately USD1,000) per month.

An employer may also be responsible for submission of the following non-tax reports:

1. Annual and quarterly statistical reports (Form 1-T) should be submitted to the local department of statistics. Quarterly reports should be submitted by the 10th of the month following the reporting quarter; annual reports should be submitted by 1 February following the reporting year.
2. Form named "Information about demanded professions for the projected jobs" (1-forecast) should be submitted to the local district (city) labor authorities in case of a planned reduction in headcount (e.g., due to the employees reaching retirement age, recruitment into the armed forces and other labor flow reasons). This report should be submitted twice a year, not later than April and October 1st.



3. Form named “Information on the demanded job vacancies and professions” (1-vrm) should be submitted to the local district (city) labor authorities in case of vacancies (e.g., due to a need to increase headcount, termination, reduction, retirement, maternity leave). This report should be submitted within three working days from the date a vacancy occurs.
4. Monthly reports on foreign employees who have settled in Kazakhstan should be submitted to the local district (city) labor authorities before the 25th day of the reporting month.

obligatory pension fund contributions (OPFC) of 10% of the gross salaries of Kazakhstan citizens, foreigners and stateless persons holding Kazakhstan residence permit must be withheld and remitted to the pension fund by employers on a monthly basis.

Starting from January 2021, in accordance with the Agreement on Pension Coverage of Employees of the EEU Member States, ratified by the Republic of Kazakhstan on December 7th, 2020, all Kazakhstan employers are obliged to withhold OPFC in the amount of 10% of gross income of the employees/contractors that are citizens of the EEU states.

Income received in excess of 50 MMS ((pproximately USD5,000 in 2021) per month is not subject to obligatory pension fund contributions. OPFC are deductible for personal income tax and social tax purposes.

These contributions apply to citizens of Kazakhstan, citizens of the Eurasian Economic Union, as well as to foreigners and stateless persons holdings a residence permit in Kazakhstan.

Obligatory professional pension contributions

For employees in certain professions that involve hazardous working conditions (e.g., mining, oil and gas, pharmaceuticals, and consumer goods manufacturing), employers must also, at their own expense, make

2. Pension requirements

Registration requirements

No additional registration is required for legal entities. With regard to the individuals working in Kazakhstan, an Individual Pension Account should be automatically opened once the first amount of pension contribution is paid to the State Pension Fund.

Ongoing compliance requirements

Pension fund contributions

In accordance with the Law of the Republic of Kazakhstan “On Pension Coverage in the Republic of Kazakhstan”,



obligatory professional pension fund contributions at a flat rate of 5% (without a cap) of employees' gross salaries on a monthly basis.

3. Employment obligations

The governing authority on labor issues is the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan.

The obligations of the employer are regulated by the Labor Code, collective bargaining agreements, employment agreements and employers' acts, and include the obligations to:

- ▶ Pay to the employee the salary and other payments stipulated by the laws and regulations of the Republic of Kazakhstan, the employment agreement and employer's acts, in full and in a timely manner
- ▶ Review proposals from the employee's representatives and provide them with complete and accurate information required for the conclusion of a collective bargaining agreement, as well as for monitoring its implementation
- ▶ Comply with mandatory prescriptions of state labor inspectors
- ▶ Implement mandatory social insurance of employees
- ▶ Maintain workplace accident insurance for employees
- ▶ Provide paid annual vacation to employees
- ▶ Keep a record of working time, including overtime work in harmful and hazardous working conditions, and heavy work performed by each employee
- ▶ Conduct collection, processing and protection of employees' personal data in accordance with the legislation of the Republic of Kazakhstan

Minimum Monthly Salary

Kazakhstan law has an MMS requirement as determined by the Law on the Republic's Budget for the relevant year. For 2021, it is KZT42,500.

Working hours and annual vacation

Normal working hours are 40 hours per week.

Resting hours depend on the working regime, but normally should not be less than 12 hours per day.

The minimum paid vacation period under the Labor Code is 24 calendar days (excluding official holidays). Additional vacation days should be provided for employees working in hazardous or harmful conditions.

Injury insurance

Kazakh law requires an employer to insure its employees against work-related injury within the first ten days of the month following the month in which the employer began work.

4. Payroll requirements

Salary should be paid not less than once a month, within the first 10 days of the following month. The date of payment should be agreed and provided in the employment contract.

Upon payment of salary, the employer should provide employees with payslips containing information about all accruals and deductions in the relevant month.

5. Banking requirements related to payroll

Salary and any additional allowances should be set out in the employment contract and paid in local currency, tenge. Bank accounts can be opened with a local bank in Kazakhstan in tenge, with the option of using foreign currency as well.

Kazakhstan legal entities are permitted to hold bank accounts outside of Kazakhstan without restrictions, but they are required to notify the National Bank of Kazakhstan within 30 calendar days after an agreement is concluded with a foreign bank and to file regular statutory reporting.

In practice, payment of some payroll taxes and contributions cannot be processed from foreign bank accounts. Therefore, it is recommended to open accounts with Kazakhstani banks.

Kenya

K



1. Government requirements

Registration requirements

Personal Identification Number (PIN)

When a business enters Kenya and employs people, it must register with the Kenya Revenue Authority (KRA) for a PIN. Once the business has obtained a PIN, it can register for Pay-As-You-Earn (PAYE) by activating its PAYE obligation on the online KRA iTax system. The activation of the PAYE obligation will enable the business to settle its tax liabilities. Upon registration with the KRA, the business will be required to account for employment taxes withheld and remitted for all its employees (whether Kenyan nationals or expatriates). All employees in the company will also be required to obtain a PIN.

National Hospital Insurance Fund (NHIF)

The NHIF fund is a Kenya Government state corporation with a mandate to provide health insurance to Kenyans over the age of 18. The core mandate for NHIF is to provide accessible, affordable, sustainable and quality health insurance for all Kenyan citizens who have reached the age of 18 years and have a monthly income of KES1,000. An employer is required to register with the NHIF and make monthly contributions toward the fund for all its employees as per the NHIF Act.

National Industrial Training Authority (NITA)

NITA is an agency established under the Industrial Training (Amendment) Act of 2011.

The mandate of the authority is to promote the highest standards in the quality and efficiency of industrial training in Kenya and ensure an adequate supply of properly trained manpower at all levels in the industry. All employers must register with the NITA and pay a training levy of KES50 on a monthly basis for each employee.

This should be submitted at the end of the company's financial year end, together with the PAYE filing for that month.

Ongoing compliance requirements

Remittance of PAYE

Employers must remit to KRA monthly PAYE taxes for all its employees and file the returns online on the KRA iTax platform by the 9th of the following month.

KRA imposes penalties at 25% of tax payable and interest of 1% per month for late payment and non-payment of PAYE tax. A penalty of KES10,000 is also imposed for late submission or non-submission of the PAYE returns.

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PAYE rates effective January 2021		
PAYE tax band	Rate of tax	Cumulative tax - Kshs per month, less relief
On the first Kshs 24,000 per month or Kshs 288,000 per annum; 1 - 24,000	10%	2,400.00
On the next Kshs 8,333 per month or Kshs 100,000 per annum; 24,001 - 32,333	25%	4,483.25
On all income amounts in excess of KShs 32,333 per month or KShs 388,000 per annum	30%	Above KShs 32,333
The applicable monthly personal relief is Kshs 2,400 per month or Kshs 28,800 annually.		

Annual reporting of PAYE and payment summaries

The employer should prepare and distribute Tax Deduction Cards (P9s forms) for employees immediately after 31 December.

Remittance of NHIF contributions

NHIF contributions are payable by the first day of the month following the month of deduction. However, in practice, the fund accepts payments made by the 9th of following month. Employers are mandated to remit this contribution for all employees as per the provisions of the NHIF Act applying the graduated rates, up to a maximum of KES1,700, however, individuals under self-employment are required to pay KES500 every month.

Remittance of NHIF contributions

The graduated NHIF scale is as follows:

Gross income (KES)	Proposed premiums (KES)
0-5,999	150
6,000-7,999	300
8,000-11,999	400
12,000-14,999	500
15,000-19,999	600
20,000-24,999	750
25,000-29,999	850
30,000-34,999	900
35,000-39,999	950
40,000-44,999	1,000
45,000-49,999	1,100

Gross income (KES)	Proposed premiums (KES)
50,000-59,999	1,200
60,000-69,999	1,300
70,000-79,999	1,400
80,000-89,999	1,500
90,000-99,999	1,600
100,000 and over	1,700
*Self-employed (Special)	500

A penalty equal to twice the amount of the contribution shall be payable by that person for each month or part thereof during which the contribution remains unpaid, and any such penalty shall be recoverable as a sum due to the fund, and when recovered, shall be paid into the fund.

2. Pension requirements

Registration requirements

The National Social Security Fund (NSSF) is a government agency responsible for the collection, safekeeping, responsible investment and distribution of retirement funds of employees in both the formal and informal sectors of the Kenyan economy. An employer (and all its employees) are required to register with the NSSF and make monthly contributions (employer and employee) as per the NSSF Act.

Ongoing compliance requirements

NSSF contributions are made at 5% of an employee's salary to a maximum of KES200 per month. The employer is required to contribute an equivalent amount for each employee. The employer is required to file the NSSF return with the authority by the 15th of the following month. In filing the return, the employer should indicate the employee's NSSF number. Foreigners who are members of social security in their home country and are in Kenya for less than three years are exempt from making contributions toward the NSSF.

Any amount paid after the due date attracts a penalty of 5% per month on the contribution due, or part thereof, for the period the tax remains unpaid.

Pension withdrawal tax rates

Tax Laws (Amendment) Act, 2020 (the Act) has reduced the highest tax rates on pension withdrawals from registered retirement funds after 15 years to 25%, for amounts exceeding KES1,200,000 per annum.

In addition, the Act has widened the tax bands on income withdrawals from retirement funds before the expiration of 15 years in line with the individual tax rates highlighted above.

These changes will go a long way in increasing the disposable income available to retirees and are a welcome measure in combating the financial hardships occasioned by the COVID-19 pandemic.

NITA levy

This is levy charged at KSH50 per employee payable by employer at the end of financial year period. Any payment received after the due date is subject to imposition of a penalty at rate of 5% per month that remains unpaid.

National Employment Authority (NEA)

All employers are required to register with the National Employment Authority. NEA requires all employers in Kenya with 25 or more employees to submit returns in relation to their employees for each calendar year ending 31 December.

An employer is required to notify the Director of Employment of any vacancies and/or terminations as well as when vacant posts are filled.

An employer who fails to file a return of employees' details with the National Employment Authority is liable for a fine of up to KES100k and/or a six months jail term.

3. Employment obligations

Annual leave

An employee shall be entitled to annual leave after every 12 consecutive months of service with their employer of not less than 21 working days leave with full pay.

Maternity leave

A female employee shall be entitled to three months of maternity leave with full pay.

A male employee shall be entitled to two weeks of paternity leave.

Sick leave

After two consecutive months of service with his employer, an employee shall be entitled to sick leave of not less than 7 days with full pay, and thereafter to sick leave of 7 days with half pay in each period of 12 consecutive months of service. Maternity and paternity leaves are provided with full pay.

Study leave

There are no specific provisions for study leave. The common practice is for the employer and employee to reach an agreement.

Study leave is also normally deducted from the annual leave entitlement.

4. Payroll requirements

Payslips

As common practice, employers are required to provide monthly payslips to their employees in either hard or soft copy, unless it is stipulated otherwise in their contracts. However, this is not mandated under the Kenyan Employment Act.

An employer is required to keep a written record of all employees with whom they have entered into a contract. The records can be kept in paper form or electronically (as long as the information can be accessed easily and converted into written form).

5. Banking requirements related to payroll

There is no standard method for making payments to employees. Employers can make payments to their employees by either cash, electronic transfers, check or a combination of these.

Payment to employees does not need to be in local currency however tax must be paid in local currency.

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.

Foreign exchange control considerations

There are currently no exchange control regulations in Kenya. Therefore, payments or remittances to foreign countries can be freely made by the Kenyan entity. However, as part of the Central Bank of Kenya's anti-money laundering regulations, local commercial banks will require documentary evidence for any remittances out of Kenya in excess of USD10,000 (or its equivalent in euro or sterling).

Korea

K



1. Government requirements

Registration requirements

Registration with tax office: As long as the entity is registered with the tax office for its establishment, no further registration for payroll is specifically required.

Registration with social security agencies: At the time of first hire, an employer is required to register with the social security agencies for the following social security programs:

▶ National Pension Plan

Under the National Pension Law, a company with at least one employee will be required to join the National Pension Plan. The contribution of 9% of payroll will be shared equally (4.5% by the employer and 4.5% by the employee). The cap on the monthly salary income, which becomes the basis for the insurance premium is KRW5,240,000 (effective from 1 July 2021). The cap amount is changed every July.

▶ National Medical Insurance Plan

Under the National Medical Insurance Law, a company with at least one employee is required to join the National Medical Insurance Plan.

- i. National Medical Insurance: The contribution rate for National Medical Insurance is 6.86% in 2021. (3.43% per employee and employer) and the insurance premiums are determined based on the employee's taxable salary income. The cap on the monthly taxable salary income, which becomes the basis for the insurance premium, is KRW102,739,068 for 2021.
- ii. Medical Care Expense Insurance: The contributing amount for Medical Care Expense Insurance in 2021 is 11.52% of the National Medical Insurance and is shared equally by an employee and employer.



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▶ Worker's Accident Compensation Plan

Under the Worker's Accident Compensation Law, a company with at least one employee, including foreigners if their salaries are paid or borne by the Korean entity, is required to join the Worker's Accident Compensation Plan and pay the premium on a monthly basis. The premium is entirely borne by the employer and is deductible for corporate tax purposes. The premium rate for 2021 ranges from 0.7% to 18.6% of an employee's salary depending on the type of industry.

▶ Unemployment Insurance Plan

A company with at least one employee is required to make contributions to the Unemployment Insurance Plan. The following three types of premiums must be paid on an annual basis:

- ▶ Unemployment insurance premium of 1.6% of an employee's salary, which is shared equally between the employer and the employee
- ▶ Employment security and development premiums of 0.25% to 0.85% of an employee's salary, which is borne entirely by the employer.

Ongoing compliance requirements

A monthly withholding tax return (withholding of personal income taxes on the company's payroll – payroll income from a local employer) must be filed with the district tax office by the tenth day of the following month and the taxes withheld must be paid to either the district tax office or a bank designated as a national treasury agent. In

addition, a year-end payroll withholding tax return needs to be prepared to make necessary adjustments to the withholding taxes that were reported during the year.

2. Pension requirements

Registration requirements

A National Pension is filed/proceeded together with other social security requirements as part of four kinds of Social Security Compliance - please refer to section 1.

Ongoing compliance requirements

A National Pension is filed/processed together with other social security requirements as part of four kinds of Social Security Compliance - please refer to section 1.

3. Employment obligations

An employer is required to comply with the Korean Labor Standards Act, which stipulates various requirements in hiring and maintaining its employees.

Details of obligations include and not limited to:

- ▶ Minimum 15 days of leave per year
- ▶ Mandatory severance payment when exceeding one year of employment
- ▶ Minimum one month notice



4. Payroll requirements

Payroll requirements are also controlled by the Korean Labor Standards Act. No specific guidance for payslips or payment frequency, however, in general practice, payslips are released to employees, and payment frequency is once per month.

5. Banking requirements related to payroll

There is no specific control process for payment. In practice, the payment would be processed as per individual agreement through employment contract.

Kuwait

K



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1. Government requirements

Registration requirements

Registration with the Public Authority of Manpower (PAM)

The company's file must be opened with PAM, which will determine the number of visas available to the company (on the basis of the company's sector and work specification being registered with PAM). Accordingly, employees whose visas are issued through the file will need to be registered under the company's file. If the employee needs to move to another firm, the new employer should raise an online transfer request through the PAM portal, which should be approved by the current employer. Once the current employer approves the said request through the portal, the employee can be registered in the file of the new firm. This process takes one to two weeks to be completed.

Employment contracts

Employees in Kuwait are entitled to obtain an employment contract issued and attested by the Public Authority of Manpower and signed by themselves and the employer. The contract details the basic salary, job title, period of contract and the performance measures of the company. The contract also explains the termination conditions, including the notification period from either side for termination of contract, and the liabilities to be incurred if conditions of the contract are broken.

Income tax registration

There is no Personal Income Tax (PIT) in the state of Kuwait. However, there is corporate tax applicable to foreign corporations. The Kuwaiti tax law does not define the concept of resident or nonresident and permanent establishment. As a result, there may be corporate tax implications where representatives or employees of the supplying or invoicing foreign entities are present in the country.

In practice, the Kuwait Tax Authority (KTA) considers even a single day's visit to Kuwait as a taxable presence in the absence of a double tax treaty between the corporation's country of tax residence and Kuwait.

Ongoing compliance requirements

There is no PIT in Kuwait.

MOSAL has to be notified whenever the company deposits salary to an employee's bank accounts. Bank accounts opened with Kuwaiti banks provide access to an online salary portal through which the salary report would automatically be sent to MOSAL.

2. Pension requirements

Registration requirements

Social security

Every new Kuwaiti employee should be registered with the Public Institution for Social Security (PIFSS) by the 5th of the following month to avoid penalties. Social security contributions are applicable to all Gulf Cooperation Council (GCC) nationals. However, the social security rates vary according to the nationality of the employee.



Ongoing compliance requirements

Social security

For Kuwaiti nationals, social security contributions must be paid as a percentage of their monthly basic salary plus their social allowance. The contributions by the employer and the employee are as follows:

- ▶ The employee's contribution toward social security is 10.5% up to KWD1,500 and 8% from sums above KWD1,500 and up to KWD2,750.
- ▶ The employer's contribution toward social security is 11.5%, with the cap amount being KWD2,750.

For foreign employees who have completed a minimum period of three years, it is generally necessary to make a terminal indemnity payment, calculated at 15 days remuneration for each of the first five years of service and one month remuneration for each year thereafter.

3. Employment obligations

Annual leave

Employees are entitled to 30 days (excluding sick leave and public holidays) of annual paid leave for one year of continuous service.

Time off work

The employee shall be entitled to a weekly period of rest of not less than one day with pay, and in case the employee is made to work during the weekly rest, he or she shall be entitled to a wage in return for that day equaling the original wage per day plus at least 50%.

Working on official public holidays

Whenever an employee is made to work on an official public holiday, they shall be entitled to a double wage for that day.

Minimum wage

In Kuwait, minimum wages vary depending on the job role and the job designation as per the visa.

Government medical insurance

It is mandatory for all employees to be provided government medical insurance.

4. Payroll requirements

Wages may be determined per hour, per day, per week, per month or per project. Wages shall be paid on one of the official work days and at the workplace of the employees, in the currency legally in circulation, subject to the following provisions:

- ▶ Employees appointed on monthly pay shall be paid the wage thereof at least once per month.

- ▶ Employees paid per hour, day laborers, employees on a weekly wage or paid on a project basis shall be paid the wage thereof at least once every two weeks.
- ▶ The employer shall be prohibited from transferring a monthly paid employee to the category of a day laborer, or to the category of an employee appointed on a weekly wage or on a project basis, except terminating the existing contract and sign a new contract and update the same with the MOSAL.

5. Banking requirements related to payroll

All salary payments must be made through a local bank account and paid in local currency.

Latvia

L



1. Government requirements

Registration requirements

State Revenue Service (SRS)

Information of the company is sent to the SRS within one working day once the legal entity is registered in the commercial register of Latvia. Data is exchanged electronically between state authorities. The SRS registers the taxpayer in the taxpayers' register or takes a decision to refuse the registration of the new taxpayer no later than three working days after the registration documents are received.

All new employees must be reported by the company to the SRS at least one day before the commencement of the employment relationship.

Electronic Declaration System (EDS)

All companies, regardless of their chosen form of business, should collaborate with SRS via the EDS. Tax returns and statements should be submitted in the EDS pursuant to the tax statutory deadlines.

Employment contracts

An employer and an employee shall establish a mutual legal employment relationship by concluding an employment contract. With an employment contract, the employee undertakes to perform specific work, subject to specified working procedures and orders of the employer, while the employer undertakes to pay the agreed work remuneration and to ensure fair and safe working conditions that are not harmful to health. The provisions of the Civil Law shall apply to contracts of employment. General rules of employment are stipulated in the Labor Law of the Republic of Latvia.

Mandatory state social insurance contributions (SSC)

An employer (including a micro-enterprise taxpayer) shall register each employee with the SRS, by submitting the information regarding them within the following timescales:

- ▶ Regarding new employees: not later than one day before they commence work, if information is submitted via paper form, or one hour before they commence work, if information is submitted via EDS
- ▶ Regarding employees who have changed or lost their status as an employee: not later than within three working days after the change or loss of status

The requirements mentioned above are described in Cabinet Regulations No. 827 "Regulations Regarding Registration of Persons Making Mandatory State Social Insurance Contributions and Reports Regarding Mandatory State Social Insurance Contributions and Personal Income Tax."

Ongoing compliance requirements

Personal Income Tax (PIT)

PIT shall be paid by all natural persons who are domestic taxpayers (residents) and who have obtained income in the Republic of Latvia and foreign states, if any, during the taxation period (calendar year). Foreign taxpayers who have obtained income in the Republic of Latvia during the taxation period are also subject to PIT.

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Starting from 2020, PIT has the following progressive rates:

- ▶ For income up to EUR20,004 per year - 20%
- ▶ For income from EUR20,005 to EUR62,800 per year - 23%
- ▶ For income more than EUR62,800 per year - 31.4%

The tax rate of 31% is not applied to earned income during the tax year. The payer of income deducts tax of 23% from all income above EUR1,667 per month, and the final PIT calculation is made pursuant to the summary procedure. As part of this procedure, employees part of Solidarity tax in amount of 10% will be transferred to the PIT account with the State Treasury, except where a taxable person is holding an A1 certificate and statutory social insurance contributions are paid abroad.

If the employee has not submitted the tax book to the employer, 23% of PIT is calculated from the first Euro of income.

If the employee has registered the tax book, the following tax allowances are applicable:

- ▶ Non-taxable minimum which is calculated individually to each employee by Latvian State revenue services according to income declared in previous six months. The maximum non-taxable minimum is EUR300 and it is applicable if the employee receives minimum wage. If the employee's wage is above EUR, the non-taxable minimum is zero.
- ▶ Allowances for dependents for year 2020 is EUR250 for each dependent per month.

The Law of the Republic of Latvia on PIT governs the PIT rates. PIT from salaries is calculated, withheld and paid by the company.

PIT and SSC reporting

By the date determined by State Revenue Service for making monthly mandatory payments, the employer shall submit to the State Revenue Service an employer's report on monthly calculated salaries and payroll taxes (e.g., SSC and PIT) till 17th of the following month.

Notification of the amounts disbursed to a natural person

This notification shall be sent to the SRS no later than 1 February of the year following the taxation year, provided that the employment relations have existed until the end of the year. The notice regarding the amounts disbursed to an employee, considering one with whom employment relations have not existed until the end of the year, shall be sent by the employer to the SRS by the 15th of that month

which follows the month of the termination of employment relations.

State social insurance contributions (SSC)

The standard SSC rate is 34.09% and it is calculated from employees' monthly gross income. SSC is divided into two parts – the employee's part and the employer's part. The standard distribution is 10.5% and 23.59%. SSC rates and splits between parties can differ based on special categories of people.

SSC shall be paid by the date determined by State Revenue service to State Treasury.

SSC is accounted from income up to EUR62,800 per year, if the employee's yearly income exceeds the threshold - deducted SSC above the threshold (employee's part 10.5% and employer's part 23.59%) is transferred to Solidarity tax.

SSC is calculated and paid by the employer. The general rules of SSC calculation and application are described in the Law of the Republic of Latvia on State Social Insurance and Cabinet Regulation No. 786.

2. Pension requirements

Pension system in Latvia

Since July 2001, there has been a three-tier pension system in Latvia which includes the first tier (state compulsory unfunded pension scheme), the second tier (state funded pension scheme) and the third tier (private voluntary pension scheme). The underlying principle of the system is: the larger the contributions made, the larger the pension will be. The simultaneous existence of all three pension tiers ensures the stability of the system because it reduces the demographic and financial risk for each of the tiers.

All persons making SSC are involved in the first tier. Paid contributions are used to fund old age pensions for the existing generation of pensioners.

The SSC of those who participate in the second pension tier, through their chosen fund managers, are invested into the financial market and saved for their pensions.

The third pension tier provides the possibility for every individual to choose to create additional savings for his or her pension in private pension funds.

The pension system in Latvia is supervised by the State Social Insurance Agency (SSIA).

3. Employment obligations

Social insurance

All employees who have reached 15 years of age and are employed by an employer shall be subject to mandatory social insurance. Persons who have reached 15 years of age, whose permanent place of residence is of Latvia and who are not subject to mandatory social insurance, may join the state social insurance voluntarily in accordance with the procedures stipulated by the Cabinet. Health and life insurance is an additional benefit for employees and is optional to employers.

Minimum wage

The minimum monthly salary in Latvia is determined by the Cabinet. In 2021, it is EUR500 for normal working hours of 40 hours per week.

Annual paid leave

Every employee has the right to annual paid leave. Such leave may not be less than four calendar weeks, not counting public holidays. Employees under 18 years of age shall be granted annual paid leave of one month. With the agreement of the employee and the employer, annual paid leave in the current year may be granted in parts, but one part of the leave in the current year shall not be less than two uninterrupted calendar weeks. In exceptional cases, when the granting in the current year of the full annual paid leave to an employee may adversely affect the normal course of activities, it is permitted for the employee to transfer part of the leave to the subsequent year, with their written consent. In such cases, the part of the leave in the current year shall not be less than two consecutive calendar weeks. The part of the transferred leave shall, as far as possible, be added to the leave of the next year. Part of the leave may be transferred only to the subsequent year.

Resting hours

Daily and weekly rest time differs according to the type of employment (e.g., normal working hours, part-time work, or aggregated working hours).

4. Payroll requirements

An employer has a duty to pay work remuneration not less than twice a month, unless the employee and employer have agreed on payment of work remuneration once a month.

There are three mandatory payroll taxes calculated and paid from salaries in Latvia. Personal Income Tax and Social Security Contributions have been described in this guide. The third is an unemployment risk fee of EURO.36 for one reporting month which is paid for each employee with whom the company has employment relationships. The company, on a monthly basis, calculates and pays this risk fee into the State Budget. The amount and payment procedures are determined by Cabinet Regulation No. 772.

Payslips

When paying work remuneration, an employer shall issue a written calculation in which the remuneration disbursed, the taxes deducted and the mandatory state social insurance payments made are specified. This should also include overtime hours, hours worked at night and hours worked on public holidays.

The employer has a duty to explain these calculations upon the request of an employee.

5. Banking requirements related to payroll

Payment requirements are described in the Labor Law. Work remuneration, in accordance with Labor Law, shall be calculated and paid in cash in local currency Euro. However, most companies have chosen to use non-cash payments. Work remuneration shall be calculated and disbursed in cash. An employer has the right to disburse work remuneration as non-cash payments only when both the employee and the employer have specifically agreed.

Lebanon

L



1. Government requirements

Registration requirements

Social security registration

Each company, with at least one employee, has to register itself with the National Social Security Fund (NSSF). A taxpaying company is required to register new employees with the NSSF within 15 days of their employment. Social security contributions are payable on a quarterly basis for companies with fewer than 10 employees, and on a monthly basis for companies with 10 or more employees.

Registration with the Payroll Tax Department

Each employer is required to register its employees within two months of their commencement of work. Certain forms (R3, R3-1) should be completed and submitted to the tax authorities.



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Ongoing compliance requirements

Employees' income tax

As per the Lebanese Income Tax Law, the employer is responsible for administering employees' income tax relating to their salaries and benefits. On a monthly basis, companies must withhold the imputed tax from the employees' payments and remit it on a quarterly basis to the tax authorities.

The required forms and deadlines are as follows:

- ▶ R10 – employees' quarterly income tax return; deadline: within 15 days from the end of each quarter
- ▶ R5 – employees' annual income tax return; deadline: before end of February of the following year

- ▶ R6 – individual's annual income tax return; deadline: before end of February of the following year
- ▶ R7 – list of employees who left the company during the year; deadline: before end of February of the following year
- ▶ R8 – personal return for an employee who works for more than one entity; deadline: before 30 April of the following year

The R10, R5, R6 and R7 forms are submitted online through the portal of the Lebanese Ministry of Finance (MoF).

Employees' income tax brackets are progressive from 2% to 25%.



2. Pension requirements

Registration requirements

Registration with the NSSF: A taxpaying company is required to register new employees with the NSSF within 15 days of their employment.

The registration forms for the SS are as follows:

- ▶ SS employment form for employees being registered with the NSSF for the first time
- ▶ SS notification form for employees previously registered with the NSSF

Ongoing compliance requirement

Each employer has to account for the following monthly contributions:

- ▶ From the employee's total income, 8.5% toward the end-of-service indemnity
- ▶ Six percent of the employee's total income (with an income ceiling of LBP1.5 million toward family contributions
- ▶ Eight percent of the employee's total income (with an income ceiling of LBP2.5 million toward sickness and maternity contributions, and an additional 3% contribution by the employee

3. Employment obligations

Employment obligations include official transportation allowance (LBP8,000), official schooling allowance (LBP750,000 per child, up to three children. The allowance per employee should not exceed LBP1,500,000) and 15 days leave per year.

End-of-service indemnity

As per the SS law, each employee is entitled to end-of-service indemnity, which is calculated by multiplying his or her years of service by his or her last salary as on the date of cessation of employment.

4. Payroll requirements

Payslips must be provided to the employee on a monthly basis. In addition, these payslips must be signed and stamped.

There is no currency limitation on the payment of salary, however employee income tax returns and related payments made to tax authorities should be in local currency.

5. Banking requirements related to payroll

The employer may pay to employees via check, cash or electronic funds transfer.

Lesotho

L



1. Government requirements

Registration requirements

Tax registration with Lesotho Revenue Authority (LRA)

Any business or organization registered in Lesotho, either as a company, partnership, professional, sole trader or association (including non-profit-making organizations), should register with the LRA. Any such businesses can contact the Advice Centers, Taxpayer Education Office or One-Stop Business Facilitation Centre (OBFC) located at the Ministry of Trade, Industry, Cooperatives and Marketing for assistance.

Tax registration is governed by the Lesotho Revenue Authority (LRA). The governing legislation is the Income Tax Act No. 9 of 1993. The business registration form is called the Bus-reg-01 form and the individual's registration form is called the Ind-reg-01 form.

The following are the types of taxes that businesses are required to register for:

- ▶ Individual Income tax (IIT): An individual who derives income in Lesotho is expected by law to register for income tax and pay tax due in Lesotho.
- ▶ Company Income Tax (CIT): An entity registered as a company should register for CIT.
- ▶ Employment Income Tax (EIT)/Pay-As-You-Earn (PAYE): If the business or organization has employees earning taxable salaries, then it should also register for PAYE.
- ▶ Fringe Benefit Tax (FBT): If the business or organization provides any taxable fringe benefits, such as domestic assistance, meals or refreshments, a car, medical aid, electricity, a telephone, housing, debt waiver, a loan, or excessive superannuation contributions, then it should also register for FBT.
- ▶ Withholding Tax (WHT): If the business or organization outsources some services, then it should register for WHT.
- ▶ Value-Added Tax (VAT): If a business makes a taxable turnover of LSL850,000 or more per annum, it must be registered for VAT. This is referred to as compulsory registration. A business may, however, volunteer to register for VAT where it does not meet the above turnover threshold. This is referred to as voluntary registration.

Companies are required to bring Memorandum and Articles of Association, Trader's license, certified copies of passports of the directors, certificate of incorporation and a schedule listing all employees, their salaries and fringe benefits offered, if any.

No tax registration fee is payable.

Ongoing compliance requirements

Company Income Tax (CIT)

A taxpaying company that derives income in a year of assessment is liable to pay three installments of tax due by 30 September, 31 December and 31 March of the year of assessment, except where the taxpayer has been granted permission to use a substitute accounting period, the installments of tax become due on the last day of the 6th, 9th and 12th months of the substituted year/accounting period. A company is required to file a return annually but pay every quarter.

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Fringe Benefit Tax (FBT)

The return for FBT must be filed by a company within 14 days of the end of the period to which it relates, and payment of FBT is to be made quarterly:

- ▶ First quarter: 30 June
- ▶ Second quarter: 30 September
- ▶ Third quarter: 31 December
- ▶ Fourth quarter: 31 March

Individual Income Tax (IIT)

An individual taxpayer is required to make an annual tax payment and file an annual tax return by 30 June.

Pay-As-You-Earn (PAYE)

PAYE is to be withheld by employers monthly and is to be paid to the LRA by the 15th of every month.

Withholding Tax (WHT)

WHT is to be paid by the 15th of every month.

Value-Added Tax (VAT)

A VAT return is to be submitted by the 20th of every month and payment to be made by the same date.

2. Pension requirements

There is no mandatory social security requirements.

3. Employment obligations

Labor relations are governed under the Lesotho Labor Code Order, 1992.

Manner of fixing wages

Wages and conditions of employment may be fixed by the terms of a contract of employment, a collective agreement, an arbitration award, an industry-wide order under Section 54 or by a wages order issued by the Minister upon the recommendation of the Wages Advisory Board.

Weekly rest and public holidays

Except as otherwise provided by the Code, every employee shall be allowed a weekly rest period of at least 24

continuous hours which shall, whenever practicable, include Sunday as the day of rest. If the circumstances of a particular employment so require, the employer may, after consultation with the employee or his or her representative, at not less than 3 days' notice, grant a different period of at least 24 continuous hours in that week as the period of weekly rest for the employee concerned.

Whenever an employee is required to work on his or her day of weekly rest or on a public holiday, the employer shall pay him or her for such work at double the employee's wage rate for an ordinary work day. This shall be without prejudice to an employee's entitlement to payment at a higher rate for work performed on that day of rest or public holiday under the terms of a collective agreement applicable to the employee.

Holiday

An employee shall be entitled to one working day's holiday on full pay in respect of each month of continuous employment with the same employer. An employee shall be entitled in each year to a minimum holiday of 12 working days on full pay, to be taken at such times as may be agreed between the employer and the employee.

Ordinary hours of work and overtime

Except as otherwise provided in the Code, the normal hours of work for any employee shall not be more than 45 hours per week, calculated as follows:

- ▶ For an employee who ordinarily works a five-day week: nine hours of work on any day
- ▶ For an employee who ordinarily works a six-day week: eight hours of work on five days and five hours of work on one day

Dismissal

An employee shall not be dismissed, whether adequate notice is given or not, unless there is a valid reason for termination of employment, which is:

- ▶ Connected with the capacity of the employee to do the work he or she is employed to do (including but not limited to an employee's fraudulent misrepresentation of having specific skills required for a skilled post)

- ▶ Connected with the conduct of the employee in the workplace
- ▶ On the basis of the operational requirements of the undertaking, establishment or service

Any other dismissal will be unfair unless, having regard to all the circumstances, the employer can sustain the burden of proof to show that he or she acted reasonably in treating the reason for dismissal as sufficient grounds for terminating employment.

4. Payroll requirements

The wages of every employee shall be made payable in legal tender only, and any agreement whereby the whole or any part of the wages of an employee are made payable in any other manner shall be void. However, nothing in the Code shall render illegal an agreement or contract with an employee to provide the employee, as partial remuneration for his or her services in addition to money wages, with food, a dwelling place or such other allowances or privileges as may be customary in the trade or occupation concerned. The Minister may make regulations whereby, in specified classes of employment or in particular cases, contracts may provide for the partial payment of wages in the form of allowances in kind.

The following conditions shall apply to the partial payment of remuneration in any form other than money wages:

- ▶ Under no circumstances shall an employer give to an employee any noxious drug or any intoxicating liquor by way of remuneration or wages.
- ▶ Any allowances in kind shall be appropriate for the personal use and benefit of the employee and his or her family.
- ▶ The value attributed to any allowance or privilege shall be fair and reasonable in accordance with prevailing prices and in any case shall not exceed the cost to the employer of supplying the same.
- ▶ Where the employee is provided with accommodation, the statutory minimum wage applicable to that employee may be reduced by such amount as may be determined by the relevant wages order.
- ▶ An employee may at any time (by a fortnight's notice in writing to take effect from the next date for the payment of wages after the expiry of such notice) renounce his or her right to any such allowances or privileges and require the same to be replaced by a sum of money equivalent to the value thereof.

5. Banking requirements related to payroll

Depending on the employment contract, there is no specific banking requirements.

Libya

L



1. Government requirements

Registration requirements

Labor Office

All companies must register at the Labor Office and subsequently state their employee requirements. A national must be employed if a person with relevant skills is available, and certain jobs are restricted to nationals.

Opening a file at the Labor Office requires the submission of:

- ▶ Covering letter requesting the opening of a file
- ▶ Tax Clearance certificate
- ▶ Social Security Clearance certificate
- ▶ List of employees by Nationality (Libyan, other Arab, Expatriate)
- ▶ Registered Contract with a Libyan Government entity
- ▶ Power of Attorney of Branch Manager, a copy of his passport, and 4 passport-sized photographs

The registration process requires the signing of a contract to train Nationals. The number to be trained will be a matter of negotiation but will be partly based upon the number of non-Libyans to be employed under the Registered Contract. Labor Law states that the workforce should be 75% Libyan.

A foreigner may be employed if a national is not available, subject to having appropriate qualifications. Supporting documents must be submitted and an annually renewable work permit will be issued.

Employers must register an employment contract in a form determined by the Labor Office.

Employment is governed by Labor Law 12/2010.

Registration with the Tax Department

All companies must register with the Tax Department under Income Tax Law 7/2010 and get a unique tax file number.

Opening a file at the Tax Department requires the submission of:

- ▶ Covering letter requesting the opening of a file
- ▶ Tax Department Application Form 1
- ▶ Copy of business license issued by Ministry of Economy
- ▶ Copy of registration at Trade Register
- ▶ Copy of Company's Articles of Association

A certificate of registration will be issued.

A notification letter stating the name of the employee or employees, along with the corresponding salaries and starting date of employment, should be submitted. Taxes are payable from date of entry into Libya.

The Law requires that companies must register and pay payroll taxes at the local Tax Department in which work is undertaken. It is possible to register to pay payroll taxes at more than one local Tax Department.

There is no company or personal registration fee.

Registration with the Social Security Department (INAS)

All companies must register with INAS under Social Security Law 13 of 1980 and get a unique reference number.

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Opening a file at the Social Security Department requires the submission of:

- ▶ Covering letter
- ▶ Department application forms
- ▶ Submission of a letter stating the gross salary of the Branch Manager and the Libyan Public Relations Officer (PRO)
- ▶ Submission of details of the Branch's bank to include the bank account number
- ▶ Branch address

Each employee is given an INAS number and will be issued a registration card.

A certificate of registration will also be issued.

Thereafter, a company letter stating the names of the other employees, along with the corresponding salaries and starting date of employment, must be submitted to the Department. A copy of the labor contract, as registered with the Labor office, must be attached

There is no company or personal registration fee.

INAS provides health and retirement benefits to both national and foreign employees.

A notification letter stating the name of the employee or employees, along with the corresponding salaries and starting date of employment, must be submitted to the department. A copy of the labor contract must be attached. Each employee is given an INAS number and card.

INAS provides health and retirement benefits to both national and foreign employees.

After five years of continuous employment and subject to stringent conditions, a foreign employee may recover a small proportion of deductions upon leaving the country.

Ongoing compliance requirements

Tax Department

A monthly filing must be made by the company on Form Number 7 and the company is responsible under the Income Tax Law for deducting taxes and paying them to the Tax Department. Form 7 must be accompanied with a summary covering letter setting out the amounts payable.

Taxes must be filed within 60 days of month end plus 15 days grace. Late payment penalties of 1% per month (to a maximum of 12%) apply to the late payment of taxes.

Payment must be by certified bank cheque or by direct bank transfer.

A receipt will be issue for the amount paid.

There is no requirement for an employee to file a tax return if his or her employment is his or her only source of income, and there are no annual requirements on a company.

Taxes are payable by all employees, both Libyan and resident foreigners, on income arising from employment in Libya under Income Tax law 7/2010. The annual rates of personal tax are:

First LYD 12,000	5%
Balance	10%



A deduction of 1% of gross salary is made as a contribution to the “Social Unity Fund”.

Jihad Tax is imposed by Law 44/1970 and subjects gross salary to tax at 3% on income over LYD100 per month (the minimum wage is now LYD450 per month).

All individuals are granted a personal allowance LYD1,800 for a single person, LYD2,400 for a married person, and LYD300 per child. In order to obtain the married or married with children allowance, an expatriate’s wife or family must be resident in Libya.

Foreigners should not undertake employment in Libya if they do not have a work visa.

Social Security (INAS)

A monthly filing must be made by the company and it is responsible for deducting the contribution and paying it.

Social Security is payable by all persons, resident and working in Libya, under Social Security Law 13/1980, as amended. The contributions are computed on gross income as follows:

	Branch	JV
Employee’s contribution	3.75%	3.75%
Employer’s contribution	11.25%	10.50%
Government contribution		0.25%
	15.00%	15.00%

Reduced rates apply for Maltese and some other Nationalities.

Social security must be filed within 10 days of month end but there are no late payment penalties.

There is no requirement for an employee to file any documentation regarding his or her contributions.

2. Pension requirements

Registration requirements

The monthly social security payment includes an amount of contribution to the state pension.

State pensions and health entitlement are governed by the Social Security Law.

After five years of continuous employment and subject to stringent conditions, a foreign employee may recover a small proportion of deductions (a proportion of the pension related element of the monthly payment) upon leaving the country.

The pension is payable upon retirement by the Social Security Fund (on the basis of either age or years of employment) and is a proportion of the final three years of salary.

3. Employment obligations

Conditions of Employment are set out in Labor Law 12/2010.

In addition to the minimum wage, employers must provide the minimum leave entitlement set out in law.

The minimum requirements are 30 days paid annual leave per year and 45 days if the person is over 50 years of age or after 20 years of employment.

The employee is entitled to 45 days of sick pay if continuous, and 60 days in total, per year.

Maternity leave is payable.

A variety of other benefits are payable.

Termination indemnity based upon years of employment may also be payable.

4. Payroll requirements

Both the Social Security and Labor Law state that the employee is entitled to receive a monthly payslip.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- ▶ Cash
- ▶ Check payable to the employee
- ▶ Electronic funds transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid.

Lithuania

L



1. Government requirements

Registration requirements

Registration with the State Social Insurance System (SSIS) and State Tax Inspectorate (STI)

After the legal entity is registered in the commercial register of Lithuania, the information is sent to SSIS and STI. Access to the SSIS portal and STI systems (My STI, an online services area where relevant personal information is provided to the taxpayer, and EDS, an online declaration system, with an area where tax forms should be submitted) is automatically given to the company manager, who can assign other representatives to access these tools. All companies, regardless of their chosen form of business, should communicate with SSIS via the portal and with STI via My STI and EDS. The respective tax returns and statements should be submitted in the SSIS portal and EDS system, pursuant to the tax statutory deadlines. These processes are described by the Law of the Republic of Lithuania on State Social Insurance and Government regulations and by the Law of the Republic of Lithuania on Personal Income Tax (PIT).

Employment contracts

An employer and an employee shall establish a mutual legal employment relationship by concluding an employment contract. With an employment contract, the employee undertakes to perform specific work, subject to specified working procedures and orders of the employer, while the employer undertakes to pay the agreed work remuneration and to ensure fair and safe working conditions that are not harmful to health. The provisions of the Civil Law shall apply to contracts of employment.

General rules of employment are stipulated in the Labor Law of the Republic of Lithuania.

Registration in the state social insurance system ("SoDra" in Lithuanian language)

An employer (including a micro-enterprise taxpayer) should register each employee with the SSIS, and submit information regarding them within the following time periods:

- ▶ Regarding persons who start working – not later than one day before a person commences working (report on insurance beginning).
- ▶ Regarding employees who have changed or lost the status of the employee – not later than within one working day after change or loss of the status (report on insurance end).
- ▶ Regarding employees who have taken unpaid absences (study leave, paternity/maternity leave, etc.) and sick leave: not later than three working days after the start of the unpaid absence or the end of the sick leave.

Regulations mentioned above regarding the state social insurance system are described by the Ministry of Social Security and Labor part IV in the document named DUOMENŲ APIE APDRAUSTUOSIUS IR DRAUDĖJUS PATEIKIMO IR TIKSLINIMO TAISYKLĖS in Lithuanian language.

Ongoing compliance requirements

Personal Income Tax (PIT)

This must be paid by all natural persons who are domestic taxpayers (residents) and who have obtained income in the Republic of Lithuania or foreign states during the taxation period (calendar year). Foreign taxpayers income obtained

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in the Republic of Lithuania during the taxation period is also subject to PIT. The standard PIT rate in Lithuania for 2020 is 20% and it is governed by the Law of the Republic of Lithuania on Personal Income Tax. Usually, PIT from salaries is calculated, withheld and paid by the employer.

The income of employee that exceeds 84 statistical average salaries per year 2020 (60 statistical average salaries in 2021) shall be taxed at a higher 32% PIT rate. Individuals are responsible for additional PIT payments (all that exceeds 20% rate), there is no obligation to employers to follow annual employees' incomes and deduct higher rate of PIT from monthly payments. However, employees could submit request to tax their incomes with higher rate by employers. In case the standard PIT rate (20%) is applied to the employee's income on monthly basis and next year, after submission of the annual PIT declaration, the employee pays the difference between the employer's calculated PIT and the PIT calculated (recalculated) by the tax administrator (considering increased tax rate).

PIT reporting

Reports on PIT are required from the State Tax Inspectorate and the regulations are described in Income Tax Act.

Every month, not later than the 15th calendar day, the employer shall submit the PIT report on monthly paid salaries. The PIT report should include the taxable amount, the PIT from salaries paid until the 15th calendar day of the previous month and the PIT from salaries paid from the 15th to the last calendar day of the previous month, and the total PIT amount (20%).

Annual PIT report

An annual PIT report for the tax period (one year) shall be submitted by the next tax period (calendar year) – by 15 February.

The annual PIT report should include: the taxable amount, the PIT amount per year for each employee, the sum of particular payments that are not subject to PIT or are exempted (e.g., daily allowance for business trips, amounts paid by the employer for the employee's private health and accident insurance, prizes and gifts) and the employee's personal code.

Social security contributions (SSC)

The standard rate is 21.27% and this is calculated from employees' monthly gross income. SSC is divided into two parts – the employee's part (from 19.50% to 22.50%) and the employer's part (1.77%).

The social security contribution ceiling is applied when employee incomes reach 84 average salaries in 2020 (60 statistical average salaries in 2021). When this limit is reached, the applicable social insurance tax rates decreases since only compulsory health insurance contributions (6.98%) are accounted.

The SSC is calculated and paid by an employer. The general rules of SSC calculation and application are described in the Law of the Republic of Lithuania on State Social Insurance and Government regulations.

SSC reporting

The information regarding insurance for the accounting period is obtained from the state social insurance system and the regulations followed are described by the Ministry of Social Security and Labor.

Every month, not later than the 15th calendar day, the employer shall submit the statutory report on monthly calculated salaries. The social security taxes return should include: the number of employees, the taxable amount, the social security contribution amount (comprising an employee contribution from 19.5% to 22.5% and an employer contribution of 1.45% as well as guarantee fund contribution of 0.32%) and employee information (personal code, social contribution code).

2. Pension requirements

Registration requirements

When an employee is registered in the state social security system (SoDra), he or she is automatically registered for state pension accounts. There are no additional requirements.

Ongoing compliance requirements

The pension system in Lithuania

There is a three-tier pension system in Lithuania. The pensions for working people who pay social insurance contributions are guaranteed by the state social insurance system. Paid contributions are used for the payment of first tier old age pensions to the existing generation of pensioners. Every month, 21.27% of contributions from an employee's salary are paid for social insurance: 12.52% is paid by the employee and 1.77% by the employer, and 6.98% is also paid by the employee for health insurance.

The social insurance contributions of those who participate in the second pension tier, through their chosen fund managers, are invested into the financial market and saved for their future pensions. However, once you have participated in this system, you cannot choose not to. Since 2019 (tax reform), up to 3% of salary has been transferred to the pension fund from the social security contributions. Social security fund will also transfer an additional 1.5% of the average salary of employee to the employees's pension fund from the state budget of Lithuania as an incentive to participate in the second pension tier.

The third pension tier provides the possibility for every individual to choose to create additional savings for his or her pension in private insurance funds.

The pension system in Lithuania is supervised by the social insurance system (SoDra).

3. Employment obligations

Minimum wage

The minimum monthly salary in Lithuania is determined by the Government. Since 2021, it has been EUR647 for normal working hours of 40 hours per week and it is being reviewed every year.

Annual paid leave

Annual leave shall be calculated in working days and granted to an employee for rest and rehabilitation irrespective of the job designation. The minimum annual leave is 20 working days. Annual leave of 25 working days shall be granted to:

1. Employees under 18 years of age
2. Employees who are single parents, raising a child before he or she has reached the age of 14 or a disabled child before he or she has reached the age of 18
3. Disabled persons
4. Other persons provided for by law

By agreement of the employee and the employer, annual paid leave in the current year may be granted in parts, but one part of the leave in the current year shall not be less than 10 uninterrupted working days or two uninterrupted calendar weeks. In exceptional cases when the granting in the current year of the full annual paid leave to an employee may adversely affect the normal course of activities, it is permitted for the employee to transfer part of the leave to the subsequent year, with their written consent. Extended annual leave of up to 41 working days shall be granted to certain categories of employees whose work involves greater mental and emotional strain and professional risk, as well as to those employees who work in specific working conditions. Additional annual leave days are granted to employees working in conditions which are not in conformity with normal work conditions, for long uninterrupted periods of employment, for special kind of work. The annual leave system is supervised by Lithuanian Labor Law (Articles 125-138). The annual leave period and unused vacation days are calculated in working days.

Categories of special-purpose leave

Special-purpose leave shall be maternity leave, parental leave before the child is three years of age, educational leave, sabbatical leave, leave for performance of official or public duties, unpaid leave (see Lithuanian Labor Law Articles 137).

Additional privileges for persons raising children

Employees who are raising a child with disabilities before he or she has reached the age of 18, or two children before they reach the age of 12, shall be granted an additional day of rest per month or their weekly working time shall be shortened by 2 hours. Employees who are raising three or more children under the age of 12 shall be entitled to 2 additional days of rest per month or their weekly working time shall be shortened by 4 hours and shall still be paid at the rate of the average wage (Lithuanian Labor Law Article 138, part 3.).

Breaks in work

As well as annual vacation, breaks in work are regulated by Labor Law. Daily and weekly rest time differs according to the type of employment (e.g., normal working hours, part-time work or summary working time).

4. Payroll requirements

There are three mandatory payroll taxes calculated and paid from salaries in Lithuania. Personal Income Tax and Social Security Contributions have been described in this guide. The third is an unemployment risk fee. The fee for one reporting month is 0.32% for each employee with whom the company has an employment relationship. The company, on a monthly basis, calculates and pays the risk fee into the State Budget. The amount and payment procedures are governed by the Law of Republic of Lithuania on Guarantee Fund.

An employer has a duty to pay work remuneration no less than twice a month, unless they and the employee have agreed on payment of work remuneration once a month. Working hours and wage accounting documents, and documents related to employees' personal information, must be stored for 50 years.

Payslips

When paying work remuneration, an employer shall issue a written calculation of the work remuneration in which the remuneration disbursed, the taxes deducted and the mandatory state social insurance payments made, as well as the hours worked, including overtime hours, the hours worked at night and on public holidays, have been specified.

The employer has a duty to explain these calculations upon the request of an employee.

5. Banking requirements related to payroll

Payment requirements are described in the Labor Law. Work remuneration in accordance with the Labor Law, Article number 139, shall be calculated and paid in cash or non-cash payments (bank transfer).

Luxembourg

L



1. Government requirements

Registration requirements

Employer's obligation

The company has to first register with the social security authorities by filing the dedicated form (in French - "déclaration d'exploitation"). Luxembourg's social security authorities will then provide the company with a social security number. The employer has to register with the social security authorities within eight days, starting from the date the first employee is employed.

In addition, for every newly hired employee to be covered under the Luxembourg social security scheme, the employer has to register the employee with the social security authorities by filing the dedicated form (in French - "déclaration d'entrée pour salarié du secteur privé"). The employee will then be attributed a social security number (if one does not already exist). This number is always built as follows: year of birth, month of birth, day of birth plus an additional three digits allotted by the authorities (e.g., for someone who is born on 10 Feb 1976, it would be 1976 0210 XXX). The registration of each new employee is to be done within eight days, starting from the joining date of the employee as mentioned in the employment contract.

Both of the above mentioned forms are to be sent to "Centre Commun de la Sécurité Sociale, Département Affiliation, L-2975 Luxembourg". It generally takes up to four weeks to have the registration process completed (for both the company and the employee).

No specific formalities have to be followed to register the company with the Luxembourg tax authorities in charge of withholding tax (in French - "Service d'imposition - Section RTS, retenue d'impôt sur les traitements et salaires" in French). The first withholding tax return on salaries filed by the company will serve as a registration. The competent Retenue d'impôt sur les Traitements et Salaires (RTS) office at which the employee has to register will depend on the Luxembourg town where the company is located.

Employee's obligations

Tax card

At the beginning of the employment contract and toward the beginning of each calendar year, the Luxembourg tax authorities will deliver a tax card to the employee. This card consists of all the necessary information regarding the amount of withholding tax which is to be levied on his or her remuneration. Such tax cards need to be transmitted by the employee to the employer as soon as possible to avoid application of heavier taxation (see below).

The tax card is delivered automatically to employees after the employer completes the registration process with the social security authorities, regardless of whether the employee resides in Luxembourg or not. The tax card will no longer be applicable once the employee is deregistered by the employer. For new registration, a new tax card will be issued.

Until 30 April 2021, a new tax card was automatically issued based on the card issued in the previous year.

Introduction of electronic tax cards

As from 1 May 2021, the employers will have access to the new electronic platform which has been set up by the Tax Authorities via myGuichet.lu.

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Previously, the tax cards were prepared by the competent RTS tax offices and they were sent to the employee. Hence, the employee had to provide his employer with his tax card, now it will be automatic on the platform.

2021 is expected to be a transitional year. The electronic process will be fully operational from 2022 where tax cards will exclusively be made available electronically to both employer and employee.

The new tax card will be pluriannual, i.e., it will not have any end date (except for employees under an employment contract with limited duration).

Pluriannuals cards

- ▶ Tax cards issued between January and April 2021: end dates are still mentioned (either 31 December 2021 or end of the employment contract for the ones concluded with limited duration)
- ▶ Tax cards issued after 1 May 2021: end dates will no longer be mentioned except for employees under an employment contract with a limited duration. Such tax cards will be valid till an event leads to the change of a data mentioned in the card (e.g., change of employer, change of marital status, etc.)

The employees who received the 2021 tax card before 1 May 2021 will receive the pluriannual tax card normally early 2022.

What it means for employers

From May 2021, the employers will receive a letter from the tax authorities, including credentials together with two tokens, to enable them to access the platform. The first token is deemed to be kept by the employer and the second token to be shared with the external payroll provider (if any).

It is a transitional phase between 1 May and 31 December 2021, and the employer will have the possibility to consult and download the tax cards of employees and/or pensioners. There is however no obligation to consult the platform. The employees will still have to remit their cards physically to the employer.

From 1 January 2022, it becomes mandatory that the employer will have to consult and download the tax cards of employees and/or pensioners on a recurring basis.

What it means for employees

From December 2020, the employees can have access to their individual tax documents via their private profile. The documents available are the tax card, the individual tax assessments, tax prepayments and tax statements.

To have access to such documentation, the employee must subscribe to this option in her or his private profile in myGuichet, and a LuxTrust card is then required.

Till 31 December 2021, the employees will still have to remit physically their tax cards to her or his employers.

From 1 January 2022, the employees will not have to remit their tax card, since it will be put automatically at the disposal of the employer by the tax authorities via myGuichet.

Any changes in the employee situation (change of marital status, change of employers, etc.) will lead to the issuing of a new tax card. In the case the date in the electronic tax card is not correct, a tax card adjustment request will have to be filed by the employee.

It is recommended that the employee carefully verify the data mentioned in the tax card since it will be used by the employer to run his or her payroll. In case a change is to be made, Form 164 has to be completed and filed to the competent withholding tax office (for a Luxembourg resident, it depends on the town where the employee is living and for a Luxembourg non-resident, the competent tax office is the office RTS non-residents in French).

Tax classes

The Tax card notably includes the tax class under which the employee is classified and will influence the way the withholding tax is computed.

Tax class 1: It is applicable to individuals under 64 years of age as on 1 January of the tax year and who are single, separated or divorced without children.

Tax class 1a: It is applicable to widows with or without children; individuals who are at least 64 years of age as on 1 January of the tax year and who are single, separated or divorced with children.

Tax class 2: It is applicable to married couples who are jointly taxable, or widowed, separated or divorced individuals who have been single for less than three years.

When several employment activities are performed in the same tax household, a fixed rate is granted on the second and subsequent employment activity (note that the first employment activity leads to the application of the above tax classes).

From the tax year 2018, married couples residing in Luxembourg have the opportunity to opt to be taxed separately. They can either opt for a single tax payment (with tax class 1 applicable) or separately with reallocation of income (with an average tax rate determined based on household income and tax class 2 applicable - the average rate determined is then indicated on the tax card).

For married couples who are not residing in Luxembourg, tax class 1 is automatically applied, unless assimilation as a Luxembourg resident is jointly asked for (average tax rate is determined based on household income by applying tax class 2, the average tax rate determined is indicated on the tax card). There are some conditions that have to be fulfilled by the nonresident married couples to be able to request for joint taxation (e.g., at least 90% of the worldwide income of one spouse is taxable in Luxembourg).

In both cases, Forms 164, 165 and 166 have to be completed and filed to the competent individual withholding tax office (for a Luxembourg resident, it depends on the town where the employee is living and for a Luxembourg nonresident, the competent tax office is the office RTS nonresidents in French).

Ongoing compliance requirements

a. Tax formalities

i. General comments

Salaries paid by Luxembourg employers are generally subject to monthly salary withholding tax (e.g., employee working in Luxembourg on a full-time basis).

The employer is responsible for withholding and paying taxes in a correct and timely manner. The salary subject to withholding tax includes all benefits granted by the employer in cash or in kind, and is computed during the month the compensation or benefits are paid or granted.

Non-recurrent payments (e.g., bonus, 13th month, etc.) are subject to a specific withholding tax scale (non periodical withholding tax scale). Those payments are normally taxed at the employee's marginal tax rate (i.e., the one already reached with the base salary). Non recurrent payments are reported on separate payslips.

The withholding tax is computed based on the withholding tax card provided by the employee to the employer (see section related to employee requirements for tax purposes). If the tax card is not available to the employer, he has to apply a flat withholding rate of 33% (or apply the tax scale for a single taxpayer if less favourable than the flat rate).

The employer should declare and pay the withholding tax to the Luxembourg tax authorities (in French - "bureau de recette") latest by 10th of the month following the month of payment (e.g., the withholding tax corresponding to the salary paid in January must be declared and paid on 10 February) using Form 950 (in French - "déclaration de la retenue d'impôt sur les rémunérations et crédits d'impôt").

ii. Specificities for nonresident employees

The Organisation for Economic Cooperation and Development (OECD) model convention and most of the double tax treaties signed between Luxembourg and

foreign countries foresee that nonresident individuals who are employed by a local company and who perform their professional activities in Luxembourg are taxable on the remuneration related to workdays carried out in Luxembourg only. And, the remuneration related to any workdays on which a nonresident employee is not performing on the Luxembourg territory should not be subject to withholding tax in Luxembourg, and it is the employer's responsibility to withhold taxes accurately.

From a more practical point of view, the remuneration related to foreign workdays has to be exempted (only tax) from the payroll so that withholding tax is not computed on such amount. In such cases related to foreign workdays, specific withholding tax scale (daily salary withholding tax scale) is to be applied. Exempted remuneration has to appear on a separate line in the payslip (under the caption "other exemptions").

Also, under such specific circumstances, the payroll is to be run based on a travel calendar.

Double tax treaties concluded between Luxembourg and respectively Germany, Belgium and France, provide a maximum number of working days which can be spent outside Luxembourg by a nonresident while remuneration stays fully taxable in Luxembourg (19 working days for a German resident, 24 days for a Belgian resident and 29 days for a French resident).

It will be then be employee's responsibility to file a tax return in his or her home country (or countries where his or her activities have been performed), so that all remuneration is duly subject to tax.

b. Social security formalities

Every month, the social security authorities issue a "monthly salary report" in which the employer needs to report the remuneration (benefits-in-kind (BIK) included) paid out to each employee and the related number of hours of work.

On the basis of this information, the social security authorities will compute the amount of contributions due (by both the employer and the employee) and address a bill to the employer. Within 10 days of receiving such a bill, the employer has to pay both the employer's and employees' contributions to the social security authorities. It is the employer's responsibility to withhold the accurate amount of social security contributions due by the employee, on his remuneration.

It is worth mentioning that in Luxembourg, social security contributions (on both the employee and employer) are capped. Over an annual salary of EUR128,519.64 (ceiling applicable from 1 January 2020, i.e., EUR10,709.97 per month), there will not be any social security contributions due anymore (only Care Insurance of 1.4% remains payable by the employee and not the employer).

c. Overview of wage taxes (withholding tax and social security contributions)

Employee taxes					
Name of tax	Type of tax	Wage ceiling or exemption	Rate of tax	Agency receiving payment	Additional comments
Withholding tax	Wage tax	There are no ceilings.	The Luxembourg marginal rate is 44.94% (or 45.78%)	Administration des Contributions Directes (RTS)	The marginal rate can vary depending on unemployment fund contributions (7% or 9%).
Unemployment fund contribution	Income tax	There are no ceilings.	7% or 9%	Administration des Contributions Directes	For income not exceeding EUR200,004 for taxpayer in tax class 1 (or EUR400,008 for taxpayer in tax class 2) at 7% rate is applicable, then for the part above, at 9% rate is applicable.
Dependence insurance	Social security	There are no ceilings.	1.4%	Centre Commun de la Sécurité Sociale	It is payable by the employee on total gross income after a monthly deduction of EUR550.48.
Pension	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	8%	Centre Commun de la Sécurité Sociale	Social security contributions apply to wages and salaries, and must be withheld by the employer.
Illness	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	3.05%	Centre Commun de la Sécurité Sociale	Social security contributions apply to wages and salaries, and must be withheld by the employer.
Pension	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	8%	Centre Commun de la Sécurité Sociale	None
Illness	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	3.05%	Centre Commun de la Sécurité Sociale	None

Employee taxes					
Name of tax	Type of tax	Wage ceiling or exemption	Rate of tax	Agency receiving payment	Additional comments
Accident	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	0.675% to 1.125%	Centre Commun de la Sécurité Sociale	The rate varies depending on the cost of work accident incurred for each employer.
Health at Work	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	0.14%	Centre Commun de la Sécurité Sociale	The Health at Work tax is payable only by employers that are members of the National Service for Health at Work.
Mutual insurance	Social security	For 2021, the monthly ceiling is capped at EUR11,009.65 (the annual ceiling is capped at EUR132,115.80).	0.53% to 2.88%	Centre Commun de la Sécurité Sociale	The rate varies depending on the risk class of the employer base don the rate of absenteeism of the employees.

Year-end formalities

Closing of the payroll

At the end of the year, once all salaries are booked, all the salary accounts and the payrolls have to be closed. The employer has to fulfil the following year-end payroll formalities:

- ▶ Filling in the employee's annual certificate of remuneration (Form 160, in French - "certificate de salaire, de retenue d'impôt et de crédits d'impôts bonifiés"); and
- ▶ Fulfilling all the information mentioned in the certificate of remuneration in the tax authorities' online tool before 1 March of the following year in which the annual salary payment was made. For nonresidents, the employer will have to mention whether the employee has worked fully, partially or not at all on the Luxembourg territory. In case the employee worked partially on the Luxembourg territory, the number of days effectively worked in Luxembourg is to be reported. This part is really important since the Luxembourg tax authorities will automatically exchange the information with the tax authorities of the employee's country of residence.

Audit payroll

On an average, the tax authorities (bureau RTS) verify the regularity of the withholding tax made on salaries every

three years. The purpose of such audit is to check whether the remuneration (whatever be their kind) of all employees have been duly subjected to withholding tax. They control if the amounts of withholding tax calculated, declared and paid are correct. To do so, tax authorities will re-do the payroll calculations and compare their results with the withholding tax payments made by the employer.

In such a situation, the employer will have to provide the tax inspector with all relevant payroll documentation e.g., tax cards delivered by the employees and salary ledgers in order to enable the tax inspector's review, for all years not audited so far. The salary ledgers must mention all items paid to the employees (i.e., gross remunerations as well as taxable BIKs).

For delay, a late payment interest of 0.6% can be applied per month. A late filing fine amounting to maximum 10% of the withholding tax due can be accrued in case withholding tax return is not filed on time. Additional fine of maximum EUR25,000 can also be charged.

Obligation to retain payroll documents

Based on Luxembourg legislation, companies have the obligation to save or archive its documentation for at least 10 years.



2. Pension requirements

Registration requirements

There is no obligation for a Luxembourg employer to implement a second pillar pension plan. The only requirement here is to contribute to the state pension (see table above). Although a second pension plan is not mandatory by law, most employers offer a second pillar pension plan (depending on the size of the employer). The occupational pension scheme in line with Luxembourg legislation is subject to a specific tax treatment.

Ongoing compliance requirements

In case the provisions of the law are complied with, specific tax treatment applied on employer contributions include:

Employer's contributions subject to a flat 20% withholding tax plus a surcharge of 0.9% for financing of the supervisory authorities.

- a. The flat tax and the surcharge are payable by the employer.
- b. Benefits paid out are tax exempt in the hands of resident taxpayers.

In case the pension scheme is not approved by "IGSS" (Luxembourg social security bodies in charge of control) - taxation as salary, and other tax implications have to be considered.

Employee contributions to a recognized occupational pension scheme can be deducted directly in the Luxembourg payroll. The maximum amount that can be deducted annually is EUR1,200.

3. Employment obligations

Employment contract

In Luxembourg, an indefinite-term employment contract is generally used. The employee must be provided with essential information, such as identity of the employer, title and duties, place of work, working time and remuneration.

Fixed-term employment contracts are also possible, but they are strictly regulated by the Luxembourg Labor Code and are limited to specific cases (such as replacement of an absent employee and exceptional increase of business). A fixed-term employment contract must be written and delivered to the employee within the first two days of work.

Paid holidays

According to the Luxembourg Labor Code, full-time employee benefits start with a minimum 26 working days per year in 2021.

Additional paid vacation days may be granted by the collective bargaining agreements or the employers. For example, the collective bargaining of the banking sector grants 8.5 additional paid vacation days.

Vacation rights are expressed in working days for full-time workers and are expressed on a pro rata basis in hours for part-time workers.

Working time

The normal working time is 40 hours per week with a maximum overtime of 2 hours per day and 8 hours per week.

Overtime is subject to a prior notification to the labor authorities and also with a specific compensation in rest or payment with increased rates.

Work on Sunday is prohibited, unless under certain circumstances or for specific sectors; for which specific compensation should be paid.

Minimum wages

In 2021, the minimum monthly gross salary for unqualified employees amounts to EUR2,201.93 and for qualified workers, it amounts to EUR2.642,32.

Indexation of the wages

An automatic increase of salaries called Index is provided by the Luxembourg Labor Code.

This automatic increase occurs only when the average cost of goods increases by 2.5% over a certain period. If such an "inflation rate" is observed by the Luxembourg Statistics Agency, then the Government triggers the index mechanism and all the wages for any employee must be increased by 2.5% by the employers.

This general increase of salaries is mandatory and cannot be avoided by the employers, even if the employee would accept to do so. The last general increase occurred on 1 January 2020.

4. Payroll requirements

According to the Luxembourg Income Tax Law, the implementation of a payroll is mandatory for local employers and foreign employers under certain conditions (notably if the foreign employer has a Permanent Establishment (PE) in Luxembourg and to a lesser extent when an economic employer exists in Luxembourg). At the end of each month, a monthly salary payslip has to be delivered to each employee. Such a salary payslip has to show each taxable compensation item (i.e., gross remuneration and BIK), the amount of employee's social security contributions paid and the amount of tax withheld.

The employer is the only point of contact toward the Luxembourg tax and social security authorities in the sense that it is responsible for declaring and remitting withholdings (tax and social security) made on the employee's remuneration.

5. Banking requirements related to payroll

XML file for processing salary payments can be generated by a payroll software. Companies can then upload the XML file in their banking tool. There is no obligation to have the net salaries paid to a Luxembourg bank account. Foreign bank accounts for the employer and employees are accepted, and only valid International Bank Account Number (IBAN) number and swift code are needed in order to prepare payroll bank files. The net salaries have to be on the employees' bank accounts before the end of the month for which the salary is paid (e.g., salary for the month of January should reach the employee bank account before 31 January).

The Luxembourg law does not impose any currency. The parties may agree on the currency and in practice wages are very frequently paid in Euros.



1. Government requirements

Registration requirements

Registration for Pay-As-You-Earn (PAYE) and Fringe Benefit Tax (FBT)

Every employer who pays remuneration to his or her employees exceeding MWK1,200,000 per annum and MWK100,000 per month is required to register with the Malawi Revenue Authority within 21 days for PAYE.

Section 94A(1) requires every employer other than the Government who provided fringe benefits to employees to register for FBT. Where an employer provides fringe benefits to employees earning less than MWK1,200,000 per annum or MWK100,000 per month, then FBT should not be operated.

FBT is due in cases where an employer makes payments directly to third parties in respect to goods or services provided to and not on payments made directly to employees. An employer is required to register with the Commissioner General within 14 days after he begins to provide fringe benefits.

Registration for tax in Malawi is done through Msonkho Online at the Malawi Revenue Authority website (mra.mw) where all employer details and appropriate number of employees eligible for PAYE and FBT are supplied. A unique Tax Payer Identification number (TIN) and certificate of registration is issued upon successful registration of the taxpayer.

The requirements under PAYE is governed by section 102(1) and FBT 94A(1) of the Taxation Act (Cap 41:01). There is no registration fees.

Employee registration for Msonkho Online

Every employee is required to complete Form E1 which is submitted by the employer in order to be allocated a Taxpayer Identification Number (TPIN) for each employee. This provides the employee with access to Msonkho Online, a tool that will enable employers to submit PAYE returns online. All employers are therefore requested to register all their employees using the prescribed forms. The completed forms can either be uploaded onto the MRA website, through e-mail or hand-delivered to the nearest tax office.

Ongoing compliance requirements

Monthly PAYE returns

Every employer who pays a remuneration of or exceeding MWK100,000 per month shall deduct PAYE at the specified rates and remit this to the Malawi Revenue Authority within 14 days after the end of the month in which it was deducted. PAYE is due and payable monthly following the deductions made by the employer at the time of making payments. The payment shall be accompanied by monthly return forms P12 and P12A and can be made by cash, check or electronic fund transfers. The following are the prevailing monthly PAYE rates:

- ▶ First MWK100,000 at 0%
- ▶ Next MWK2,900,000 at 30%
- ▶ Excess of MWK3,000,000 at 35%

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PAYE certificates

Every employer shall complete a PAYE Deduction Certificate (Form P9), supplied by the Commissioner General, in respect of each employee, and this shall be handed to the employee by the employer on the date of cessation of his or her employment, or within 21 days from the year of assessment to which it relates, whichever is the later. Copies of the P9 certificates shall be filed at the Malawi Revenue Authority within the same period.

Annual PAYE return

Every employer to whom PAYE Deduction Certificates are supplied shall be required to distribute the PAYE Deduction Certificates with employees thereof within 21 days of the end of the year of assessment in respect of which they are supplied. The accounting shall be done on Form P16 and shall be accompanied by copies of the P9 certificates as described above.

Both foreign and local employees shall be subject to PAYE at the same rates and under the same rules.

Quarterly FBT returns

FBT returns are due for submission within 14 days after the end of a quarter. Every FBT return is required to be accompanied with a proof of payment of the tax. The tax rate is 30% which is charged on the taxable value as determined depending on the nature of the fringe benefit being provided.

2. Pension requirements

Registration requirements

Section 12(1) of the Pension Act governs pension contributions for both employers and employees. Employers are required to make a minimum contribution of 10% of each employee's gross salary. In addition, employees are required to contribute 5% of their gross earnings, which is normally withheld by the employer and remitted to the respective pension fund managers (Section 9 of the Pension Act) on a monthly basis, i.e., between the date salaries are paid and the 14th of the month following the month to which such deductions relate. There are no prescribed reporting regulations or return forms. A payroll summary indicating the contributions may be provided with the remittance. Employment contracts, payroll records and payslips may be required for inspection.

Ongoing compliance requirements

Refer to the above registration requirements related to pension. Foreign employees working in Malawi and in

possession of a Permanent Residence Permit (PRP) are subject to pension legislations as opposed to Temporary Employment Permit (TEP) holders (Government Notice No.32).

3. Employment obligations

Minimum salary requirements

Under the provision of the Employment Act, employees shall be entitled to a minimum wage of MWK50,000 per month (MWK2,380 per day for both urban and rural areas).

Leave days

The minimum annual leave is 18 days for employees working 6 days a week and 15 working days for employees working 5 days a week respectively. In addition, employees shall be entitled, after completing 12 months of continuous service, to at least 4 weeks of sick leave on full pay and 8 weeks of sick leave on half pay during each year. Female employees shall be entitled, every three years, to at least eight weeks of maternity leave on full pay.

4. Payroll requirements

According to the provisions of the Taxation Act, PAYE shall be deducted from the payroll and it shall be the first deduction made to the payment, prior to any other deduction whether such other deduction be deductible under any court order or under any other law. The pension is also another mandatory deduction after PAYE, in accordance with the provisions of the Pension Act.

The Employment Act stipulates that wages payable to an employee shall be paid in accordance with the terms of the employment contract in the following manner:

1. No less than once a week or fortnight in the case of an employee whose wages are fixed by the hour, day or week or calculated on a project basis
2. No less than once a month in the case of an employee whose wages are fixed on a monthly or yearly basis

The Employment Act also stipulates that every employee must receive, with each payment of wages, an accurate itemized statement from the employer in writing, in a form which sets out the employee's gross wages due at the end of the pay period, the amount of every deduction from his or her wages during the pay period, the purpose for which each deduction was made and the employee's net wages payable at the end of the pay period. Payslips are therefore a requirement each time wages and salaries are paid.

5. Banking requirements related to payroll

For foreign employees, the Central Bank's foreign exchange control regulations state that nonresidents or foreign employees can remit the whole amount (100%) to their home countries effective 1 January 2015.

Malaysia

M



1. Government requirements

Registration requirements

Registration with statutory bodies

Employees Provident Fund (EPF)

The EPF is a social security institution formed under the Employees Provident Fund Act 1991 (Act 452). EPF provides retirement benefits for members through management of their savings in an efficient and reliable manner. An employer must register an EPF account with the EPF Board within seven days from the date the employer becomes liable to contribute (i.e., as soon as the first individual is employed). The employer is required to complete Form KWSP1 and submit it together with supporting documents, such as the Certification of Incorporation issued by the Companies Commission of Malaysia or a Business Registration Certificate.

Employees are also required to register upon commencement of employment, in order for their employers to make the necessary EPF contributions in respect of the employees.

Social Security Organisation (SOCSO)

SOCSO was formed under the Employees' Social Security Act 1969 and is entrusted with the administration of social security schemes to provide protection to employees against contingencies such as invalidity and employment injury. Employers and their employees must be registered with SOCSO not later than 30 days from when the Employee Social Security Act becomes applicable to the employer and its employees. Registration of the employer and employee is done via Form 1 and 2 respectively, together with supporting registration documents in accordance with the business entity type.

Malaysian Inland Revenue Board (MIRB)

All employers are required to register with MIRB and obtain an employer tax reference number. The employer is required to complete and submit Form 600E together with supporting documents such as the Certificate of Incorporation issued by the Companies Commission of Malaysia or a Business Registration Certificate.

Employers are also required to notify the MIRB of the commencement of new employees within one month from the relevant employee's commencement of employment. This is done by completing and submitting Form CP22.

Employment Insurance System (EIS)

The Employment Insurance System (EIS) was first implemented in January 2018 by PERKESO. It is a financial scheme aimed at helping employees who lost their jobs until they find new employment. The contributions are being collected in a fund in order to provide financial assistance to retrenched employees. It also aims to provide extended welfare coverage and aid in job search via career counselling and job-hunting assistance.

Human Resources Development Fund (HRDF)

The Human Resources Development Fund (HRDF) is now broadening its access by expanding the coverage of the Pembangunan Sumber Manusia Berhad (PSMB) Act 2001 effective 1 March 2021 across all industries.

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The PSMB Act 2001 imposes collection of a human resources development levy for the purpose of promoting the training and development of employees, apprentices and trainees, the establishment and the administration of the Fund by the Corporation and for matters connected therewith.

Employers of the new sectors are given an exemption of HRD levy for three months under the Act, i.e., from 1 March to 31 May 2021. Therefore effective registration date commences from 1 June 2021.

Ongoing compliance requirements

Contributions to EPF

Under the Employees' Provident Fund Act 1991, all employees who are Malaysian citizens or permanent residents are required to make monthly contributions to the EPF, and employers are also required to make EPF contributions in respect of such employees. The statutory contribution rate for employer is 12% if the employee's monthly wages are above MYR5,000 per month or 13% if the employee's monthly wages are below MYR5,000 per month. The statutory contribution rate for an employee is reduced from 11% to 9% of his or her monthly wages so as to cushion the impact of COVID-19 pandemic. The new rates will be in effect for an entire year, affecting wages for the months of January 2021 (February 2021's contribution) up to December 2021 (January 2022's contribution).

Members who wish to maintain the contribution rate for employees at 11% may fill in the Borang KWSP 17A (Khas 2021) form, which will be made available on the EPF website (www.kwsp.gov.my) starting 1 December 2020.

The deadline for payment of EPF contributions in respect of each month is the 15th day of the following calendar month.

Contributions to SOCSO

Employer and employee contributions to SOCSO are compulsory for Malaysian citizens. Contributions are capped at the wages ceiling of MYR4,000 (wages above MYR4,000 attracts no further contributions). Various rates are specified for SOCSO contributions.

In addition, Employment Insurance System (EIS) was introduced in January 2018 to provide unemployed workers with financial aid and to assist them in their search for employment. The employer and employee are required to make monthly contributions of an equal amount to SOCSO as set out in the schedule. EIS contribution is in addition to the SOCSO contribution above.

Effective 1 January 2019, employers who hire foreign workers have to contribute to SOCSO. The rate of

contribution is 1.25% of the insured monthly wages of the foreign workers (excluding domestic helpers) and to be paid by the employers.

The deadline for payment of SOCSO contributions in respect of each month is the 15th day of the following calendar month

Employee's monthly tax deductions to the MIRB

Every employer is responsible to deduct Monthly Tax Deductions (MTD) from their employee's remuneration each month, in accordance with the Schedule of Monthly Tax Deductions or Computerised Calculation Method. Deductions must be made from all remuneration (i.e., wages, overtime payments, commissions, tips, allowances, bonuses, benefits-in-kind, living accommodation, etc.).

The deadline for payment of MTD to the MIRB in respect of each month is the 15th day of the following calendar month.

Contributions to EIS

The contribution rate for Employment Insurance System (EIS) is 0.2% for the employer and 0.2% for employee based on the employee's monthly salary. The Contribution rate is based on Section 18 and Schedule 2 of the Employment Insurance System Act 2017.

The deadline for payment of EIS contributions in respect of each month is the 15th day of the following calendar month.

Contributions to HRDF

Employers with five to nine Malaysian employees are given the option to register with HRD Corp and if they choose to register, the monthly levy is charged at the rate of 0.5% of the monthly wages of employees. For employers with 10 or more Malaysian employees, it is compulsory to register with HRD Corp and the monthly levy is charged at the rate of 1% of the monthly wages of employees.

2. Employment obligations

The Employment Act 1955 provides for the minimum terms and conditions of employment in Malaysia. It covers the contracting arrangements between employers and employees and specific terms and benefits such as wages, notice periods, maternity benefits, rest days, hours of work, holidays, etc. It should be noted that while the scope of the Employment Act is limited to employees earning RM2,000 and below, in practice most employers refer to the minimum terms and conditions required under the Employment Act, when determining the minimum terms and conditions to be offered to all employees (regardless of wage levels).

Minimum wages

The Minimum Wages Order 2020 (2020 Order) was gazetted on 10 January 2020 and came into operation on 1 February 2020. The minimum wages payable to an employee who works in a place of employment in any City Council and Municipal Council areas is set at RM1,200 whereas for employees who works in any areas out of the mentioned areas is set at RM1,100.

3. Payroll requirements

Payroll payment and pay-slip

Employers shall make available to each employee, particulars relating to their wages, contributions, deductions, etc. These payslips can be provided either in electronic form or hard copy.

The employer is required to pay its employees in respect of each month, not later than the seventh day of the following month.

4. Banking requirements related to payroll

The employee's wages can be paid by one or a combination of the following:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)



1. Government requirements

Registration requirements

Registration for a Private Employer Number

The Commissioner for Revenue is responsible for the administration of the Final Settlement System (FSS) Rules which involves the collection of employment income tax, social security and maternity fund contributions. Employers must register with the Commissioner for Revenue within 15 days from the date the first emoluments due to be paid to a payee start to accrue, and must submit an application to obtain a Private Employer (P.E.) Number. This enables the employer to withhold, remit and report emoluments. This refers to income tax and social security contributions deducted from employees' salaries, in addition to employers' social security and Maternity Fund contributions.

Employment registration

A "Declaration of Commencement of Employment" form should be completed for any new employment and submitted to JobsPLUS on the same day of commencement of employment. Failure to submit the necessary documentation may result in fines.

All employees are required to complete a FS4 form within the first seven days of commencement of any new employment and whenever any material details of a current FS4 form change. Section 1 of this form needs to be completed by the employee, detailing the tax status of the employee and any tax to be deducted by the employer and Section 2 details the Employer P.E number. Once both sections are completed, the employer must submit the form to the Commissioner for Revenue, retain the second copy for audit purposes and return the third copy to the employee for his or her retention.

There is no applicable registration fee.

Ongoing compliance requirements

There are a number of forms to be prepared by the employer as part of their FSS obligations.

- ▶ Employers are required to report gross emoluments paid to the employees, income tax and social security contributions deducted from the employees' salaries, and the employer's part of the social security and Maternity Fund contributions.
- ▶ These are payable on a monthly basis to the Commissioner for Revenue by submitting the FS5 form together with payment (if any) by the last working day of the following month after the salaries are paid.
- ▶ Every year, the employer should prepare and submit a FS7 form reporting gross emoluments paid to the employees, including a summary of taxes, social security and Maternity Fund contributions due to the Commissioner for Revenue, by the 15 February of the following year.
- ▶ In addition, the employer should annually provide each employee with a FS3 form which is an individual annual document that provides a summary of gross emoluments received by that employee, all taxes and social security contributions paid throughout the year by the respective employee, and the employers' contributions too.
- ▶ The amounts on the FS7 form should reconcile to the amounts of all the FS3 forms when added together.

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Employers can honor all their tax obligations either online or by hand at the Commissioner for Revenue. Employers having 10 employees or more are obliged to submit their end-of-year FSS documents by electronic means only through the IR Services online, while those with 9 employees or less have the option to submit the documents either manually or electronically.

2. Pension requirements

The Social Security Act entitles all employees who pay a minimum amount of social security contributions to a basic pension on retirement. The responsibility of such pension falls under the Social Security Department in Malta.

Statutory pension age varies according to the year of birth as follows:

Born between	Pension age
1952 and 1955	62
1956 and 1958	63
1959 and 1961	64
Born after	Pension age
1961	65

Once retirement age is reached, the person will automatically be eligible to a retirement pension, without the need to fill in an application. The Government has also introduced incentives for persons keeping their employment beyond their pensionable age.

Registration requirements

Each individual can register for a social security number either at a social security office or via an online form. This number has to be provided to the employer upon commencement of work.

Ongoing compliance requirements

For every person who is employed in insurable employment, three contributions per week shall be payable in accordance with the provisions of the Social Security Act; one by the employed person, one by his or her employer and one out of the Consolidated Fund (Government). The employee and employer contributions are to be paid on a monthly basis to the Commissioner for Revenue through the FSS.

3. Employment obligations

National minimum wage

The national minimum wage for full time employees for 2021 is EUR181.08 per week for an employee aged 18 and over, EUR174.30 per week for an employee aged 17, and EUR171.46 per week for an employee aged under 17. Employees with a minimum wage are also entitled to the statutory bonus and weekly allowance.

The national minimum wage for part-time employees shall be calculated pro rata at the same hourly rate of a comparable full-time employee in accordance with the relevant Wage Regulation Order.

Working hours

The standard working hours as stipulated in the Wage Regulation Orders are 40 hours per week but not exceeding a maximum of an average of 48 hours a week spread over a reference period of 17 weeks.

Regarding overtime rates, most sectors have minimum rates, which are regulated by the respective Wage Regulation Order responsible for regulating their activity of work. Normally the overtime rate is 1.5 times the normal rate for work carried out, in excess of a 40-hour week.

Vacation leave

Full-time employees who work 40 hours per week are entitled to 216 hours of paid annual leave for 2020 and 2021, excluding public holidays, and adjusted accordingly if the employee works fewer hours. The law specifies that a minimum period equivalent to four weeks cannot be replaced by any allowances, except where employment is terminated. Upon termination from employment, an employee has the right to claim financial compensation for any balance of outstanding leave that is due.

Sick leave

Full-time employees are entitled to two working weeks per year unless their sick entitlement is covered by a Wages Council Wage Regulation Order. A medical certificate has to be presented to the employer. Once the employee exceeds this entitlement, the Social Security Department will continue to pay the sickness benefit for which he or she may be entitled.

Maternity leave

Women are entitled to maternity leave for an interrupted period of 18 weeks, from which the first 14 weeks are paid by the employer whereas the rest is paid by the State.

Employers are also obliged to allow employees to take other statutory leave, such as bereavement leave, marriage leave, parental leave, court witness leave, jury service leave, injury leave and birth leave.

4. Payroll requirements

In Malta, payroll calculations involve the deduction of income tax and social security contributions by the employer from employees' salaries under the FSS Rules which are reported and remitted to the Commissioner for Revenue on a monthly basis. Such calculations are based on the employment contract and the applicable Maltese legislation.

Payment frequency and payslips

Employers are required to provide payslips to all employees either in electronic form or hard copy.

Wages are to be paid at regular intervals and shall not exceed four weeks in arrears.

Under the FSS rules, every payer shall at all times maintain up-to-date records in respect of each payee relating to emoluments and the FSS tax deductions.

5. Banking requirements related to payroll

Employees' salaries are made payable in legal tender and are typically paid by employers to their employees by either electronic transfers or check payments.

Payments for the remittance of tax and other contributions may also be effected by bank transfer or check payment to the Commissioner for Revenue.

Mexico

M



1. Government requirements

Registration requirements

Tax responsibilities for employers in Mexico include withholding federal income tax, social tax contributions, housing-fund contributions, and paying state payroll taxes. Employers must also report employee's pay and tax withheld to the government, certify each employee's pay electronically, and ensure the pay complies with labor laws.

Mexico's tax authority is the Tax Administration Service (Servicio de Administracion Tributaria - SAT). The SAT assigns to individuals and employers tax identification numbers for the Federal Registry of Taxpayers (Registro Federal de Contribuyentes - RFC), and the numbers must be included on payroll reports.

Ongoing compliance requirements

To comply with labor and social security legislation in Mexico, it is advisable to hire employees through a local subsidiary or a service entity. Employment law in Mexico is designed in such a way as to prevent too many foreign workers taking jobs at the expense of Mexican workers. Companies cannot employ more than 10% of foreign workers, and they cannot employ anyone in a technical role that could viably be done by a Mexican. However, these rules do not apply to directors and managers.

Employers must also register for social taxes with the Mexican Social Security Institute (Instituto Mexicano del Seguro Social - IMSS) and the Institute of the National Housing Fund for Workers (Instituto del Fondo Nacional de la Vivienda para los Trabajadores - INFONAVIT), as well as the tax authority in the states where the employers are based for state payroll taxes.

Payroll tax (local tax)

There is payroll tax in Mexico which is levied at the state level. The rate ranges between 1% and 3% of salaries and is withheld by the employer. Each Mexican state assesses a payroll-based tax on employers. The tax rates vary between states, but the general calculation method is the total pay to employees minus eight times the minimum wage.

State payroll tax returns and payments are filed with the state where the employer is based.

Withholding tax

Mexican employers must calculate income tax withholding using weekly, biweekly, or monthly tax tables. From 2019, Mexico has 11 tax brackets with rates ranging from 1.92% to 35%. Gross pay includes salary, overtime, bonuses, commissions, seniority premiums, and any other cash benefits from employment. Some fringe benefits are provided tax-free, the most common of which are food coupons. It is mandatory in Mexico to provide employees with online payslips called CFDI.

Payroll records must be kept for at least five years.

An employment subsidy reduces the tax bill of low-income employees who earn up to twice the minimum wage. The subsidy may cover an employee's entire tax bill, in which case it is paid to the employee and the employer may subtract the subsidy from their remitted income tax. The amount of the subsidy ranges from 0 to MXN407.02 (USD21.25) a month.

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Employees must complete a tax return if they earn more than MXN415,150 (USD21,670.36) a year, or if they earned less than MXN415,150 and worked for at least two employers in a year.

Expatriates who are resident in Mexico must file an annual tax return. Non-residents do not file annual returns. If a resident's only source of income is from a Mexican employer and the compensation received is less than Ps\$400,000.00, the employer is responsible for making annual withholding tax adjustments for the employee. They must be e-filed in April of the following year through the website of the Tax Administration Service.

Social Security

A total of seven different kinds of social tax contributions are administered by the IMSS.

IMSS contributions, except for sickness and maternity leave, are assessed up to a limit known as the base contribution salary (salario base de cotización - SBC), which is 25 times the minimum wage¹. Some payments are not included in the SBC, such as overtime up to three hours a day or nine hours a week.

The IMSS also administers work accident insurance, which is an employer contribution paid at a rate depending on which of five risk levels the employer is categorized into when registering as a business.

Employee contributions are mandatory for all workers, unless there is a tax treaty with the home country of expat employees that grants an exemption or credit. Employee social security is calculated based on the monthly compensation (salary plus bonus) and set according to the number of days in the month.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area. The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage - now UMA - in Mexico City. The legal daily UMA in Mexico City is MXN89.62.

Payments to INFONAVIT, which are 5% of each employee's base salary, must be made every two months by the 17th of each month, instead of the monthly schedule used for other social taxes.

Employees who have taken a mortgage through INFONAVIT will have an additional amount deducted from their salary. This is calculated according to a rate set by INFONAVIT who will inform of a set multiplier to the UMI rate (MXN87.21).

2. Pension requirements

Both the employer and employee contribute to the state pension in Mexico. The following contributions are made:

- ▶ The employer pays 2% of the employees' base salary as pension contributions for retirement.
- ▶ The employer pays 3.15% of employees' base salary as pension contributions for unemployment and old age insurance.
- ▶ Employees pay 1.125% of their base salary as pension contributions for unemployment and old age insurance.

Contributions to the Mexican Social Security Institute are not subject to income tax. A proportion of the pension is exempt from tax and the excess will be taxed at the applicable rate.

Before 1997, the Mexican Social Security Institute provided pensions to employees. Employees that became active with the old statute may claim a federal pension benefit upon retirement age and provided that at least 500 weeks of contributions are recorded.

Mandatory pension rights transfer regardless of the employer.

Ongoing compliance requirements

Supplementary pensions

The Social Security Law provides personal supplementary schemes, in which both the employee and/or the employer may agree to pay a greater contribution than that established by the law to increase the retirement funds in their personal accounts. An authorized Retirement Savings Funds Management Institution shall be hired.

It is common, but not compulsory, for employers to provide access to supplementary pension schemes for their employees.

These contributions are not taxable income for the employee and are a deductible expense for the employer, provided that certain requirements are met. Depending on income, a certain proportion of supplementary pension scheme income is exempt from income tax.

There are different types of supplementary pension schemes and ways to determine their value. As these are a contractual benefit, employers can freely determine their terms and conditions.

Most supplementary pension plans include a provision allowing beneficiaries to transfer their benefits to a new employer pension plan in the case of termination of employment, without it becoming a taxable event.

¹ As of 2016, minimum wage was replaced with UMA (Unit of Measure and Update) for all Social Security calculations and INFONAVIT quotes.

Employers can deduct a portion of their pension fund contributions from their income tax calculation provided that certain requirements are met. Pensions paid to employees are partially tax-exempt, including those paid by insurance companies, provided certain requirements are met.

Where a supplementary pension plan is established, the National Commission for the Retirement Savings System requires that employers establishing the scheme provide the following information via the Electronic Systems for Pension Plans:

- ▶ Characteristics of the plan
- ▶ Participants
- ▶ Contributions
- ▶ Benefits
- ▶ Investment policy
- ▶ Financial resources

In addition, where a reserve is established as a supplementary pension scheme without the intervention of the administrator of funds for retirement, the miscellaneous annual tax rules require that the following documents and information are filed on 15 February each year:

- ▶ Statement with reserve analysis
- ▶ Employees' information
- ▶ Contributions
- ▶ General terms of the pension plan

Supplementary employees' pension rights on a business transfer depend on the terms of transfer. In the case of an employer substitution, the employees' pension rights remain the same as they were before the business transfer.

Employees who are working abroad can participate in a pension scheme established by a Mexican parent company. The tax implications will depend on the employee's tax residency.

Employees of a foreign subsidiary company can participate in pension schemes established by the company's parent company. However, all documents issued in relation to the pension plan must comply with the requirements of Mexican law.

3. Employment obligations

The minimum wage in Mexico is currently low but is being raised at a fast pace. For 2020, the rate was increased by 20% to MXN123.22 per day. This affects a significant number of people (around 1.1 million Mexican workers are on the minimum wage).

Officially, the maximum working week is 48 hours and is spread over six days of eight-hour shifts. However, many companies condense the 48 hours into five days to give their workers two days off each week. Overtime is paid at double the normal wage for the first nine hours per week, and triple for anything beyond that.

Statutory payments in Mexico

i. Vacation bonus (Prime)

Minimum 25% additional pay (based on total compensation for the number of days taken) when on vacation. The employer's policy will state whether this is paid each time the employee takes a vacation or upon them completing one year in the company (this second option is most common).

Unused annual leave must be paid out to the employee (including prima) when the employment ends.

ii. Christmas bonus

Minimum 15 days' pay (based on total compensation) which is paid before 20 December each year.

iii. Unemployment (terminations)

Labor law requires employers to pay dismissed employees a lump sum of three months of pay plus 20 days of pay for each year of service. Also, depending on the hire date, a "Seniority bonus" of 12 days per year may apply.

4. Payroll requirements

Employee wages can be paid weekly, biweekly or monthly, depending on the conditions agreed upon in the employment contract. Payments can be made electronically if a new employee asks for permission to process a payroll bank account.

Outsourcing reform

On 20 April 2021, it was approved the ruling by which several articles of the Federal Labor Law, the Social Security Law, the Law of the National Workers' Housing Fund Institute, the Federal Tax Code, the Income Tax Law and the Value Added Tax Law are added and repealed in connection to outsourcing and profit sharing. Detailed multidisciplinary analysis (labor, social security and tax) is advisable to determine the possible effects that the referred bill could have on the operations of the companies.

5. Banking requirements related to payroll

To open a bank account in Mexico, a company must supply a Tax Identification Number (Registro Federal de Contribuyentes or RFC) or equivalent, proof of address, banking or commercial references, and formal identification of the organization's legal representatives or guarantees of a power of attorney. Processes around these vary from bank to bank, although it is likely that the person opening the account will have to physically attend the bank to do so, and potentially provide further information to comply with Mexican anti-money laundering laws.



1. Government requirements

Registration requirements

Social security registration with social security fund - Caisse Nationale de Sécurité Sociale (CNSS)

1. Employer registration with CNSS:

When a business enters Morocco and employs people, the business must register with CNSS by completing forms available on its website. If the business has already obtained an affiliation number, it can register by completing an additional business form which is also available on the CNSS website. DAMANCOM is an internet platform through which employers can declare and pay social charges on a monthly basis.

2. Employee registration with CNSS:

Each new employee must have a CNSS number. If the employee already has a number, this number will be kept as each employee has one CNSS number for all his or her professional career. For each new employee, a form must be completed and provided to the CNSS.

These requirements are governed by Dahir No. 1-59-148 of 30th jourmada II 1379 (Arab calendar) (31 December 1959), and Dahir regarding Law No. 1-72-184 of 15th jourmada II 1392 (27 July 1972)

3. Employer – Health Insurance (AMO)

The affiliation to "l'assurance maladie obligatoire" (AMO) (mandatory medical insurance) is mandatory by law in Morocco, according to "Article 114 du Texte de Loi No. 65-00".

Ongoing compliance requirements

Monthly individual income tax (IR) withholding obligation

The employer is obliged to withhold the "Impôt sur le revenu" (IR - payroll tax) from the employee's payroll on a monthly basis and settle this on behalf of the employee. The employer should file the employee's IR return with the local tax office and settle the IR payable before the 30th of the following month, i.e., Payroll tax of October should be paid at least by 30 November (Before 1 December).

The salaries and wages received by the employee are subject to Morocco IR at six progressive tax rates ranging from 0% to 38%, and five specific rates from 10% to 30%, i.e., 30% specific rate eligibility are for providers of services with no professional tax.

The requirements are governed by Article 6 of Finance Law No. 35-05 for 2006, approved by the "Dahir No. 1-05-197 du 24 kaada 1426 (26 December 2005)".

Annual individual income tax (IR) declaration

The employer is obliged to declare the annual payroll under the "Etat 9421" (annual payroll return) form. This declaration should be made by the end of February each year.

Social solidarity contribution

The social solidarity contribution is a contribution that was introduced in 2021, charged to employees subjected to the PIT of their professional, agricultural, salary and other incomes.

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This new contribution (SSC) will be calculated at the rate of 1.5% on the global net to pay (Net to pay before retirement and mortgage rebate deductions) from all of the revenue collected by the employee in the Moroccan territory (Example: salaries), the citizens concerned by this contribution are the persons who have an annual net to pay (after PIT and social contribution deductions) higher or equal to 240 000,00 MAD (annual) / 20 000,00 MAD (monthly). This contribution will be adjusted each month if the employee will exceed the monthly cap of 20 000,00 MAD.

Article 273 of the Moroccan general tax code referring to the duration and application of the SSC will apply only for 2021 (mainly due to COVID-19 FY2020 social impacts), but it is not excluded that it could be renewed for the upcoming years.

Annual SSC declaration

The employer is obliged to declare the annual social solidarity contribution under the SSC annual return form. This declaration should be made by the end of February each year.

2. Pension requirements

Registration requirements

Retirement pension – “Caisse Interprofessionnelle Marocaine de Retraites” (CIMR - Moroccan interprofessional retirement fund)

The retirement pension is not mandatory in Morocco. However, a company can choose to be affiliated to the CIMR. The firm should subscribe to one of the two existing CIMR retirement pensions. The social charge rates depend on which offer the company chooses.

More details can be found at www.cimr.ma.

CIMR payment

The employee social charge is deducted from his or her payslip.

The employer social charge must be paid within 45 days after the end of the quarter.

More details can be found at www.cimr.ma.



Ongoing compliance requirement

The same treatment as CIMR should be applied. This is not mandatory by Moroccan law.

3. Employment obligations

The employer should follow the Labor Law for all employment issues including:

Working hours

In accordance with Law Article 184 "code du travail" (Labor Code), working hours per week is 44 hours, with a maximum of 10 hours per day.

Vacation days

The minimum vacation allowed is 1.5 days per month (18 days per year).

Minimum wage

The minimum wage is MAD14.81 per hour and MAD2,828.71 per month for industry, trade and services (since July 2020).

Notice period - préavis

It differs depending on the function of the employee and his seniority. For executives and such similar designations, the notice period according to their tenure is:

- ▶ Less than one year of tenure: one month
- ▶ One to five years of tenure: two months
- ▶ More than five years tenure: three months

Workplace accident – accident du travail (AT)

Workplace accident (AT) insurance is mandatory in Morocco. The employees are entitled to a compensation payable by the company for accidents that occur inside the company and during the journey between home and the workplace.

This is governed under Dahir No. 1-60-223 du 12 ramadan 1382 (6 février 1963) portant modification en la forme du dahir du 25 hija 1345 (25 juin 1927) relatif à la réparation des accidents du travail". (Amendment of the law relating to the compensation for work accidents)

4. Payroll requirements

The employer is required to make a salary payment to the employee every month.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

If paying wages by cash, the employer and the employee should sign a record to confirm the amount of money that has been paid each pay period.

Mozambique

M



1. Government requirements

Registration requirements

Tax registration

In accordance with the Personal Income Tax (PIT) act, all entities that pay income from employment are required to withhold tax on the same, at the time it is paid or placed at the disposal of the beneficiaries. In order to proceed with such withholding, employers shall register for tax purposes with the Mozambique revenue authorities and declare commencement of activities.

The following information is required for the registration of employers:

- ▶ Certificate of registration issued by the registrar of legal entities
- ▶ Tax registration/obtaining the Tax Identification Number (NUIT)
- ▶ Operating license
- ▶ Return of commencement of activity

The PIT act states that employers shall not make any employment income payments to individuals who do not have a tax number.

The tax registration requirements for employees are as follows:

- ▶ Completed registration form
- ▶ Copy of ID or passport

There are no fees associated with the above registrations.

Social security registration

Employers, as social security contributors, are required to register with the National social security system within 15 days from commencement of activities, according to the Compulsory Social Security Regulations.

The registration form shall be accompanied by the following documentation:

- ▶ Copy of business license
- ▶ Copy of the tax return of commencement of activity
- ▶ Copy of ID of entity legal representant

Once effective registration is performed, the Social Security Institute notifies the entity on the social security registration number and provides the access codes for the online database.

Employers are also required to register their employees for social security within 30 days from date of employment. The following documentation is required:

- ▶ Completed and signed registration form
- ▶ Copy of ID of employee

The social security number is issued within 30 days from registration.

Registration fees are not applicable.

Ongoing compliance requirements

Monthly Pay-As-You-Earn (PAYE) return

According to the PIT act, PAYE is withheld by the employer on monthly basis and paid to the MRA by the 20th day of the month following the month to which the tax relates, through the submission of payment form M19. The return is only due in months where there is taxable income.

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The minimum taxable income is 20,250 Meticals:

- ▶ The rates for tax calculation vary according to the total monthly remuneration earned at progressing rate with a maximum rate of 32%
- ▶ Monthly withholding tax on employment income is a final tax
- ▶ Local employers are also required to assess and pay tax on Mozambique related remuneration that may have been paid aboard/in the home country of the assignee by a related party, through shadow payroll

Annual income declaration and return on income paid to individuals

- ▶ By 20th January of the following year, the employer must provide employees with the annual income statements which include the total of earnings, total tax withheld, and social security contribution.
- ▶ The employer is further required to complete and file with the MRA, form M/20H, by March of the following year, which contains total income paid to individuals and respective tax paid during the previous fiscal year.

Social security contributions

- ▶ Compulsory social security contributions are levied on all regular remuneration paid to all resident employees, including foreigners, except for those who are exempted.
- ▶ Social security contributions are 7% (4% borne by employer and 3% by employee) on the base salary and all other remuneration and allowances that are regular in nature.
- ▶ Foreign employees who are contributing for a similar scheme outside of Mozambique may apply for exemption.
- ▶ Employers are required to upload the salaries on the National Social Security Institute's (INSS) online platform, which generates a report with a payment reference number.
- ▶ Payment should be made no later than 10th day of the following month. Interest and penalties are imposed for late payment/submission.

2. Pension requirements

Registration requirements

The pension regime is included in the above social security scheme and therefore not subject to separate registration requirements.

Ongoing compliance requirements

Pension related contributions are included in the compulsory social security scheme and payable to the INSS.

As previously referred, the contributions are 7% on total regular remuneration and the same rate apply to all residents, whether they are Mozambican or foreign citizens.

Foreign resident citizens who have contributed to Mozambique social security scheme and leave the country for good prior to reaching the age of retirement, are entitled to apply for a refund of the pension component of the contribution, which represents approximately 3%, provided that Mozambique has not signed a bilateral social security agreement with his or her country of origin. The right to refund expires within one year from the date on which the foreign individual leaves the country.

Retirement age is 55 years for women and 60 years for men. In order for these to qualify for a retirement pension, they should meet the following cumulative requirements: have been registered with the social security system for at least 20 years and have completed 10 years of contributions.

3. Employment obligations

Minimum wages

Mozambique minimum wages for employees are defined by Government and depend on the sector of activity, being updated on annual basis. Currently, the Kapenta Fishing sector has the lowest minimum monthly wage (4.266,68 Meticals) and the Financial Services-Microfinance sector has the highest minimum wage amounting to 12.760,18 Meticals per month.

Leave days

According to Mozambican Labour Law, an employee is entitled to take the following annual paid leave at the beginning of the following calendar year:

- ▶ One day per month for effective work during the first year of employment
- ▶ Two days per month for effective work during the second year
- ▶ Two and half days per month for effective work from the third year onward

In relation to term employment with duration of more than three months but less than one year, the employee is entitled to one day paid leave for each month of effective work.

For these purposes, effective work comprises effective days worked, public holidays, weekends, leave days, and excused absence.

The labor law does not allow anticipate leave of more than 30 days and cumulative non-used leave of more than 60 days during the year.

Rest hours

According to the Mozambican Labour Law, normal working hours shall not exceed 8 hours per day and 48 hours per week. The normal eight hours a day may be extended to nine hours if the employee is given an additional half day a week for rest.

Worker's compensation/collective insurance

Employers are required to enter into a collective instance contact with a local insurance company to cover work related illness and accidents.

4. Payroll requirements

- ▶ Salaries may be paid weekly, quarterly or monthly according to the terms of agreement between the employer and employee.
- ▶ Payslips can be provided either in electronic form or hard copy.

- ▶ Payroll related taxes are withheld from the remuneration at the time this is paid or placed at the disposal of the employee and paid on monthly basis, until the 20th day of the month following the month to which the remuneration refers.

5. Banking requirements related to payroll

Payment is made in local currency and can be paid by one or a combination of:

- ▶ Cash
- ▶ Check
- ▶ Bank transfer to a local bank account

In relation to foreign employees and under the exchange control legislation, remuneration may be paid into an offshore bank account, for which the following is required:

- ▶ Valid work permit and employment contract
- ▶ Tax clearance certificate confirming payment of taxes on the respective remuneration

Myanmar

M



1. Government requirements

Registration requirements

Payroll withholding tax

Myanmar's Internal Revenue Department (MIRD) requires every employer to withhold income tax payable from taxable remuneration paid to its employee. A General Index Registration number will be automatically provided to the employees once the first filing and payment has been made by the employer with the MIRD.

Social security contribution

Companies having five or more employees are required to register for the social security scheme with Social Security Board (SSB) under the Ministry of Labor, Immigration and Population. SSB provides benefits for maternity, paternity, accidents, illness, child welfare, old age, death and physical disability.

Employment contracts

The employer is required to enter into written contract with its employee within 30 days from date of employment. The employment contract must be in a prescribed form. A company with five or more employees is required to register the employment contract with the Township Labor Office. Employment contracts not registered may be declared void. In cases where there are some changes in the prescribed form of employment contract, an approval from the Labor Office is required.

On-going compliance requirements

Monthly payroll withholding tax

The employer has the obligation to calculate and deduct monthly payroll withholding tax according to progressive tax rates. The deadline for filing of the statement of monthly deduction of income tax (Wa Nga 15) and payment of related tax liability is within 15 days from the date of salary payment. This applies to all resident citizens, resident foreigners, nonresident citizens and nonresident foreigners.

Monthly social security contributions

The employer is required to deduct social security contribution from the employee's salary and remit to the Township Social Security Office along with its share in the contribution within 15 days after the end of relevant month. However, effective 20 March 2020, according to COVID-19 Economic Relief Plan, the payment deadline for social security contribution is extended to within three months after the end of relevant month.

Contribution rates:

- ▶ Employee contribution: 2% of the total monthly salary (capped at maximum basic salary MMK300,000) (i.e., MMK6,000)
- ▶ Employer contribution: 3% of the total monthly salary (capped at a maximum basic salary MMK300,000 (i.e., MMK9,000)

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Year-end payroll tax compliance

Within three months i.e., 31 December, after the end of the fiscal year ending 30 September, the employer is required to file an annual salary statement (Wa Nga 16) as prescribed by the Regulations.

2. Pension requirements

There is no law/regulation introduced for pension in Myanmar yet.

3. Employment obligations**Minimum wage**

Minimum Wage Law was adopted in Myanmar in 2013. Effective from May 2018, the minimum wage of employees is at MMK4,800 per day or MMK600 per hour.

Working Hours

Working hours are 8 hours per day and not more than 44 to 48 hours per week depending on the industry sector.

Public holidays

All employees will need to be paid for all official national holidays and public holidays. If required to perform work during this time, the employer needs to pay using the rate guided by the Laws and Regulations.

Leave entitlement**Casual leave**

Employees are entitled to six days of paid casual leave per year. Casual leave may not be taken for more than three consecutive days at a time, except in cases of religious or compulsory events, and unutilized leave credits may not be carried over to subsequent year.

Earned leave (annual leave)

Employees will be given 10 days of paid annual leave per year provided that the employee has worked for

12 consecutive months with a minimum of 20 working days per month. Earned leave may be taken consecutively or separately.

Medical leave

Employees are entitled to 30 days of medical leave per year provided that they have completed the 6 months of service. Paid medical leave is available for employees who are unable to perform their task due to sickness or injuries. Medical certificate will be needed for those who need longer sick leave.

Other paid leave

Maternity and paternity leaves will be given to employees according to 2012 Social Security Law or the 1951 Leave and Holidays Act.

4. Payroll requirements**Payroll payments**

Payment of wages can be made in local currency or foreign currencies using the Central Bank of Myanmar exchange rate with the agreement between the employer and the worker.

The employer shall pay wages at the end of the work performance or at the time agreed to pay to the worker for hourly, daily, weekly or other part-time work, or temporary piece work.

For permanent employees, payment of wages should be made on a monthly basis at month end or 5 to 10 days before month end, depending on the number of employees as stipulated in the Payment of Wages Law 2016.

In the case of termination, wages should be paid within two working days from the date of termination. In the case of voluntary resignation by sending written notice of resignation in advance, wages should be paid at the end of the period for payment of wages.

If a worker is deceased, the employer shall pay due wages to a legal heir within two working days after the worker's death.

5. Banking requirements related to payroll

Payroll payments can be paid in cash, check or deposit into the bank account of the worker with the agreement between the employer and the worker.

Netherlands

N



1. Government requirements

Registration requirements

Registration with the Chamber of Commerce

All companies that want to supply services, sales, trading, manufacturing, etc., and start a business in the Netherlands are obliged to subscribe to the Chamber of Commerce.

Registration with the Dutch tax authorities as an employer

In the Netherlands, wage taxes consist of wage tax and social security contributions. The social security contributions consist of national insurance contributions (i.e., insurance for old age government pension, surviving dependents and long-term care), employee insurances (i.e., insurance for unemployment and disability) and the income-dependent contribution to the Dutch health care insurance. The wage tax and national insurance contributions are due from the employee, but withheld and remitted by the employer. The employee insurance contributions and the income dependent contribution to the Dutch healthcare insurance are due from the employer. In some international situations, an employee might not be covered by the social security system of the Netherlands (see 3. Employment obligations/Social security). An A1 statement or a Certificate of Coverage confirms this. In this case, only wage tax is due if the Netherlands has the right to levy tax on the employment income.

When the employer has a Dutch wage tax withholding obligation for its employees, it should calculate and remit the wage tax and the social security contributions due each pay period (monthly or every four weeks) to the Dutch tax authorities. In order to do so, the employer has to:

- ▶ Set up a Dutch payroll
- ▶ Provide employees with a monthly payslip and an annual statement
- ▶ Register with the Dutch tax authorities as a Dutch wage tax withholding agent, and the Dutch tax authorities will then provide the employer with a Dutch wage tax number
- ▶ Perform a sanity check on the mandatory industry affiliation, as determined by the Dutch tax authorities in a letter to the employer – some social security contributions (if applicable) depend on the industry affiliation and the number of employees
- ▶ File the monthly Dutch electronic wage tax return and remit the Dutch wage taxes and social security contributions correctly and on time

Registration with the Dutch tax authorities as an employee

To arrange Dutch fiscal affairs, a Dutch fiscal number, “Burgerservicenummer” (BSN), should be obtained. For a resident, a BSN can be obtained at the municipality where the employee resides. For a nonresident, a BSN can be obtained at one of the 19 designated “Register Niet Ingezetenen” (RNI) desks by registering as a nonresident.

Ongoing compliance requirements

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Wage tax return and payment

An employer is required to make electronic filings within one month after each pay period. The payment also has to be made within one month after each pay period. These filings and payments are mandatory and automatic penalties may arise for late submission.

Dutch Personal Income Tax (PIT) return

The Dutch tax year runs from 1 January through 31 December. The normal filing deadline for tax returns is 1 May of the following tax year. However, it may be possible to apply for an extension of the filing deadline. For taxpayers, it is mandatory to file a Dutch income tax return if they receive an invitation from the Dutch tax authorities.

2. Pension requirements

Registration requirements

A Dutch employer is, in principle, not obliged to offer their employees a pension arrangement, unless a mandatory industry pension fund applicable or collective labor agreement is applicable. Although a pension plan is not mandatory by law, most employers offer a pension arrangement.

In general, employees pay a contribution of 33% to 50% of the pension cost to the pension plan.

Ongoing compliance requirements

Payment of contributions to pension funds

The way in which contributions to the fund have to be made depends on the fund. The rates vary per fund. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays their part of the contributions as well as the part due by employees, usually by bank transfer. The payment can be monthly, quarterly or annually.

3. Employment obligations

There are several requirements according to Dutch employment legislation. Below we have summed up a non-limitative list of these requirements:

Employment contracts

The employer should, in principle, draft a new employment contract taking into consideration the Dutch employment law and the collective labor agreement (if applicable).

Minimum wages

The employer should pay employees at least the minimum wage, which is a fixed monthly rate and is increased annually (as of January 2021, it is EUR1,684.80 for those aged 21 and over in full-time employment of 40 hours per week), and take into account the obligatory annual holiday allowance of 8% when drafting the Dutch employment contract.

Holiday leave

The employer is obliged to give each employee paid holiday leave at a minimum of four times the average number of days worked per week.

- ▶ The employer is obliged to continue paying 70% of the gross monthly salary during the first two years of illness, but not less than the statutory minimum wage.
- ▶ The employer is required to have a work council if it has 50 employees or more.

Compensation and benefits package

Dutch employers are, within the limits of employment legislation and, if applicable, a collective labor agreement, free to offer their staff a package of compensation and benefits. Review of the formal employment contracts, pension plans and especially the level of compensation are essential for an employee offering. A review of collective labor agreements (especially for a group offering) or benchmarking are recommended to achieve an optimal compensation strategy. For employees, an annual merit increase (up to a defined maximum) and annual compensation correction for inflation are common practice.

An employee who works full-time (i.e., 40 hours per week) is legally entitled to a minimum of 20 days of holiday per year. Most employers offer more days of holiday (i.e., 25 to 30 per year). The number of bank holidays in the Netherlands is about six to eight per year, depending on calendar dates.

Extraterritorial costs and the 30% facility

Employees from another country who come to work in the Netherlands often receive a reimbursement for the additional costs incurred for their stay away from their country of origin. These costs are referred to as the extraterritorial costs. An employer can either reimburse the actual extraterritorial costs incurred by the employee or apply for the 30% facility.

Reimbursement of the actual costs

The actual extraterritorial costs may be reimbursed tax-free provided that these costs are substantiated. Qualifying extraterritorial costs include, among others, cost related to double housing, language courses, residence permits and home leave.

30% facility

The 30% facility provides special tax benefits to employees with specific expertise who are recruited from abroad. In general, the main benefit of the 30% facility is that the employer may pay the employee a tax-free allowance for extraterritorial costs up to 30% of current employment income. There are several conditions that need to be met to apply for the 30% facility, such as a salary threshold and the obligation that the employee lived outside a radius of 150 km from the Dutch national border for more than two-thirds of the two-year period prior to employment in the Netherlands. In general, starting 2019, 30% facility can be applied for a maximum period of five years. A longer period can still be applicable for existing 30% facilities based on a grandfathering arrangement. In order to make use of the 30% facility, a joint request by the employer and employee should be filed with the Dutch tax authorities. The application for the 30% facility has to be filed with the Dutch tax authorities within four months after the start of the employment in the Netherlands to have retroactive effect from the start of the employment.

Immigration

No immigration requirements are applicable to European Economic Area (EEA) and Swiss nationals. For non-EEA and non-Swiss employees, it should be determined whether a residence permit and work permit or a combined single permit should be requested.

Social security

With respect to social security, an employee is, in principle, covered by the social security system in the country in which the employee performs the employment activities. This general rule also applies when the duration of the activities is very limited. In the following paragraphs, we will describe two exceptions.

EEA and Switzerland

The social security position of an individual living in the EEA and Switzerland, and working in a different EEA country or Switzerland (or different countries) needs to be determined on the basis of the European Union (EU) regulation for social security purposes. The main rule of the EU regulation is that the employee is covered by the social security system in the country where the employment activities are performed. However, there are several exceptions to this main rule, such as if the employee is assigned to another company or if the employment activities are performed for two companies where one company is situated in the

country of residence and the other is in another EEA country or Switzerland.

If an exception is applicable, it is recommended to confirm the social security position of the employee with the social security authorities of the country where the employee resides by requesting a so-called A1 statement. If a copy of the A1 statement is kept in the employee file, the employer does not have to withhold or remit Dutch social security contributions. However, social security contributions may be due on the Dutch employment income paid to the employee in the country that provided the A1 statement.

Social security treaty

The social security position of an individual from a non-EEA or non-Swiss country with which the Netherlands has a social security treaty should be based on the applicable social security treaty. Therefore, it is recommended to perform a check on the applicable social security treaty.

Foreign company pension

As a general rule, for employees who are assigned to the Netherlands and during their assignment continue to participate in their home company pension scheme, the employer contributions into the foreign pension scheme are regarded as taxable income in the Netherlands and the employee contributions are not deductible in the Netherlands. However, if certain criteria are met and a corresponding approval is obtained with the Dutch tax authorities, the foreign pension scheme can have a favorable tax treatment in the Netherlands (i.e., employee contributions deductible and employer contributions not taxable).

Healthcare

In principle, all residents of the Netherlands are obliged to obtain Dutch healthcare insurance. The following exceptions exist:

- ▶ An employee from an EEA country or Switzerland with an A1 statement is not obliged to obtain Dutch healthcare insurance. The employee will have to take healthcare insurance in the country where they remain covered by a social security system. If the employee is not moving to the Netherlands and will only stay for a short period of time, they will be able to claim healthcare in the Netherlands in emergency situations with a European Health Insurance Card (EHIC). If the employee moves to the Netherlands, an S1 statement should be obtained in the country in which they remain covered by a social security system. The S1 statement provides confirmation

that the employee has the right to receive healthcare although do not live in the country where they are insured. The foreign S1 statement should be registered with the Dutch health insurance company CZ. This enables any healthcare expenses in the Netherlands to be directly borne by the foreign health insurance company.

- ▶ An employee from a non-EEA or non-Swiss country with a Certificate of Coverage is not obliged to obtain Dutch healthcare insurance. The employee will have to take healthcare insurance in the country where they remain covered by a social security system.

Employee file

The employer is obliged to hold an employee file. Below, we have provided a list of items that can be included in the employee file. The items with an asterisk are mandatory. The other documents are highly recommended. If the mandatory documents are not in the employee file, this could result in additional assessments from the Dutch tax authorities and fines.

- ▶ A copy of the signed Dutch employment contract
- ▶ A copy of the front and back of a valid identification document*
- ▶ A completed and signed Dutch wage tax statement or comparable documentation*
- ▶ A copy of the 30% ruling (if applicable)*
- ▶ A copy of an A1 statement or Certificate of Coverage (if applicable)
- ▶ For employees outside the EEA and Switzerland, a copy of the residence permit and work permit or a combined single permit (if applicable)

Occupational health service

An occupational health service helps employers and employees in the understanding and implementation of working conditions and disability. The statutory health and safety obligations require specific expertise which the employer usually does not have. An occupational health service advises and takes over tasks from the employer in the areas of:

- ▶ Working conditions
- ▶ Illness and disability
- ▶ Rehabilitation counselling
- ▶ Risk inventory and evaluation (RI&E)

In addition, an employer can also buy sickness insurance to cover payments to employees during the first 52 weeks of sickness.

4. Payroll requirements

The payroll for employees is processed on a monthly basis or every four weeks and employees receive a payslip every period.

Work-related cost scheme

A special system is mandatory for all employers with respect to determining the Dutch wage tax implications of providing allowances and benefits to employees in the Netherlands. The essence of the so called work-related costs scheme (WRCS) is that the employer will be subject to 80% tax on benefits and allowances (including VAT) granted to employees, to the extent that these amount to more than the tax-free work-related cost budget of 21. The final levy system is applicable, i.e., the 80% tax is due by the employer and they cannot pass this on to their employees. Not all allowances and employment benefits fall under this budget. Exceptions include specific exemptions, intermediary expenses, facilities with a zero valuation for tax purposes and items that are considered mandatory taxable wage (e.g., a company car). In the following paragraph, we will describe the reporting obligations and practical details of WRCS.

Reporting obligations

The employer is obliged to calculate the final levy tax payable for the WRCS once a year. If the tax-free budget is exceeded, the 80% final levy must be specified and remitted through the Dutch wage tax return in the first tax period of the next calendar year. As a result, for 2021, the final levy should have been reported in the February 2022 Dutch wage tax return, which had to be filed no later than 28 February 2022.

From our practical experience, we recommend setting up an adequate administrative system beforehand. On the basis of the current view of the Dutch tax authorities, an explicit designation as work-related costs should take place. Without an explicit designation, the specific exemption would not be applicable. In order to benefit from the applicable exemptions and the tax-free budget, the employer should be able to reasonably substantiate that allowances and benefits that are not processed on the payslip are explicitly designated as work-related costs.

5. Banking requirements related to payroll

Payroll net payments should be made in local currency but can be made by any method and from either a Dutch or an overseas bank account.

Liabilities to Dutch Authorities

Liabilities to Dutch Authorities can be made from a Dutch or overseas bank account. If paying from an overseas bank account, the charges should be accepted by the remitting bank so that the payments received by Dutch Authorities are not reduced by charges or exchange rate differences. Any differences will result in interest charges being levied on underpayments.

New Zealand

N



1. Government requirements

Registration requirements

Registration for Pay-As-You-Earn (PAYE)

When a business enters in New Zealand and employs people, the business must register with the Inland Revenue Department (IRD) for PAYE. If the business has already obtained an IRD number, it can register for PAYE by completing an Employer Registration form. If the business does not have an IRD number and requires one, application for IRD number and PAYE can be carried out at the same time.

ACC Levies

ACC Levies are an insurance cover that ensures that the business is covered for the costs that might follow a workplace related injury or disease. These costs can include weekly and lump sum payments, medical, hospital and rehabilitation expenses, and return to work costs.

The business levies will be assessed based upon business type and risk factors. Both employees and the employer pay these levies. Levies are also charged on vehicle registrations and other statutory payments by all New Zealand residents and citizens.

Ongoing compliance requirements

Remittance of PAYE withholding

The timeframe within which an amount withheld must be remitted to the IRD depends on the total amount of PAYE withheld by a business on an annual basis. Businesses are categorized as either large or small.

Large withholders: If the company's gross annual PAYE (including Employer Superannuation Contribution Tax (ESCT)) is NZD500,000 or more in the previous year ended 31 March, it will be required to pay PAYE:

- ▶ From wages paid between the 1st and 15th of the month by the 20th of the same month
- ▶ From wages paid between the 16th and the end of the month by the 5th of the following month, except for the second period of December, which is due on 15 January

The amount must be paid electronically.

Small withholders: If your gross annual PAYE (including ESCT) is less than NZD500,000 you must pay PAYE monthly.

PAYE is due by the 20th of the following month.

IRD imposes penalties and interest for late lodgment, late payment and non-payment of PAYE withholdings.

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PAYE and Kiwi Saver Lodgments

From 1 April 2019 IRD requires employers with annual PAYE and ESCT of NZD50,000 or more to file employment information electronically within two working days of the payday. If less than NZD50,000, filing can be done by paper and they have 10 working days after the payday to file this information. Employers will need to ensure their payroll software is compliant.

2. Pension Requirements

Ongoing compliance requirements

KiwiSaver is a voluntary, work-based savings initiative to help New Zealanders with their long-term savings for retirement. KiwiSaver is open to all New Zealand citizens and people entitled to live here permanently who are under the age of eligibility for New Zealand Superannuation (age 65).

Employers are only required to contribute if the employee opts into the KiwiSaver Program.

Employees, upon joining an employer, are automatically opted in and have two to eight weeks to opt out.

To join KiwiSaver, a person must be:

- ▶ Living (or normally living) in New Zealand
- ▶ A New Zealand citizen or entitled, under the Immigration Act 2009, to be in New Zealand indefinitely

Employers are required to make compulsory contribution to the employee's KiwiSaver account or complying fund at 3%. Employees can contribute 3%, 4%, 8% or 10% of their gross salary or wage. A complying superannuation fund is a section within a registered superannuation scheme that has been approved by the Financial Markets Authority as having met certain criteria similar to KiwiSaver e.g., KiwiSaver lock-in rules and portability.

KiwiSaver employer contributions need to be paid with the PAYE while contributions the employer makes to their employees' complying funds still need to be paid directly to the applicable scheme.

3. Employment obligations

Employment Law and minimum employment requirements

Minimum wage rates apply to all employees aged 16 and over, who are full-time, part-time, fixed-term, casual, working from home, and paid by wages, salary, commission or piece rates (some exceptions). The minimum wages for FY 21/22 is NZD20.00 per hour from 1 April 2021.

All employees: part-time, full-time, fixed term and casual (but not including the Armed Forces) get at least:

- ▶ Four weeks of paid annual holidays (annual leave) each year for rest and recreation (some fixed-term and casual employees may get annual holidays on a "paid as you earn" basis)
- ▶ Eleven public holidays each year (if there are days they would otherwise work). These are days of national, religious or cultural significance, and employees should be able to take them as leave, where possible
- ▶ Access to five days sick leave and three days bereavement leave
- ▶ After six months of current continuous employment with the same employer

Or

- ▶ After working for the employer for six months for an average of 10 hours per week, and at least one hour in every week or 40 hours in every month

If an employee has to work on a public holiday, that work must be paid at no less than one and a half time. Payment for annual holidays is calculated differently from payment for public holidays, bereavement leave and sick leave.

4. Payroll requirements

Payroll payments and payslips

According to the Department of Labour, it is not a legal requirement for employers to provide payslips to their staff unless it is stipulated in their contracts. All employees do, however, have the right to view and copy the personal payroll data held by their employer regarding them. Employees frequently request payslips even from employers who do not supply them on a regular basis as they are needed as proof of income when applying for a loan, arranging child care payments and many other scenarios. While it may not be a legal requirement, it is good business practice to provide payslips to employees.

All salary and wage income is income taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is made to the employee.

Depending on the size of the employing entity, there may be a requirement to report all payments to IRD within 48 hours of the payment being made to the employees

Keep records on paper or electronically (as long as the information can be accessed easily and converted into written form).

Keep wages and time records, and holiday and leave records for seven years (even if the employee has left).

Keep a signed copy of the employment agreement, or current signed terms and conditions, or intended employment agreement (and employees must be given their copy if they ask for it).

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each pay period.

Nicaragua

N



1. Government requirements

Registration requirements

Any person who performs a job or professional service of any nature for another person (whether legal, public, private or mixed), irrespective of the type of relationship linking them, the economic nature of the activity or the form of payment or compensation provided, is subject to the mandatory social security scheme. The definition includes apprentices, even though they are not remunerated.

Some of the registration requirements are as follows:

Nicaragua Social Security Institute (INSS)

All employers are required to register for social security as an employer, and to register their employees with the mandatory scheme no later than three days after they start work. Independent workers may join the voluntary scheme. The employer can register for social security by:

- ▶ Visiting the nearest INSS office
- ▶ Requesting that an INSS affiliate visit their business
- ▶ Registration can be requested through a system called "Sistema de Información Autodeterminado" which allows users to perform online tasks with the INSS

General requirements:

1. Form of registration or update of the employer and/or payroll
2. Identity Document
3. Valid residence card
4. Deed of incorporation and bylaws registered in the mercantile registry
5. Power of legal representative

Tax administration

Every individual or legal entity is obliged to register in the Unique Tax Registry when starting any lucrative activity or business (sale of goods or provision of services), subject to a tax under the administration of the General Tax Office.

General requirements:

1. Deed of Incorporation (two copies)
2. Certification of registration of a limited company (two copies)
3. Application for merchant registration and sealing of commercial books (two copies)
4. Certificate of registration as a merchant in the Mercantile Public Registry (two copies)
5. General power of administration (two copies)
6. Certificate of registration of general power of administration (two copies)
7. Receipt of basic service e.g., water, electricity, telephone, or lease agreement that establishes domicile (two copies) or Notarial Certificate (two copies) that shows the domicile of the company and the president
8. Identity document (two copies)

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Ongoing compliance requirements

Monthly presentation of the income tax depends on the calendar expressed by the GDI of Nicaragua.

Monthly social security reports must be done during the first three natural days and payment is made on the 17th of each month via web.inss.gob.ni/sie/Home2.jsp.

2. Pension requirements

Registration requirements

An insured person who joins the social security scheme having reached 45 years of age, must have paid contributions for half of the time between the date of incorporation and the date of compliance, with the corresponding age, or the last week paid afterwards, and must have an absolute minimum of 250 weekly contributions. This to be subject of the social security benefits.

Any national and foreign resident who, through a verbal or written employment relationship, or through any type of employment as a dependent or independent person, is temporarily or permanently linked to an employer for the performance of work or services is considered a worker. This applies whether the employer is a natural person or a legal, private, state or mixed entity, or a foreign institution or body residing or not in the country, including the bodies and institutions of Central American Integration. Regardless of the number of workers, the employer is subject to mandatory insurance. Likewise, persons who are engaged in the exercise of a public function, whether they are elected or appointed in the institutions and powers of the state, are subject to mandatory insurance.

Ongoing compliance requirements

This information is not available.

3. Employment obligations

Employer contribution	Percentage
INSS	21.50%
INATEC	2.00%
Vacation accrual	8.33%
Christmas bonus accrual	8.33%
Severance three years	8.33%
Severance from three to five years	5.55%
Severance more than five years	0.00%

1. The Christmas bonus is a constitutional right of public and private sector workers. It is an additional payment of a month's salary after a year of continuous work or a proportional payment corresponding to the period of time worked. A year is defined as the period from 1 December of the previous year to 30 November of the current year. The payment of this bonus must take place in the first 10 days of December each year, or no later than 10 days after the termination of the employment relationship.
2. Vacation is the period of time of continuous and remunerated rest to which every worker is entitled for every six months of uninterrupted work at the service of the same employer. The payment that the worker receives is the equivalent of 15 days of salary. If the salary has been agreed on a biweekly or monthly basis, the vacation payment is made on the basis of the last salary earned. If the salary is variable, the vacation payment is made on the basis of the average salary of the last six months. Regardless of the form of payment agreed, the vacation payment will always be made on the basis of the ordinary salary. This includes the basic salary, plus any commission or incentives that the worker earns.

The Christmas bonus is calculated in a similar way to holidays. The period is calculated from December of one year until November of the following year (see Articles 93 to 99 of the Labor Code). The payment could not exceed the equivalent of 30 days of salary.

4. Payroll requirements

As per statutory requirements, employees in Nicaragua must receive either monthly or biweekly payment.

Monthly presentation of the income tax depends on the calendar expressed by the GDI of Nicaragua.

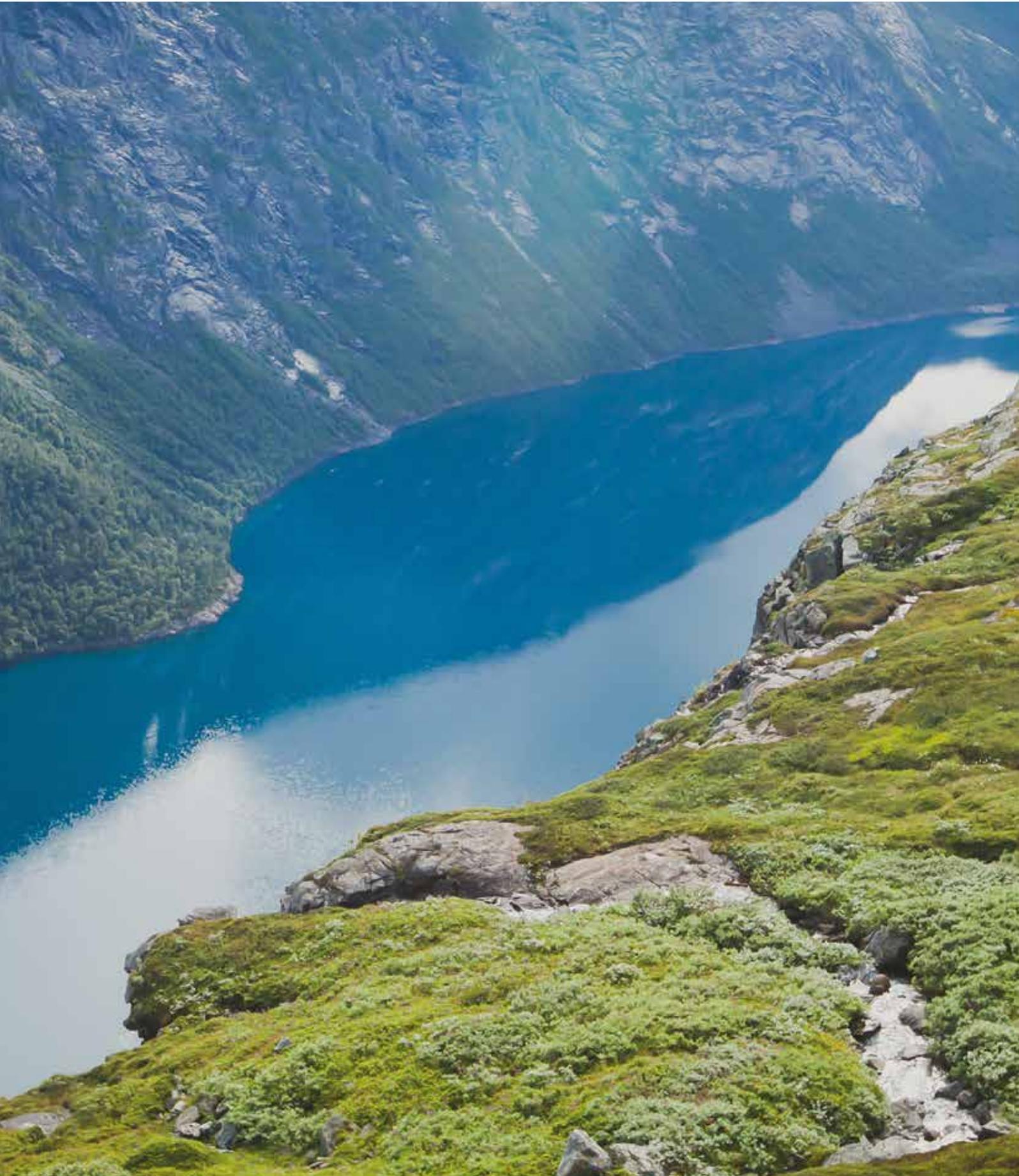
Monthly social security reports must be done during the first three natural days and payment is made on the 17th of each month.

5. Banking requirements related to payroll

This information is not available.

Norway

N



1. Government requirements

Registration requirements

To set up a new business in Norway, the company should be registered at The Norwegian Business Register (see website: www.Brreg.no) to obtain an organization number for reporting purposes.

Employees should have a Norwegian Personal ID (P-number) or a D-number. Employees should also apply for a tax deduction card.

Ongoing compliance requirements

Monthly payroll and reporting to Norwegian Authorities

The company is required to calculate tax and Employer's National Insurance Contribution (AGA) on the employees' remuneration and other taxable benefits. The employer has a monthly reporting obligation to the authorities which is done electronically via Altinn (A-melding). The deadline for the reporting is on the fifth of each month.



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Tax should be withheld on a separate tax account. If the tax account is not available, a bank guarantee should be applied for.

Tax and AGA are due every odd month in the calendar. For example: January and February tax and AGA is due on the 15th of March, and so on.

The rate for AGA is 14.1%.

2. Pension requirements

Employers are obliged to have an occupation pension scheme (OTP) for their employees. OTP is mandatory for all companies with more than one employee.

The pension scheme must be established within six months of the date on which the obligation to have an occupational pension scheme arose. It should be reported monthly or in the month when payment has been made.

3. Employment obligations

Mandatory Occupational Pension

The Mandatory Occupational Pension (2%) is not taxable to employees, but 14.1% of employers' national insurance contributions is applied.

Other obligations

There are detailed rules and regulations regarding:

- ▶ Vacation accrual and holiday pay
- ▶ Sick leave application
- ▶ Paternity and maternity leave
- ▶ Minimum wages
- ▶ Working hours
- ▶ Monthly contributions and/or deductions

4. Payroll requirements

There is no specific regulation related to payment frequency. It depends on the company policy or the employment contract. Monthly payment is the most common payment frequency in Norway.



Payslip

The company is required to issue payslips to each employee, unless under shadow payroll.

5. Banking requirements related to payroll

Payment to employees

The payroll payments must be transferred to employees' bank accounts on the agreed pay date (no cash payment allowed).

Payment for Tax and Employers' National Insurance Contribution

Tax should be withheld on a separate tax account. If the tax account is not available, a bank guarantee should be applied for.

The Norwegian tax authorities only accept local currency (NOK). However, payments can be made from a foreign bank account using IBAN (EU/EØS) or similar arrangements.

Palestinian Authority

P



1. Government requirements

Registration requirements

Income tax registration

In accordance with the Income Tax Law No. 8 for the year 2011 and its amendments governed by the Ministry of Finance, any entity or person with operations in Palestinian Authority should register for income tax through submission of the Income Tax File Registration Form. There is no registration fee applicable.

Ongoing compliance requirements

Payroll tax

In accordance with the Income Tax Law No. 8 for the year 2011 and its amendments for the year 2015 governed by the Ministry of Finance, any person (company or individual) with employees working in Palestinian Authority must file Payroll Tax Slip Number 517 and remit the amount on a monthly basis.

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Payments must be made by the 15th of the following month. The tax rates applicable are as follows:

- ▶ 5% for taxable income up to ILS75,000
- ▶ 10% for the next ILS75,000
- ▶ 15% for any excess income

Payroll tax is applicable to Palestinian employees resident in Palestinian Authority for more than 120 days a year or foreign employees resident in Palestinian Authority for more than 183 days a year.

2. Pension requirements

There is currently no pension requirement in place in Palestinian Authority and no specific requirements for provident funds.

3. Employment obligations

Employment obligations are stipulated by the Labor Law which is governed by the Ministry of Labor.

Leave days

The minimum amount of leave days per employee is 14 days per year for employees with less than 5 years of service and 21 days per year for those who have been employed for more than 5 years.



End of service

At the end of service for employees who leave, one-third of the monthly salary for each year of employment is paid if the employee has a tenure of up to five years, two-thirds of monthly salary for each year of employment is paid if the employee has a tenure of up to 10 years. And one month's salary is paid for each year of employment if the tenure of employee exceeds 10 years.

4. Payroll requirements

Payslips

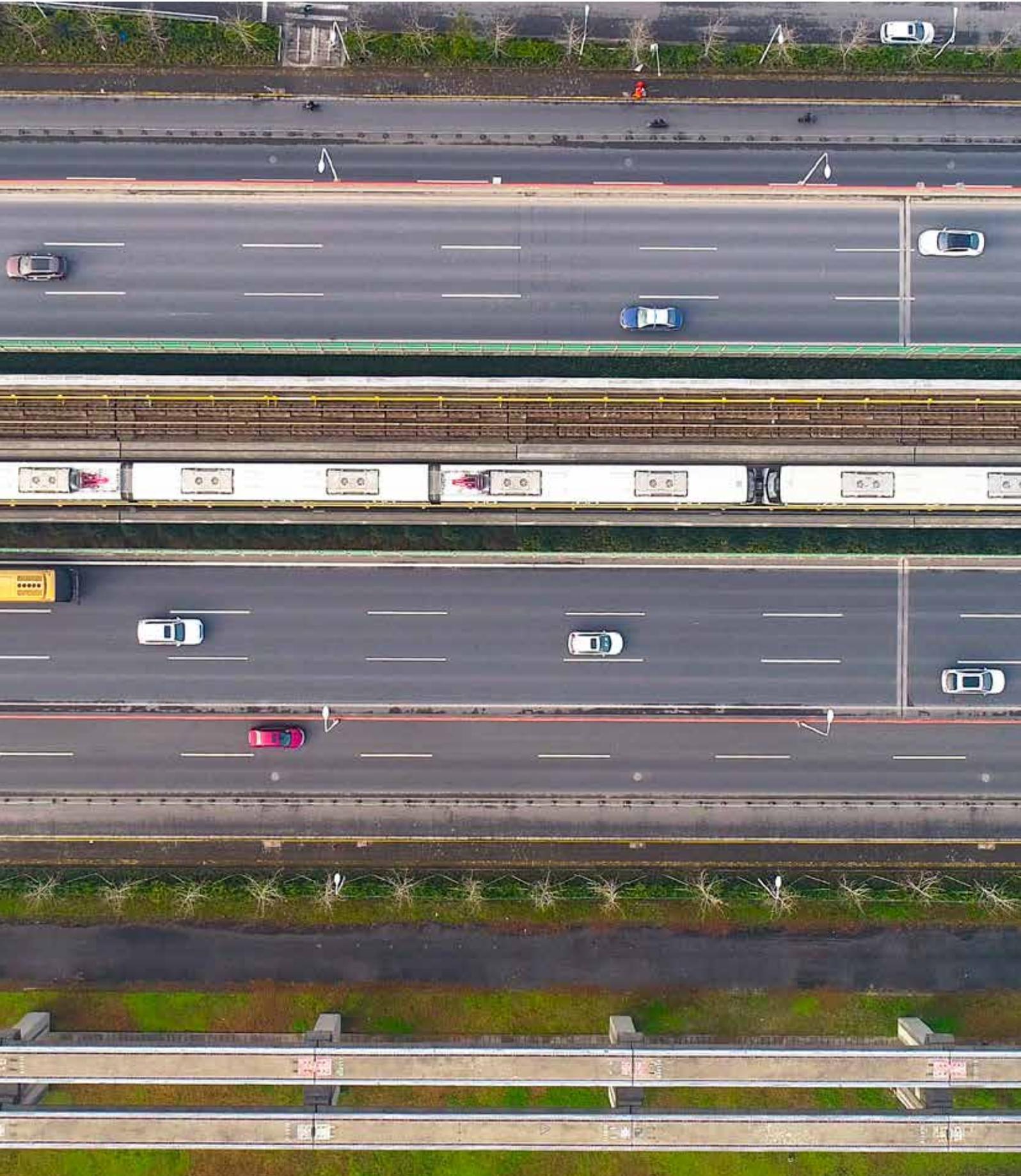
Monthly payroll slips should be provided, as stated in the employment contracts which are governed by the Ministry of Labor.

5. Banking requirements related to payroll

There are specific banking requirements, depending on the employment contract.

Panama

P



1. Government requirements

Registration requirements

Panamanian Social Security Fund (CSS) or Caja de Seguro Social Panameña

Any natural or legal person of public or private right that operates in the national territory and that there is an employee-employer relationship has the obligation to register with the Social Security Fund. The requirements are as follows.

- a. The employer must have at least one employee at the start of operations.
- b. Complete and sign the "EMPLOYERS REGISTRATION APPLICATION BEFORE THE PROFESSIONAL RISK PROGRAM" which is available on the web. Print on bond paper 8½ x 11 and submit the original form along with three copies (without blots or studs).
- c. Complete and sign the Employer Registration application which is available on the web. Print front and back, on bond paper 8½ x 11 and submit the original form along with three copies (without blots or studs).
- d. List of employees indicating details such as full name, Social Security Number (if any), Certificate Number, salary, date of commencement, position held, and signed by the legal representative or representative. Print on bond paper 8½ x 11 and submit the original form along with three copies (without blots or studs).
- e. Notary Power that authorizes the delivery of the confidential envelope that contains the username and password to download the digital signature. If the presentation of documents is made by a person other than the legal representative, a copy of the identity card of the attorney and the legal representative must be presented (legible)
- f. If legal person, Certificate of Public Registry in force (three copies) Social Pact or copy of the document of the RUC NT of the DGI, Notice of Operations and copy of identity card, passport or migration card of the legal representative. (readable)
- g. In the case of companies incorporated as of October 24, 2014, Constitution Pact and Proof of Registration of the Public Registry.

For Tax administration (DGI)

The Directorate General of Revenue of Panama (DGI) issues a RUC, which is the identification number of taxes on the income of the company. This number is used for all purchases and sales of the company along with the income statement.

You can register your RUC number by contacting the Provincial Administrations of the General Directorate of Revenue or online, via the website of the Directorate General of Revenue, www.dgi.gob.pa

Once the registration is made, your Digit Verifier number is supplied, which corresponds to an internal control digit used in the collection and inspection processes of the General Revenue Office.

General requirements:

- ▶ Proof of registration issued by the Public Registry: Either photocopy of the Constitution or Social Pact, or photocopy of the certification issued by the Public Registry

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- ▶ Photocopy of the Personal Identity Card of the legal representative
- ▶ Photocopy of the Commercial License or Commercial Registry issued by the Ministry of Commerce and Industries. (In case of obtaining it) or Operation Notice
- ▶ Photocopy of the last payment receipt of a public service (electricity, water or telephone) updated, corresponding to the address, that matches the address which appears on the record of the Public Registry, or that matches the address which appears in the License or Commercial register
- ▶ RUC registration form duly completed and signed

In accordance with Law 76 of 1976-Articles from 7 to 10, legal entities are obliged to register in the RUC, within the month following their registration in the Public Registry.

Ongoing compliance requirements

For the monthly reporting of social security and income, a unique invoice is generated from the SIPE system, with which both income and social security are paid. The payments are due within 30 days of the following calendar month.

The annual income statement is made using the official form "Planilla 03" (also known as Anexo 03) which contains information on the withholding of income tax for all workers. This form must be submitted to the "Dirección General de Ingresos" (DGI) within the first five months of the year (by 31 May at the latest).

2. Pension requirements

Registration requirements

The severance fund (Fondo de Cesantía) in Panama is a mechanism established by law that guarantees that employers pay a seniority premium and compensation to employees with an indefinite contract. The fund itself is not a worker's right. The right of the worker is to receive the payment of the premium and compensation that are guaranteed with the unemployment fund (provided that the relationship ends because of unjustified dismissal or justified resignation).

This fund was conceived with the purpose of assuring or guaranteeing workers full and effective payment of their seniority premium and compensation at the time when their employment relationship ends.

The funds must be constituted through trusts in private entities authorized by law for the administration of funds. The trust for the severance fund is established through an agreement or contract between the employer and Progreso, the official administrator of severance funds in Panama.

Ongoing compliance requirements

Report each quarter to the pension funds administration the corresponding accrual amounts per Severance and Seniority bonus.

3. Employment obligations

Employer contribution	Percentage
Social Security Regular Salary	12.25%
Social Security Representation Expense	12.25%
Educational insurance	1.50%
Professional Risk	0.98%
Social Security Salary - XIII Month (Aguinaldo)	10.75%
Social Security Salary Rep. Exp- XIII Month (Aguinaldo)	10.75%
XIII Month Accrual	8.33%
Seniority bonus accrual	1.92%
Severance accrual	0.33%
Vacation accrual	8.33%

Employees in Panama have the benefit of receiving an additional salary known as the 13th month, the payment of the 13th month is made in three installments: April, August and December.

It takes into consideration the salaries paid from the second fortnight of December through the first fortnight of April (for the payment of April 15th), from the second fortnight of April through the first fortnight of August (for the payment of August 15th) and from the second fortnight of August through the first fortnight of December (for the payment of December 15th).

Employees are eligible to 30 days of vacation for every 11 months worked.

4. Payroll requirements

As per statutory requirements, employees in Panama must receive biweekly payment.

For the monthly reporting of social security and income, a unique invoice is generated from the SIPE system, with which both income and social security are paid. The payments are due within 30 days of the following calendar month. And the salaries presentation must be done before the 21st of each month.

The annual income statement is made using the official form "Planilla 03" (also known as Anexo 03) which contains information on the withholding of income tax for all workers. This form must be submitted to the "Dirección General de Ingresos" (DGI) within the first five months of the year (by 31 May at the latest).

The employer must withhold by payroll any loan that the employee has with any financial entity and make the corresponding payment on behalf of the employee.

5. Banking requirements related to payroll

This information is not available.



1. Government requirements

Registration requirements

T-Registro report (new hires and leave details)

The company must register new hires and leave details in T-Registro. This system contains information related to employers, employees, pensioners, service providers, interns, third-party staff and beneficiaries. T-Registro is administered by the tax authority Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT).

For new hires, the employee must provide his or her ID, address and proof of studies, etc. In addition, the company needs to declare information including the commencement date of the new employee, position held, type of contract and workdays.

For details on leave, the company must register the date and the reason for absence (such as vacations, maternity leave, sickness, etc.).

AFPnet (pension)

AFPnet is a free service that the Pension Fund Administrators' Association offers to all employers so they can prepare, declare and pay their contributions to Pension Fund Administrators (AFPs or PPS) in a very simple way.

Companies setting up in Peru must join AFPnet. The legal representative should sign a form which must be submitted to any local Pension Fund Administrator or AFP - these are currently Prima, Profuturo, Habitat, and Integra.

Ongoing compliance requirements

Individual income tax for residents

A progressive tax rate, with an initial deduction of seven tax units (for 2021, a tax unit (UIT) is equivalent to PEN4,400), is applicable to the salary received by dependent employees (for services rendered in Peru) and is withheld by the employer through the payroll system. The progressive tax rate is as follows:

- ▶ Up to 5 UIT: 8%
- ▶ 5 UIT-20 UIT: 14%
- ▶ 20 UIT-35 UIT: 17%
- ▶ 35 UIT-45 UIT: 20%
- ▶ More than 45 UIT: 30%

In December, a year-end adjustment is made to adjust for any excess or deficit in payment.

Note that as of 2017, employees can deduct three additional tax units (related to personal expenses) if they submit an annual tax return. The tax authority will refund the amount overpaid.

Individual income tax for nonresidents

Foreign employees are only taxed on their Peruvian source income (i.e., income earned for work in Peru, whether paid in the country or abroad). A tax rate of 30% is applied to this income, without any deductions.

Social security contribution – ESSALUD

The Social Health System or ESSALUD is the entity of the Government in charge of providing health care coverage to insured employees and their dependents through a range of benefits covered by health care contributions,

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as well as through other personal risk insurance. Given that employers must cover their employees' health care, companies must pay a contribution equivalent to 9% of employees' salaries. The contribution is declared and paid through an electronic declaration program Telematic declaration program (PLAME).

If the employer provides health care coverage through private health care provider (called EPS), they can request a credit of up to 25% of the 9% contribution.

Government Pension System (GPS)

The GPS provides benefits in case of retirement, death or disability for employees who have joined this plan. Enrollment is mandatory for all company employees irrespective of the term of their employment agreement or the number of hours worked per day, week or month, provided and they are not enrolled in a private pension system (PPS).

The employer is responsible for deducting each employee's contribution - an amount equivalent to 13% of their salary - from the payroll and paying this to the GPS, through PLAME.

2. Pension requirements

Registration requirements

GPS

Registration is not required.

PPS

The company must register a new employee with the Pension Fund Administrator or their chosen AFP. This should be done within the first few days of the employee starting work.

Ongoing compliance requirements

GPS

GPS contributions must be paid to the tax authority through PLAME. Payments are made on a monthly basis, and the date depends on the last number of the company's tax ID, according to the schedule established by the tax authority.

PPS

This is an alternative to the GPS. Under the PPS, Pension Fund Administrators (AFPs), manage the contributions of employees who have enrolled in this plan through individual

capitalization accounts, granting benefits for retirement, disability and survival.

Contributions to the PPS comprise:

- ▶ Ten percent of the employee's insurable remuneration
- ▶ A percentage of the insurable remuneration used to finance the benefits granted for disability, survival and burial expenses
- ▶ Amounts and percentages charged by the AFP in respect of the services they provide

The employer withholds a percentage of the employee's monthly salary and pays it within the first five working days of the following month. The declaration should be made via the AFPnet system.

3. Employment obligations

Workdays and rest time

Working hours shall not exceed 8 hours per day or 48 hours per week, excluding the day off (rest time). Atypical working hours are allowed, for example, 14 days of work per one week of rest.

Overtime

Employees who work overtime receive an additional rate. In accordance with the law, for the first two hours, the rate is equivalent to 25% of the hourly salary and for the following hours, it is 35%. If the employee works on holidays or on his or her days off, the rate is 100%.

Vacation leave

Employees are entitled to take vacation after each year of service.

The vacation leave is equivalent to 30 days, and the employee must use this within the year following the year in which he or she acquired the right, otherwise, the employer will pay a penalty equivalent to one month's salary. Certain personnel, who have decision-making power, (e.g., management personnel) are not subject to the severance payment.

Bonuses

Employees are entitled to two bonuses per year. The first is paid in July and the second in December, each bonus is equivalent to one month's regular salary.

Employees are also entitled to an additional extraordinary bonus equal to 9% or 6.75% (if they are affiliated with a private health entity) of the bonuses paid in July and December.

Compensation for Time of Services (CTS)

This compensation is equivalent to approximately 1.16 of a month's salary per year. It must be deposited, 50% in May and 50% in November, into the financial entity chosen by the employee.

The employee can withdraw up to 100% of the excess of four monthly gross salaries from his or her Compensation for Time of Services (CTS) account. The remaining amount will be available to the employee once the labor relationship has been terminated.

Profit sharing

This benefit is calculated on the employer's taxable income. The amount to be distributed annually is between 5% and 10% of taxable income, depending on the activity of the employer.

Employees can only receive a maximum of 18 monthly salaries as profit shares. If there is an excess, it must be paid to a special fund managed by the Government called the National Fund for Labor Training and Employment Promotion (known as "FONDOEMPLEO" in Spanish).

Profit sharing is paid only in companies that have more than 20 employees.

Family allowance

This benefit is equivalent to 10% of the minimum salary (RMV).

The allowance is paid on a monthly basis and is applicable only to employees with one or more children under 18 years. In the event that the child reaches the age of majority and is undertaking higher or university studies, this will be extended until the end of said studies, up to a maximum of six years after reaching said age of majority.

Basic salary (RMV)

According to the political constitution of Peru, the Government establishes the minimum basic salary (known as RMV) that employees must receive. Monthly salaries cannot be lower than this.

4. Payroll requirements

Payslips

The employer must issue and give a payslip containing payment information to employees. Employers can use electronic signatures in payslips and other labor documents. Payslips must be given to employees on the third working day after payment.

Telematic declaration program (PLAME)

PLAME is a system used to declared payroll taxes (individual income tax, social security contributions, national pension contributions, etc.) to the tax authority (SUNAT). The system contains information related to employers, employees, pensioners, service providers, interns, third-party staff, and beneficiaries.

Certificate of individual income tax

The employer is also required to issue a certificate of income tax withheld to employees before 31 January of the next calendar year. The certificate must include all the income received by the employee and the total amount of tax withheld from this compensation during the calendar year.

Annual certificate of pension fund

The employer is also required to issue a certificate of pension contributions withheld to employees before 31 January of the next calendar year. The certificate must include all the income received by the employee and the total amount of pension contributions withheld from this compensation during the calendar year.

Payment

Payment can be made in cash or in kind. Payments must be made directly to the employee and must be registered in PLAME.

Payment frequency

Payment can be made weekly, fortnightly or monthly.

5. Banking requirements related to payroll

Payment of taxes must be made in the local currency, called "Sol".

Payroll payment must be made through a local bank account and payments can be made via:

- ▶ Check or cash
- ▶ Electronic funds transfer (EFT) or bank transfer

Inter-bank transfers can be made through the platform of the financial institution.

During a labor inspection, the employer must prove that payments have been made to the employee, so it is recommended to use banking methods that record the deposits.

Philippines

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1. Government requirements

Registration requirements

Registration with the Bureau of Internal Revenue (BIR)

The National Internal Revenue Code of the Philippines (Republic Act No. 8424, as last amended by Republic Act (RA) No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN), requires that every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with the rules and regulations. The withholding tax on compensation income is a method of collecting the income tax at source upon receipt of the income to all employed individuals, whether citizens or aliens, deriving income from compensation for services rendered in the Philippines.

Accordingly, every employer is required to register its employees and secure their Tax Identification Numbers (TIN) or update their employee information for purposes of filing and remitting the proper withholding tax on wages (WTW) to the BIR. The relevant forms for submission are the Application for Registration (BIR Form No. 1902) for new employees without TIN, and Certificate of Update of Exemption and of Employer's and Employee's Information (BIR Form No. 2305) for employee information update.

Registration with other government agencies

Both employer and employees are also required to register with the following government agencies:

1. Social Security System (SSS) – RA No. 8282
2. Philippine Health Insurance Corporation (PhilHealth) – RA No. 7875
3. Home Development Mutual Fund (HDMF) – RA No. 9679

SSS provides social insurance program, health and retirement benefits to employees. PhilHealth covers health insurance coverage for medications of the employees and their dependents. HDMF offers affordable shelter financing, short-term loans and access to housing programs.

Ongoing compliance requirements

Monthly payroll tax

The employer, as a withholding tax agent, is required to file the monthly WTW return using the Monthly Remittance Return of Income Taxes Withheld on Compensation (BIR Form 1601-C). The deadline for filing of tax return and payment of related tax liability depends on the classification of the taxpayer, as follows:

1. Manual taxpayers – the WTW return and related tax liability shall be filed and paid, respectively, on or before the 10th day of the month following the month when the withholding was made, except for taxes withheld in December, which shall be filed and paid on or before 15 January of the succeeding year.
2. Taxpayers enrolled in the Electronic Filing and Payment System (EFPS) –
 - ▶ The filing of tax return shall be made on a staggered basis depending on the industry classification of the taxpayer (i.e., 11th to 15th day following month-end)

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- ▶ The payment of tax liability shall be made on or before the 15th day of the month following the month when the withholding was made, except for taxes withheld in December, which shall be paid on or before 20 January of the succeeding year.

Monthly statutory contributions

Every employer is required to deduct from the employee's compensation the required statutory contributions (i.e., SSS, PhilHealth and HDMF). The employer shall remit its share and employee's share in the statutory contributions to the concerned government agencies. The deadline for remittance, which shall be in the following month when the deduction was made, is as follows:

1. SSS – depends on the 10th digit of the employer's SSS number (i.e., 10th, 15th, 20th, 25th or last day of the month)
2. PhilHealth – depends on the last digit of the employer's PhilHealth number (i.e., 11th to 15th or 16th to 20th day of the month)
3. HDMF – depends on the first letter of employer or business name (i.e., 10th to 14th, 15th to 19th, 20th to 24th or 25th to last day of the month)

Year-end payroll tax compliance

Every calendar year-end, the employer is required to compute the annual tax to be withheld on the employee's compensation and compare it with the taxes already withheld in the previous months (i.e., January to November).

In case of deficiency tax, the employer shall withhold the additional tax from the compensation of employee in December. On the other hand, in case of excess tax, the employer shall credit and refund the excess tax to the employees not later than 25 January of the following year.

The employer is required to submit the Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes (BIR Form No. 1604-CF), including the alphabetical list of employees/payees, to the BIR on or before 31 January of the year following the calendar year when the compensation payment and other income payments subjected to final withholding taxes were paid or accrued.

In addition, the employer is also required to issue the Certificate of Compensation Payment or Income Tax Withheld (BIR Form No. 2316) to the employees on or before 31 January of the succeeding calendar year and submit the signed duplicate copy to the BIR on or before February 28 of the succeeding calendar year. The form shall present the total compensation income received by

the employee and the total amount of tax withheld from said compensation during the calendar year.

2. Pension requirements

Registration of retirement plan

In cases where the employer provides retirement benefits to the employees through a formal retirement plan, the employer shall register the retirement plan with the BIR and secure certification from it to qualify for income tax exemption. In securing the certification, the employer must file a written application and submit the documents required by the BIR. The documents to be submitted depends on whether the retirement plan is a trustee plan, non-trustee/insured plan or multi-employer plan.

Ongoing compliance requirements

Retirement benefits

RA No. 7641 mandates that all employees may retire upon reaching the retirement age established in the collective bargaining agreement (CBA) or other applicable employment contract. The employee shall be entitled to receive the retirement benefits earned under existing law, and the CBA and other agreements. The retirement benefits under the CBA and other agreements shall not be less than those provided in RA No. 7641.

In the absence of a retirement plan or agreement providing for retirement benefits of employees, an employee upon reaching the age of 60 years or the compulsory retirement age of 65 years, and who has served at least 5 years, may retire and shall be entitled to retirement pay equivalent to at least half a month's salary for every year of service, a fraction of at least six months being considered as one whole year.

The following retirement benefits are exempt from income tax:

1. Retirement benefits received under RA No. 7641
2. Those received by employees in accordance with reasonable private benefit plan maintained by the employer, provided that the following conditions are met:
 - a. The retiring employee has been in the service of the same employer for at least 10 years
 - b. The employee is not less than 50 years of age at the time of retirement
 - c. The retirement benefits shall be availed by an employee only once

3. Employment obligations

Minimum wage

The Wage Rationalization Act (RA No. 6727) mandates the fixing of minimum wages applicable to different industry sectors. These are: non-agriculture, agriculture plantation, agriculture non-plantation, cottage/handicraft and retail/service.

The Regional Tripartite Wages and Productivity Boards (RTWPB) determine the daily minimum wage rates in each region. The Regional Wage Orders issued by RTWPB prescribe the daily minimum wage rates per industry per locality within the region and in some instances depending on the number of workers and the capitalization of enterprises.

Compensation income of a minimum wage earner (MWE), who is being paid with statutory minimum wage, shall be exempt from income tax. Holiday pay, overtime pay, night shift differential pay, and hazard pay earned by the MWE shall likewise be covered by income tax exemption. Additional compensation such as commissions, honoraria, fringe benefits, benefits in excess of the allowable statutory amount of PHP90,000, taxable allowances, and other taxable income given to an MWE by the same employer other than those which are expressly exempt from income tax shall be subject to withholding tax using the withholding tax table. Likewise, MWE receiving other income from other sources in addition to compensation income, such as income from other concurrent employers, from the conduct of trade, business, or practice of profession, except income subject to final tax, are subject to income tax only to the extent of income other than statutory minimum wage, holiday pay, overtime pay, night shift differential pay, and hazard pay earned during the taxable year.

Leave entitlement

Every employee who has rendered at least one year of service shall be entitled to a yearly service incentive leave (SIL) of five days with pay. In addition, the following leave entitlement shall be granted to certain employees with full pay:

1. Maternity leave (RA No. 1161, as amended by RA No. 8282 and as further amended by RA No. 11210) – 105 days (additional 15 days for solo parents)
2. Paternity leave (RA No. 8187) – seven days
3. Solo parent leave (RA No. 8972, as amended by RA No. 11210) – seven days
4. Others
 - a. Gynaecology leave (RA No. 9710) – two months
 - b. Leave for women and their children who are victims of violence (RA No. 9262) – 10 days

Rest hours

Normal hours of work of any employee shall not exceed eight hours a day. In addition, it shall also be the duty of every employer to give his employees not less than 60 minutes time-off for their regular meals. However, in the following cases, the employer may give a meal period of not less than 20 minutes provided that said shorter meal period is credited as compensable hours worked of the employee:

1. Work is non-manual work in nature or does not involve strenuous physical exertion
2. The establishment regularly operates not less than 16 hours a day
3. There is urgent work to be performed on machineries, equipment or installations to avoid serious loss which the employer would otherwise suffer
4. The work is necessary to prevent serious loss of perishable goods

Rest periods or coffee breaks running from 5 to 20 minutes shall be considered as compensable working time except in certain cases when a meal period of not less than 20 minutes may be given by the employer. (Presidential Decree No. 442, s. 1974)

Any work performed beyond eight hours a day shall be considered an overtime work which shall entitle the said employee to an additional compensation equivalent to his or her regular wage plus at least 25% thereof. On the other hand, work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least 30% thereof. It shall also be the duty of every employer, whether operating for profit or not, to provide each of his employees a rest period of not less than 24 consecutive hours after every 6 consecutive normal work days.

13th Month Pay

Pursuant to the provisions of Presidential Decree No. 851 and its implementing rules and regulations requiring employers in the private sector to pay their rank and file employees a 13th Month Pay on or before December 24 of every year, all covered employers are hereby reminded to comply with the following rules:

- (a) "Thirteenth-month pay" shall mean one twelfth (1/12) of the basic salary of an employee within a calendar year;
- (b) "Basic salary" shall include all remunerations or earnings paid by an employer to an employee for services rendered but may not include cost-of-living allowances, profit-sharing payments, cash equivalent of unused vacation and sick leave credits, overtime pay, premium pay, night differential, holiday pay, and all allowances and monetary benefits which are not considered, or integrated as part of the regular or basic salary of the employee.

13th month pay and other benefits in excess of the P90,000 threshold are taxable (i.e. Section 32 (B) (7) (e) of the Tax code) and shall be included in the computation of the employees' gross income.

De minimis benefits

De minimis benefits are benefits of relatively small values provided by the employers to the employee on top of the basic compensation intended for the general welfare of the employees. Being of relatively small values, the same is not being considered as taxable compensation and as such, not subject to income tax and withholding tax on compensation.

To further appreciate the tax exemptions, below is the updated list of de minimis benefits in the Philippines both to managerial and rank-and-file employees with some items updated in amounts by Revenue Regulations No. 11-2018 (RR 11-2018), the implementing rule of Tax Reform for Acceleration and Inclusion (TRAIN) or Republic Act No. 10963 effective January 1, 2018 for guidance and easy reference.

1. Monetized unused vacation leave credits of private employees not exceeding 10 days during the year
2. Monetized value of vacation and sick leave credits paid to government official and employees
3. Medical cash allowance to dependents of employees, not exceeding P1,500 per employee per semester or P250 per month
4. Rice subsidy of P2,000 or one sack of rice (50 kilograms) per month amounting to not more than P2,000
5. Uniform and clothing allowance not exceeding P6,000 per annum
6. Actual medical assistance, e.g. medical allowance to cover medical and healthcare needs, annual, medical or executive check-up, maternity assistance, and routine consultations, not exceeding P10,000 per annum
7. Laundry allowance not exceeding P300 per month
8. Employees achievement awards, e.g. for length of service or safety achievement, which must be in the form of tangible personal property other than cash or gift certificate, with an annual monetary value not exceeding P10,000 received by the employee under an established written plan which does not discriminate in favor of highly paid employees
9. Gifts made during Christmas and major anniversary celebrations not exceeding P5,000 per employee per annum
10. Daily meal allowance for overtime work and night/ graveyard shift not exceeding 25% of the basic minimum wage on a per region basis

11. Benefits received by an employee by virtue of a collective bargaining agreement (CBA) and productivity incentive schemes provided that the total monetary value received from both CBA and productivity incentive schemes combined do not exceed P10,000 per employee per taxable year

As further provided under Revenue Regulations No.15-2011 that has become effective starting the year 2011, all other benefits given by employers which are not included in the above enumeration shall not be considered "de minimis benefits, and hence, shall be subject to income tax as well as withholding tax on compensation income. If the employer provides more than the limitations, the amount in excess of the limit would be taxable and subject to withholding tax on compensation. This is however subject to the rule on the P90,000 amount for 13th month pay and other benefits.

Statutory contributions

Both the employer and employee are required to remit monthly contributions based on each employee's gross or basic monthly pay to the following government agencies:

1. Social Security System (SSS)
2. Philippine Health Insurance Corporation (PhilHealth)
3. Home Development Mutual Fund (HDMF)

4. Payroll requirements

Timing of wage payment

Wages shall be paid at least once every 2 weeks or twice a month at intervals not exceeding 16 days. In case the wages cannot be paid due to circumstances beyond the employer's control, the employer shall pay the wages immediately after such circumstances have ceased. However, no employer shall make payment with frequency less than once a month. (Presidential Decree No. 442, s. 1974)

In case of payment of wages by results involving work which cannot be finished in 2 weeks, payment shall be made at intervals not exceeding 16 days in proportion to the amount of work completed. Final settlement shall be made immediately upon completion of the work.

Payslips

Every employer shall pay his employees by means of a payroll wherein the following information and data must be individually shown:

1. Length of time to be paid
2. The rate of pay per month, week, day or hours, piece, etc.
3. The amount due for regular work

4. The amount due for overtime work
5. Deductions made from the wages of the employees
6. Amount actually paid

Employers are encouraged to provide payslips to all employees one working day before the pay day. Payslips can be provided as either electronic form or hard copy.

5. Banking requirements related to payroll

Payment of salaries and wages

Wages shall be paid in legal tender. The use of tokens, promissory notes, vouchers, coupons or any other form alleged to represent legal tender is absolutely prohibited even when expressly requested by the employee. Payment of wages by bank checks, postal checks or money orders is allowed where:

- ▶ Such manner of wage payment is customary
- ▶ It is stipulated in a collective agreement

Or

- ▶ Where all of the following conditions are met:
 - a. There is a bank or other facility for encashment within a radius of 1km from the workplace.

- b. The employer or any of his agents or representatives does not receive any pecuniary benefit directly or indirectly from the arrangement.
- c. The employees are given reasonable time during banking hours to withdraw their wages from the bank which time shall be considered as compensable hours worked if done during working hours.
- d. The payment by check is with the written consent of the employees concerned if there is no collective agreement authorizing the payment of wages by bank checks.

Upon written petition of majority of the workers and employees, all private establishments, companies, business and other entities with at least 20 workers and located within 1km radius to a commercial, savings or rural bank, shall pay the wages and other benefits of their workers through any of said banks, within the period and in the manner and form prescribed under the Labor Code. In addition, upon request of concerned worker or union, the bank through which wages and other benefits are paid shall issue a certification of the record of payment of said wages and benefits of a particular worker or workers for a particular payroll period. (Presidential Decree No. 442, s. 1974)



1. Government requirements

Registration requirements

Registration for social security purposes – employer

There is a legal obligation to register a company for social security purposes, within seven days of employing the first individual. This is in accordance with the Act of 13 October 1998 on the Social Security System governed by the Social Security Office in Poland. The registration form for a company is called ZUS ZPA and it must be filed by the company representative or by the payroll provider. Usually, registration of the employer for social security purposes is completed by lawyers at the same time as the legal entity registration. There is no fee for registration in Poland.

Registration for social security purposes – employees

There is a legal obligation to register each employee for social security purposes, within seven days from the date of concluding the contract (date of employment stated in the contract). This is in accordance with the Act of 13 October 1998 on the Social Security System governed by the Social Security Office in Poland. The registration form for the employee is called ZUS ZUA or ZUS ZZA and it must be filed by the company, legal employer or payroll provider. The form must be filed electronically using the dedicated government software called "Platnik" – this software must be used by all employers in Poland for registration and monthly or annual social security reporting. There is no fee for registration in Poland, and the Platnik software which can be downloaded from the Social Security website is free.

Registration for the State Fund for Rehabilitation of Disabled Persons (PFRON)

An employer who employs at least 25 full-time employees must pay contributions into PFRON. The contributions can be decreased for each disabled person employed. Companies employing 6% or more disabled persons are exempted from these payments. The obligation for registration and monthly payments is based on the Act on The Rehabilitation of Disabled Persons. The respective registration forms are called DEK-Z and ZAP1 – these are to be filed in hard copy with the signature of the person recognized in the Court Register document (KRS) of the company.

Tax registration

There is no payroll registration for tax purposes in Poland. Each company is registered at the Tax Office by lawyers once the legal entity is created, so no additional registration for payroll purposes is needed.

Ongoing compliance requirements

Social Security monthly return

An employer is obliged to declare and pay monthly social security contributions for all salaries paid out. The deadline for submitting monthly returns and paying social security contributions is the 15th day of the following month (according to the Act of 13 October 1998 on the Social Security System in Poland). Monthly returns consist of the following forms:

1. ZUS DRA – monthly aggregate form
2. ZUS RCA – monthly individual form
3. ZUS RSA – monthly sickness absences form
4. ZUS RZA – monthly healthcare contributions form (for civil contractors only)

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All declaration forms should be submitted to the Social Security Authorities via Platnik. Social security contributions are payable at rates of 13.71% by employees and 14.93% - 17.86% by employers.

Contributions consist of four elements as follows:

Social security	Paid by employer	Paid by employee	Total
Retirement	9.76%	9.76%	19.52%
Disability	4.50%	1.50%	6.00%
Sickness	–	2.45%	2.45%
Accidents	0.67%- 3.60%	–	0.67%- 3.60%

The rate for accident insurance depends on the type of business activity conducted. Retirement and disability insurance are payable by employees and employers up to the specified limit. Sickness insurance is only paid by employees and accident insurance only by employers. Both are uncapped.

The maximum annual remuneration, which is the basis for calculating the contributions to retirement and disability insurance funds, is limited to 30 times the national average monthly salary.

Employers must also pay contributions of 2.45% to the Labor Fund and 0.10% to guarantee the salaries of employees of bankrupt companies (for employers from abroad with no Polish address, the contributions toward the guarantee of salaries are not required).

According to Article 79 of the Act of 27 August 2004 on benefits from the national health fund, healthcare contributions amount to 9% (in 2020) of the employment income which is decreased from the employee social security contribution assessed. About 7.75% of healthcare contributions may be deducted from the tax payment (which decreases tax liability) and the remaining part of the healthcare contribution (1.25% of the assessment basis) is left as an additional non-deductible cost (decreasing the after-tax income).

Social security – annual return

Each employer with an average annual employment of 10 employees or more is obliged to file an annual social security return ZUS IWA by 31 January of the following year. This includes information on the average number of employees in the company and number of workplace accidents reported during a year. It is also submitted via the Platnik software. On the basis of the Zakład Ubezpieczeń Społecznych (ZUS) IWA form, ZUS informs the employer on an applicable rate of contribution for the next period (1 April to 31 March).

Monthly tax payments

According to the Personal Income Tax (PIT) Act, all Polish employers must withhold tax on their employees' taxable salary and make payments to the Tax Office by the 20th day of the month following the month of payment. No monthly tax return is filed.

The basic rates for taxpayers whose income is subject to taxation under general terms are defined in accordance with the progressive tax scale, differentiating two income thresholds. These tax rates amount to 17% and 32%.

Income tax for 2020 is payable at progressive rates as follows (the thresholds may be indexed annually):

The following are the Tax Assessment basis in PLN Tax rate

- ▶ Up to PLN85,528: 17% of assessment basis minus 525.12
- ▶ Over PLN85,528: PLN14,539.76 plus 32% of amount exceeding PLN85,528

For employees under 26 years, tax rate is zero (no tax is deducted).

Self-employed individuals who work in Poland, or expatriates working for and paid by a foreign entity, are personally responsible for meeting monthly filing requirements. The deadlines are the 20th day of the following month for employment income.

Annual tax information – employer

Once a year, an employer is obliged to file an annual tax return PIT-4R or (PIT-8AR) by 31 January of the next year. PIT-4R includes cumulative information on monthly tax calculated and advances paid for all employees in a monthly split. The annual PIT-8AR form includes information on the lump sum tax paid during a year. All annual tax forms must be submitted to the Tax Office electronically by the authorized person (using an electronic signature).

Annual tax information on employees

Each employer is obliged to provide each employee and the Tax Office with annual information on income earned and tax advances paid. The form is called PIT-11 and the deadline for submission is the end of January (to the Tax authority) and end of February (for employees) of the year following the tax year to which the information relates. Annual information and returns must be submitted to the Tax Office via electronic software (there are different software providers and the fee can also differ).

Monthly PFRON return

According to Article 21 of Act on The Rehabilitation of Disabled Persons, each employer who employs at least 25 people must pay contributions to PFRON and submit a monthly tax return (DEK-I-0 form). The calculation is based on an average rate of employment in a given month

and average salary issued by the Polish Government body on a quarterly basis. The form must be submitted via a dedicated web-based application – access is granted by the PFRON Authority. The deadline for payment and the PFRON return submission is the 20th day of the following month.

Annual PFRON return

At the end of the year, by 20th of January of the following year, an annual PFRON return must be filed (in the same way as monthly returns). The form is called DEK-R and it includes the cumulative amount of all contributions paid during a year.

2. Pension requirements

Employee Capital Plans (ECP) - new obligation for employers

Each Polish employer whose employees are subject to social security system in Poland, is obliged to implement the Employee Capital Plan (ECP; in Polish - Pracowniczy Plan Kapitałowy - PPK) by arranging cooperation with a chosen financial institution eligible to run ECP in Poland.

The main goal of ECP is to increase the level of pension received by the individuals after their retirement. The most important impact on the employer is an obligation to sign the respective agreements on managing and running ECP, pay obligatory contributions (at least 1.5% of an employee's salary) and withhold obligatory deduction from employee's salary (at least 2%).

3. Employment obligations

Personal file administration

As per Article 94 of the Polish Labor Code, each employer in Poland is obliged to set up, keep and update a personal file for each employee. All the documents regarding employment (i.e., personal questionnaires, employment contract and health certificate) must be kept within the file in chronological order, including proper descriptions of each document. The employer is obliged to store the personal file of each employee for 10 years - there is a new regulation which reduced the period from 50 to 10 years and allow electronic versions of the files to be stored - under certain conditions).

Health certificates

As per Article 229 of the Polish Labor Code, prior to starting work, an employee must obtain a health certificate stating that he or she is able to work in the specified position. Such a certificate should be issued by a physician specializing in workplace health on the basis of a referral issued by the employer. The certificate is issued for a

limited period of time, depending on the conditions of work. After that period, the certificate must be renewed. A new certificate has to be issued if an illness lasts longer than 30 days. The employer bears all the costs of issuing a health certificate. The necessary physical examinations should be undertaken, if possible, within the working hours of an employee.

Health and safety regulations course

As per Article 237 of the Polish Labor Code, each employer is obliged to organize a health and safety regulations course for each new employee. The course should take place within working hours. A training company specializing in this type of workplace training should be used. The costs of this training are borne by the employer.

Working regulations and remuneration regulations

Under the Polish Labor Code Act, an employer who employs at least 50 people is obliged to create working regulations (i.e., on working hours, discipline at work etc.) and remuneration regulations. If there are less than 50 employees, the employer is obliged to inform them in writing about the basic regulations within the company.

4. Payroll requirements

According to the Polish Labor Code, employees must be paid monthly by the end of a given month or at the beginning of the next month but no later than the 10th day of the following month. If 10th falls on a Saturday, Sunday or bank holiday, the salaries must be paid by the previous working day. Salaries can be paid to the employee's bank account and can also be paid in cash.

Payslips

There is no legal obligation to provide payslips to employees but the common practice in Poland is to provide them on a monthly basis after the payroll run is confirmed and closed. Payslips can be electronic or hard copy – there is no regulation on this.

5. Banking requirements related to payroll

There are no legal restrictions regarding salary transfer – it can be paid into a Polish bank account or a foreign bank account.

Payments to authorities

There are no legal restrictions, so payments can be made from a Polish or a foreign bank account number. However, it is recommended to use a Polish bank account as this is easily recognized by the authority.

Portugal

P



1. Government requirements

Registration requirements

Companies and employees should be registered at the Portuguese Tax Office in order to obtain the taxpayer number.

Social Security (SS)

The registration must always be made online and by 24 hours before the start of the labor contract. The form Mod. RV1009/2005 is only used if the new employee does not have a social security number assigned, where usually this applies to foreign workers (not Portuguese or those who have never worked before in Portugal). Additionally, in this particular case, the form Mod. RV1006/2015 should also be completed.

In Portugal, the information/obligations needed for new joiners are as follows:

- ▶ For local employees: identification card (cartão de cidadão);
- ▶ For foreign workers:
 - ▶ Obtain his or her Portuguese tax number, in the event that the individual is outside the European Union
 - ▶ Have a tax representative
 - ▶ Full address of the residence (home country)
 - ▶ Full name
 - ▶ Passport
 - ▶ A statement signed by the individual duly authenticated and passport (this authentication can be carried out in home country)
 - ▶ If the joiner is from the European Union, it is only necessary to have his or her identification card to obtain the fiscal number.

Companies managers must also be registered at Social Security, following specific requirements.

The majority of the interactions with Social Security Authority is made through internet.

Compensation funds

In accordance with Law No. 70/2013 of 30 August under the Management Institute of Social Security Capitalization Funds (IGFCSS, I.P.), registration is done by the employer online via the compensation funds website (www.fundoscompensacao.pt) for employment contracts entered into after 1 October 2013.

There is no registration fee applicable.

Ongoing compliance requirements

Personal Income Tax (PIT) and social security monthly obligations

On a monthly basis, companies are required to withhold and pay the PIT due on salaries to the tax authorities by the 20th of the following month. PIT withholdings are computed on the basis of progressive tax rates. The payment of social security contributions are also due by the 20th of the following month.

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Remuneration Monthly Statement – Social Security
(Portuguese DMR)

- ▶ The total percentage is 34.75% (in most situations), with 23.75% paid by the employer and 11% paid by the employee.
- ▶ The tax must be paid between the 10th and the 20th of the following month.
- ▶ The submission of this report must be made by the 10th of the following month.

Remuneration Monthly Statement – Tax authority
(Portuguese DMR)

- ▶ The tax must be paid as per the PIT code (CIRS).
- ▶ The deadline for payment of withholding tax is the 20th of the following month.
- ▶ Registration is made by the employer.

Compensation funds

- ▶ The payments to be made by employers to the Work Compensation Fund (FCT) is 1% of the basic and daily payments for each employee covered.
- ▶ The payments should be made between the 10th and 20th of each month.

Year-end activities

- ▶ Annual Company social activity statistic report (Relatório Único), that includes information from the payroll as well as data about training report, hygiene, safety and health report, freelancers, and strikes.
- ▶ Annual preparation of the individual income and withholding tax summary, for tax purposes.

2. Pension requirements

Registration requirements

Companies are required to register employees at the Portuguese Social Security Authority, in order to subsequently make social security contributions on monthly salaries.

Ongoing compliance requirements

On a monthly basis, companies are required to deliver the Social Security and Tax Authority the detail of the remunerations (gross salary and additional remuneration components) on a monthly basis until the 10th day of the following month.

3. Employment obligations

In addition to workplace accident insurance, it is also mandatory for companies to manage health and safety in the workplace. Employees should also be given a medical examination upon admission to the company and at regular intervals during their employment.

Employer's accident insurance (mandatory)

In accordance with the Labor Code and managed by Working Conditions Authority (ACT), employer's workplace accident insurance is mandatory. It is important to note that this insurance must be active from the first day of each employee's contract.

Leave days or working holidays

In accordance with the Labor Code and governed by the ACT, employees are entitled to a minimum annual leave entitlement of 22 days.

In their first year of employment, employees are entitled to two working days for each complete working month, up to a maximum of 20 days. In the following years, employees are entitled to 22 days of leave, however this could change if there is a specific collective agreement.

There is also minimum wage and rest hours in Portugal, applicable in a standard way and with specific conditions for each type of company activity.

4. Payroll requirements

The Labor Law regulates contractual relations between the employer and the employee. Accordingly, leave days, rest hours and reasons for dismissal, among others, are defined by this law.

Payment frequency

In general, the remuneration must be available to the employee until the last business day of each month. The employee is entitled to 12 months of salary, one month of holiday allowance and one month of Christmas allowance.

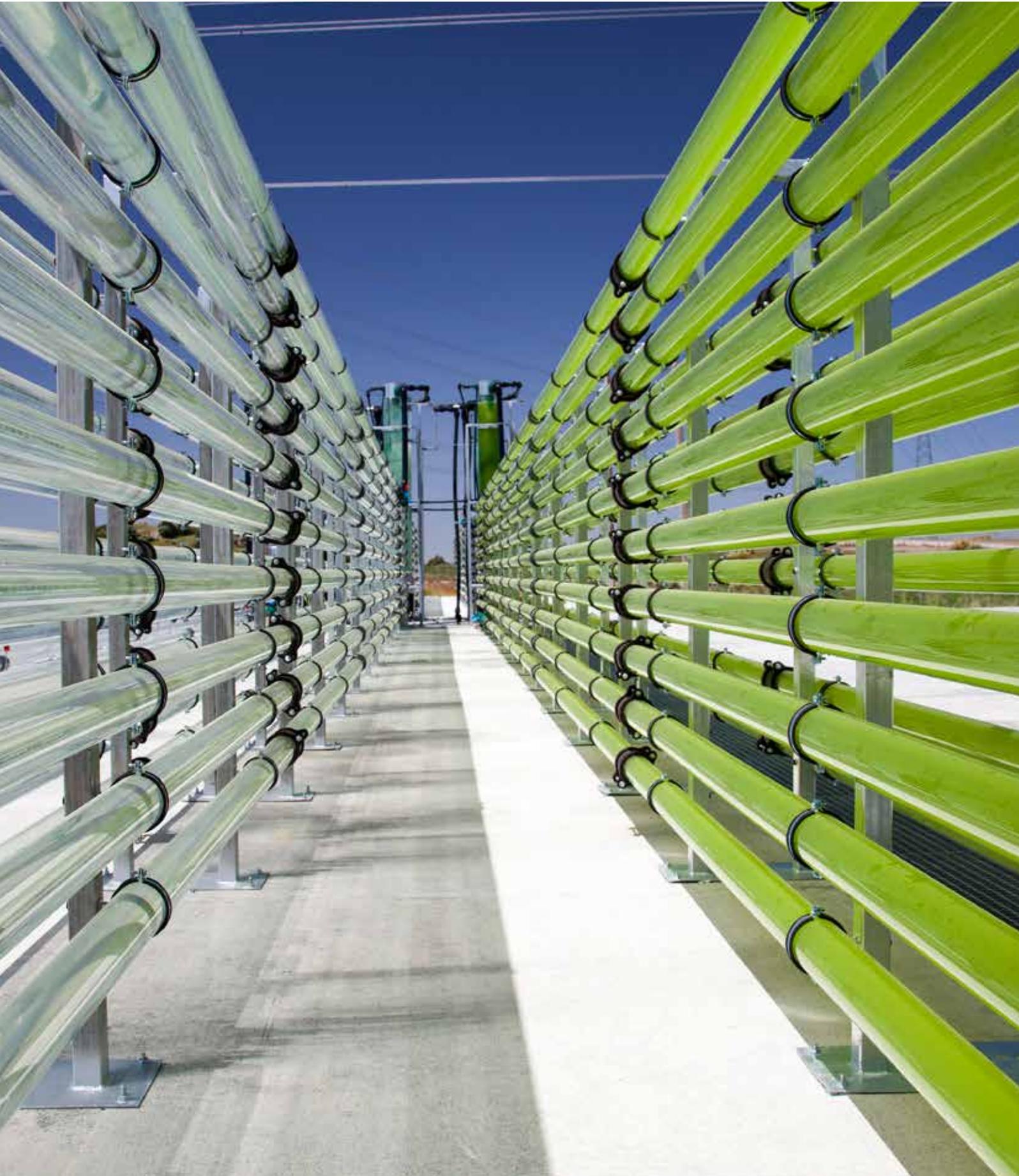
Payslips

On a monthly basis, employers are required to prepare and issue payslips to employees, detailing the remuneration paid (and type of remuneration) and corresponding withholding tax and other deductions.

5. Banking requirements related to payroll

Usually, payments are made using the Single Euro Payments Area (SEPA) protocol.

Qatar



1. Government requirements

Qatar Labour Law

The majority of employer-employee relationships in Qatar are regulated by the Law No.14 of 2004 (Labour Law) except those individuals and entities which are expressly excluded. The employees and workers in the ministries and other governmental bodies, public authorities and corporations, companies which the Government establishes or participates in their establishment that are engaged in petroleum fields and in marketing and sale of the petroleum, chemical and petrochemical products and their derivatives, companies which Qatar Petroleum establishes or participates in their establishment or has shares in, workers of existing companies executing exploration agreements and sharing the production, and agreements for the development of the fields and sharing the production, and the joint venture agreements in the field of petroleum operations and petrochemical industries are specifically excluded from Law No. 14 of 2004, and also those whose employment affairs are regulated by special laws.

Employment contract

A written employment contract attested by the Labour Department of the Ministry of Labour and Social Affairs (MOLSA) should be executed for each employee. The employment contract must comprise of three copies with one copy delivered to each of the parties and the third copy to be deposited with the Labour Department. It must specify terms including:

- a. Name of the employer and place of work
- b. Details regarding the employee e.g., name, nationality, profession, residence, and proof of identification
- c. Nature and type of assignment
- d. The employee's start date
- e. Contract period
- f. Agreed salary information

Language

Arabic language must be the language used in employment contracts (Labour Law No. 14, 2004). However, a secondary language may be used for the benefit of non-Arabic speakers with the understanding that the Arabic version is the only legally valid document.

Probation period

The Labour Law states that an employer can subject the employee to a single probation period of not more than six months. During this period, the employer may terminate the employment contract if it is determined that the employee is incapable of carrying out the work by giving three days' written notice.

Restrictive covenants

The Qatar Labor Law permits the inclusion of restrictive covenants in the employment contract; however, the period of restriction cannot be longer than two years.

Termination of employment with notice

If the term of the employment contract is unlimited, each party may terminate it, once probation has been successfully completed, without giving reasons. The notice period shall be not less than one month if the period of service is five years or less. If the period of service exceeds five years, the period of service shall be at least two months.

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Termination of employment - without notice

The Qatar Labour Law highlights instances for which an employer may dismiss an employee for gross misconduct without notice and without the payment of end of service gratuity.

Some of these instances include:

- ▶ False identity
- ▶ Acts that cause gross financial loss to the employer
- ▶ Violation of safety of workers
- ▶ Failure to carry out essential duties
- ▶ Disclosure of trade secrets

QFC Employment Regulations

The QFC employment provisions set out in the QFC Employment Regulations No.10 of 2006 (QFC Employment Regulations) shall apply to:

- a. Employees of the QFC Authority, the Regulatory Authority, the Civil and Commercial Court, and the Regulatory Tribunal
- b. Employees of QFC Institutions
- c. Employees of QFC Entities

Employment contract

The employer shall give each employee a written employment contract which shall include at a minimum:

- a. Name of the employer and the employee
- b. Date of commencement of employment
- c. Employee's salary or calculation method of salary
- d. Intervals at which the salary is paid
- e. Job title or job description
- f. Whether the employment is for a specified fixed term or of unlimited duration
- g. Place of work
- h. Any terms or conditions relating to hours of work, and annual and sick leave
- i. Reference to any disciplinary rules and/or grievance procedures applicable to the employee
- j. Any other matter that may be prescribed in any rule, policy or order issued under these Regulations.

Employment contracts may be for a fixed term or for an unlimited duration.

Language

All contracts, other documents and written instruments provided for in these Regulations shall be made in the English language.

Probation period

The employment contract may contain a provision subjecting the employee to a probation period, provided that the probation period shall not exceed six months.

The employee shall not be subjected to more than one probation period with the same employer except for cause. If such a probation period exists, the employer may terminate the employment contract within the terms of the probation period if it is determined that the employee is not capable of carrying out the work for which he has been employed. In such a case, the employer shall give the employee no less than two weeks written notice.

Restrictive covenants

Any provision in an employee's employment contract that provides that the employee may not work on any similar projects or for a company which is in competition with the employer must be reasonable, must not constitute an unreasonable restraint on trade, and must be appropriate to the circumstances of the employee's employment with the employer.

Termination of employment with notice

The notice required to be given by an employer or employee to terminate an employee's employment, where the employee has been continuously employed for one month or more, shall not be less than:

- ▶ Two weeks if the continuous period of employment is less than three months
- ▶ One month if the period of continuous employment is three months or more but less than five years
- ▶ Three months if the period of continuous employment is five years or more

Termination of employment without notice

The QFC Regulations highlight instances under which an employer may terminate an employee's contract of employment without notice. Some of these instances include:

- ▶ Material breach of contract by employee
- ▶ Submission of false documentation by employee
- ▶ Acts that cause gross financial loss to the employer
- ▶ Divulgence of trade secrets
- ▶ Physical assault of other employees

Ongoing compliance requirements

Qatar Labour Law

There are no personal income tax regulations in Qatar. However, monthly pension contributions apply in relation to Qatari citizens that are employed by the government.

QFC Employment Regulations

There are no personal income tax regulations in Qatar. However, monthly pension contributions apply in relation to Qatari citizens that are employed by the government.



2. Pension requirements

Registration requirements

Qatar Labour Law

The employer maintaining a retirement system or any similar system which secures for the employee a greater benefit than the end of service gratuity to which the employee is entitled shall not be obligated to pay the end of service gratuity in addition to the benefit he offers under the system referred to. If the net benefit accruing to the employee is less than the end of service gratuity, the employer must pay to the employee the end of service gratuity and must return to him any amount whereby the employee might have contributed to the system referred to, and the employee may choose between the end of service gratuity and any pension he is entitled to under such system.

End of service benefits

Upon completion of one year's continuous service with the employer, each employee is entitled upon termination, to an end of service gratuity payment which is calculated based on an employee's final basic wage. At minimum standard, the method of calculation is three weeks of the employee's final basic wage for every completed year of service. Fractions of service, i.e., parts of years, are to be paid to the employee pro-rata.

Government pension system

Qatar's government pension system is administrated by the General Retirement and Social Insurance Authority (GRSIA) in accordance with the provisions of the Retirement and Pension Law No. 24 of 2002 and supervised by the Ministry of Administrative Development, Labor and Social Affairs.

Qatari citizens, employed by the government, and who have made a total of 15 years worth of contributions, receive a state pension when they reach 60 or 55, respectively. An option for early retirement at 40 is available, however 15 years of contributions are still required. The size of the pension is based on the final salary of the employee at the time of retirement (the salary in the last year of employment). Additional social allowance benefits are designated according to an individual's final salary and time of service. The Qatar's government pension system is open to Qatari citizens employed in ministries, public institutions, agencies, joint stock companies and others as determined by the Council of Ministers at the GRSIA. Pensions are also issued to civilian and military retirees, or to their eligible beneficiaries in the event of death.

Qataris who work in the private sector are not eligible under the government pension system. It is the responsibility of the individual to negotiate a pension arrangement with their employer.

Expatriates are not eligible for pension from the Qatari government. However, they are entitled for end of service benefits from their employers in Qatar.

QFC Employment Regulations

The Retirement and Pensions Law shall apply to all employees of Qatari nationality employed by the QFC Authority, the Regulatory Authority and any other employer which may be determined by resolution of the Council of Ministers and notified by that Council in writing of the determination.

End of service benefits

There is no corresponding obligation in the QFC to provide any form of end of service gratuity, the provision of any such payment would be a contractual arrangement between the parties.

Ongoing compliance requirements

Qatar Labour Law

- ▶ The Qatari (citizen) employee bears monthly contribution equivalent to 5% of salary, the employer bears the monthly contribution rate by 10% of the employee's gross salary.
- ▶ Contributions by Qatari (citizen) employees in other GCC countries may be higher, ranging from 5.5%-8% of salary, in order to make up the required 15% total pension contribution
- ▶ Qataris (citizens) who work in other countries within the GCC and who are eligible for a government pension system are included under Law No.4 of 2007.

QFC Employment Regulations

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- ▶ Contributions by Qatari (citizen) employees in other GCC countries may be higher, ranging from 5.5%-8% of salary, in order to make up the required 15% total pension contribution.
- ▶ Qataris (citizens) who work in other countries within the GCC and who are eligible for a government pension system are included under Law No.4 of 2007.

3. Employment obligations

Qatar Labour Law

Working hours

The maximum limit of the normal working hours shall be 48 hours per week, and of 8 hours a day in all the months of the year, except during the month of Ramadan where the maximum working hours shall be 36 hours per week of six hours per day and is applicable to both fasting and non-fasting employees. The Labour Law also details how overtime should be paid.

Overtime

The employees may be employed for extra hours in addition to the working hours, provided that the total actual working hours per day shall not exceed 10 hours, unless the work is necessary to prevent a gross loss or dangerous accident or to repair or mitigate the effects resulting from such loss or accident.

Annual leave

An employee who has completed one continuous year in the service of the employer shall be entitled to an annual leave. This leave shall not be less than three weeks for the employee whose service is less than five years, and four weeks for the employee whose service is five years or more.

Sick leave

An employee is entitled to a period of 12 weeks of sick leave for every year of service. The sick leave shall not be granted until the completion of at least three months service and is subject also to the production of a medical certificate from a physician approved by the employer. The employee should receive full pay for the first two weeks of the sickness absence; half pay for the next four weeks with the final six weeks being unpaid. An employer is entitled to terminate an employee after the 12th week of sickness absence if it has been proved by a report issued by a competent physician that the employee is unable to resume work.

Holidays

Each employee shall be entitled to the following paid holidays each year:

- ▶ Three working days on the occasion of Eid Al-Fitr
- ▶ Three working days on the occasion Eid Al-Adha
- ▶ One working day on the occasion the Independence Day
- ▶ Three working days, their dates to be specified by the Employer

If the work conditions require the employment of the worker during any such leaves, the employer shall pay the employees for the additional working hours a payment that shall not be less than the payable basic wage for the normal working hours plus an extra pay not less than 25% thereof. The employer shall also pay the workers working between 9 p.m. and 6 a.m. the payable basic wage plus a payment not less than 50% thereof, except workers working on shift schedules.

Maternity leave

A female employee who has been employed by an employer for a complete year shall be entitled to maternity leave with full pay for a period of 50 days. Such maternity leave shall include the period before and after the delivery provided that the period following the delivery shall not be less than 35 days.

QFC Employment Regulations

Working hours

The maximum working hours per week is 48 hours. In Ramadan, an employee who is observing the fast shall not be required to work in excess of six hours per day. There is no provision for the calculation of overtime in the QFC Employment Regulations.

Overtime

Employees may be required to work additional hours to the working hours provided that the actual working hours per day shall not exceed 10 hours unless the work is necessary for the prevention of gross loss or dangerous accident or for the repair or alleviation of the consequences of the above loss or accident. In the event of overtime, the employer shall pay the employee for the additional working hours at the rate of not less than the basic wage plus any additional amount agreed with the employee, or provide the employee compensatory time, as provided for under the terms of his employment.

Annual leave

An employee is entitled to not less than 20 working days to be accrued pro rata if the employee has been employed for at least three months. Annual leave is exclusive of national holidays to which an employee is entitled. An employee is not entitled to payment in lieu of accrued annual leave except where the employee's employment is terminated, or the employer agrees otherwise.

Sick leave

The maximum annual sick leave entitlement without a medical opinion certifying an appropriate medical condition is 30 days and up to 90 days with such certified medical opinion. If an employee takes an aggregate of 90 days in any 12-month period, the employer may terminate the employee immediately with written notice

Holidays

Each employee shall be entitled to the following paid holidays each year:

- ▶ Three working days for Eid El-Fitr
- ▶ Three working days for Eid Al-Adha
- ▶ One working day for the National Day
- ▶ Three working days to be specified by the Employer
- ▶ One working day for National Sport Day
- ▶ Any other day declared by the State as a public holiday and announced by the QFC Authority as applicable to the QFC

If the circumstances of the work require the employee to work during any such holidays, the employee shall be compensated for the rest day by another day, or as otherwise agreed by the employer and employee.

Maternity leave

A female employee who has been employed for a complete year preceding the eighth week before the expected week of childbirth is entitled to be paid maternity leave for a period of three months. Such paid maternity leave shall include the period before and after the delivery.

4. Payroll requirements

Qatar Labour Law

Salary payments for employees must be processed through the Wages Protection System (WPS). Payroll records will need to be converted into a predefined structured Salary Information File (SIF). The structure of the SIF is governed by the Ministry of Labour and Social Affairs (MOLSA) and has been communicated to local banks by the Qatar Central Bank as a mandatory file format to be adhered to for processing the WPS to monitor the documents and process of employees salary payments. Employees appointed on an annual or monthly basis shall be paid their salaries at least once in a month. Employees who are not appointed on an annual or monthly basis shall be paid at least every two weeks. All companies must pay their employees through WPS within seven days of the due date.

Penalties for non-compliance:

- ▶ A sentence of not more than a month in prison; and
- ▶ A fine of not less than QR2,000 and not more than QR6,000 per employee

QFC Employment Regulations

There is no corresponding obligation to comply with WPS in the QFC. The employer shall pay the employee his salary at least monthly.

5. Banking requirements related to payroll

Qatar Labour Law

All salary payments must be transferred electronically directly from an employer's local Qatari bank account into the employee's Qatari local bank account. The salary payment must be made in Qatari Riyals.

QFC Employment Regulations

Salary and other payments due to the employee should be paid in the currency stated in the employment contract or any currency agreed between the employer and employee.



1. Government requirements

Registration requirements

Registration of local employees

In Romania, there are no registration requirements for local employees in terms of social security or for income tax purposes.

Registration with the Tax Office

Registration with the appropriate Tax Office is not necessary if the company (local employer) was registered as a paying payroll taxpayer upon its establishment and incorporation with the Romanian Trade Register. Each company shall be registered with the Romanian Trade Register, once their legal entity is established in Romania.

As a general rule, the employer is administered by the territorial Tax Office where its headquarters is located. For large and medium taxpayers as well as representative offices of foreign companies, the Tax Offices are defined by law.

Documents to be submitted to the appropriate Tax Office for registration of the company as a payroll taxpayer (applicable if the company was not registered as a payer of payroll taxes upon its incorporation with the Romanian Trade Registry) are:

- ▶ Tax registration declaration
- ▶ Copy of the individual employment agreement (IEA) concluded with the first employee or an extract from the General Registry of Employees

Documents must be submitted within 30 days of hiring the first employee.

The employer's failure to comply with the abovementioned filing deadline may trigger a fine as stipulated in the applicable legislation (i.e., between RON500 and RON1,000, approximately EUR110 - EUR220).

The governing legislation includes the Romanian Fiscal Procedure Code (i.e., Law no. 207/2015 regarding the Fiscal Procedure Code); Order no. 3698/2015 approving the forms for the tax registration of taxpayers.

Registration with the Territorial Labor Chamber – General Registry of Employees

As per the Romanian Labor Law, all employers have the obligation to prepare and submit information to the Territorial Labor Chamber for the electronic General Registry of Employees.

The employer has two possibilities for filing information with the Registry:

1. One is to nominate, in writing, one or more persons (employees of the company) who are responsible for filing information with the Registry.
2. The other is to conclude a service agreement with a service provider registered with the competent labor authorities. The service provider is mandated to perform the necessary formalities for filing information with the Registry. In this case, the employer must inform the labor authority in writing about the conclusion of the services agreement with the respective service provider.

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Deadlines for filing information with the General Registry of Employees on the Labor Chamber website:

- ▶ New employment contract: This must be filed one working day prior to the first day of employment as stipulated in the IEA.
- ▶ Contract termination: This shall be recorded in the register no later than the date of termination of the IEA.
- ▶ Contract suspension: This must be filed one working day prior to the first day of the IEA suspension.
- ▶ Amendment of employment contract (e.g., new position, type and duration of the IEA, duration of working time, time distribution in case of part-time labor): The amendment shall be recorded at least one working day prior to the first day of the IEA change. Gross salary changes shall be recorded in the register no later than 20 working days from the date of change.

A breach of the legal provisions related to the fulfillment of the registration obligations in due time as well as the provision of false or inaccurate information may be subject to various fines.

According to the applicable legal provisions, a fine of RON5,000 to RON8,000 (EUR1,100 to EUR1,700) is imposed if the employer fails to submit information on new employees to the General Registry of Employees at the Territorial Labor Chamber within the legal deadline.

The governing legislation is the Romanian Labor Code (Law 53/2003), republished and subsequently amended, and Decision No. 905/2017 on general registry of employees, with subsequent amendments.

Ongoing compliance requirements

Employment income

The income tax as well as social security and healthcare charges applicable to employment income are mainly governed by the Romanian Fiscal Code (Law No. 227/2015 regarding the Fiscal Code with subsequent amendments).

According to Romanian legislation, individuals earning salaries under local employment agreements fulfill their tax obligations through employer withholdings.

For individuals on local payroll (Romanian nationals or foreign citizens), the local employer must compute, withhold, declare and pay the income tax and social security charges by the 25th of the month following the month for which the salary income is paid.

As an exception, entities that meet certain criteria established under the law may declare and pay the income tax and social security charges on a quarterly basis.

Income tax

A flat tax rate of 10% applies to salary income.

Taxable compensation includes the following:

- ▶ Salaries
- ▶ Benefits in cash or kind (for example, allowances and perquisites)
- ▶ Wage premiums
- ▶ Rewards
- ▶ Medical leave allowances (with certain exceptions, such as allowances for maternity leave, sick childcare leave and maternal risk leave, which are exempted from income tax under the law)
- ▶ Paid holidays
- ▶ Other income received by an individual on the basis of an employment agreement, document for appointing civil servants, secondment agreement or a special statute in the law
- ▶ Fees and compensation paid to directors and managers of private enterprises and to members of the board of directors, general shareholders, administration council and audit committee
- ▶ The monthly income tax on employment income determined by applying 10% to the monthly computation taxable base, which is established by deducting from the total gross monthly income of the following:
 - ▶ Mandatory social security charges
 - ▶ Personal deductions under the law
 - ▶ Trade union contributions (if required)
 - ▶ Contributions to the voluntary occupational pension scheme and contributions to the voluntary health insurance scheme, if applicable (each of them is capped to a maximum of the equivalent in Romanian leu of EUR400 per year per participant)

Personal deductions granted for income tax computation purposes

Individuals domiciled in Romania and individuals meeting the residence criteria for worldwide income taxation are entitled to personal deductions, which vary according to their gross monthly income and number of dependents. For gross monthly income up to RON1,950, the monthly deductions vary between RON510 for individuals without dependents and RON1,310 for individuals with four or more dependents. For gross monthly income between RON1,950 and RON3,600, an order of the Ministry of Economy and Finance sets the deductions. No deduction is allowed for gross monthly income greater than RON3,600.

Dependents on an employee may be the spouse, children or other family members, or relatives of employee or spouse up to the second-degree relatives inclusively, whose monthly income, either taxable or nontaxable, does not exceed RON510.

Social security and healthcare charges

Both employers and employees must contribute to the social security system.

Employees are required to pay the following monthly charges:

- ▶ Social security contribution (pension): 25% of monthly gross salary earnings
- ▶ Health fund contribution: 10% of monthly gross salary earnings

The payment of such taxes withheld from the gross salary is made by the employer to the state budget.

Employers are required to pay the following monthly charges:

- ▶ Work insurance contribution: 2.25% of total monthly gross salary income
- ▶ Contribution for disabled people: Companies with at least 50 employees are under the obligation to hire disabled people representing 4% from the total number of the employees. Entities that do not employ persons with disabilities as mentioned above, shall pay monthly to the state budget an amount representing the minimum gross national salary guaranteed multiplied by the number of jobs for which they did not observe this obligation. According to the Law 193/2020, the employers may decide on one of the following obligations:
 - a. to pay the entire amount to the state budget
 - b. to pay monthly to the state budget an amount representing the equivalent of at least 50% of the minimum gross basic salary guaranteed, multiplied with the number of jobs for which they did not observe this obligation in respect of person with disabilities, the difference up to the level mentioned at the point (a) above should be covered by purchases, on the basis of a partnership, products or services carried out by so called authorized protected companies.

From January 2019, according to the Government Ordinance 114/2018 several values of the minimum gross national salary are used in the same period, differentiated according to studies, seniority or other criteria provided by the law.

Citizens of European Union (EU) countries and Switzerland employed locally in Romania benefit from cover for medical expenses incurred in Romania and may be exempted from social security charges if relevant European certificates are obtained. However, if an individual is not subject to social security charges in his or her home country, he or she falls under the Romanian social security system and is liable to pay social security charges in accordance with Romanian regulations.

Corporate statutory monthly payroll statement

This includes the minimum information as provided by Order No. 2634/2015 regarding financial and accounting documents; the statement is prepared every month (12 statements per year). The statutory monthly payroll statements are not filed with the authorities. However, these shall be prepared on a monthly basis and shall be kept by the employer for 50 years as of the end of the financial year when the documents are prepared.

Monthly payroll related tax return

This is the "Declaration on payment obligations of social contributions, income tax and nominal records of the insured individuals" (form 112) in the format provided by 203/207/188/2021; the return is made every month (12 tax returns per year).

Monthly payroll related disability found

This is the "State Budget Liabilities return" (form 100) in the format provided by Order No.51/2021; the return is made every month if the applicable conditions according by the law are met (Law 448/2006).

Payroll-related statistics reports

These filings are required by the National Institute of Statistics (i.e., a monthly report, quarterly report and annual report) according to Law No. 226/2009 on the organization and functioning of official statistics in Romania, which was amended and supplemented.

Application for recovery of medical allowances

This applies to the medical allowances paid by the employer and covered from the National Fund of Social Health Insurance, as provided by Emergency Ordinance No. 158/2005 on leave and health insurance allowances, with subsequent amendments and implementing rules; this application should be filed on occurrence of such a case, according to the law.

Employees' annual fiscal records (i.e., annual salary certificates)

There is no obligation for the employer or employees to prepare or file an annual payroll related tax return for salary incomes. Upon the employee's request, the employer must prepare and provide him or her a salary certificate which should include certain information as provided by the Fiscal Code but not in a standardized form. The frequency of this filing is once a year.

The electronic General Registry of Employees

This filing should be made by the employer according to the Romanian labor legislation in force, i.e., the Romanian Labor Code (Law 53/2003, republished and subsequently amended); Decision No. 905/2017 on general registry of employees, with subsequent amendments. This application should be filled on occurrence of such a case, according to the law.

2. Pension requirements

Registration requirements

Registration requirements related to pension are not applicable here. Pension contribution in Romania is one of the obligatory contributions (as described earlier).

Optional pension scheme (Pillar III)

The act which regulates the functioning of the third pillar of the pension system in Romania is Law 204/2006 regarding optional pensions, with subsequent amendments.

Optional pension is a type of pension for which the contribution is an individual choice, requiring an additional payment made by the employee. Eligible individuals can contribute voluntarily to the optional pension funds authorized by law by taking out their own agreement.

In addition, employers can also contribute to Pillar III, thus providing a benefit to their employees.

The employee's contribution to the voluntary occupational pension scheme is deductible for the purposes of salary income tax, within a limit of the equivalent in Romanian leu of EUR400 per year per participant.

Such deduction is granted by the employer through the monthly payroll computation on the basis of supporting documentation presented by the employee (as provided in the Fiscal Code).

Ongoing compliance requirements

Ongoing compliance requirements related to pension are not applicable here. The pension contribution in Romania is one of the obligatory contributions and it is reported as part of the monthly social security return.

3. Employment obligations

Employment legal framework

Employment relations are mainly governed by the Romanian Labor Code (Law 53/2003, republished and subsequently amended). The Labor Code applies to Romanian employees who have concluded their employment contracts with a Romanian employer for the performance of work in Romania or abroad, as well as to foreign individuals with employment contracts who perform activities for a Romanian employer in Romanian territory.

Types of employment contracts

As a general rule, employment contracts are concluded for an indefinite term. In addition, other forms of employment are permitted, such as fixed-term employment agreements, temporary employment, part-time employment and flexible working arrangements (home-based work).

Minimum monthly gross basic guaranteed salary in Romania

The minimum monthly gross basic salary guaranteed to be paid in Romania, corresponding to normal working hours, is established annually by government decision, after consultation with trade unions and employers' organizations. If the normal workday is, according to the law, under eight hours, the minimum gross basic salary per hour shall be computed as the ratio between the minimum gross basic salary and the average number of hours per monthly salary according to the legal working hours approved.

The employer cannot negotiate and establish basic salaries through the IEA under the minimum gross basic salary per hour in Romania.

As of 1 January 2021, the minimum gross national applicable to all categories of full-time employees is differentiated according to studies, seniority or other criteria provided by the law (RON2.300; RON2.350; RON3.000).

Special clauses in employment contracts

Before or upon the conclusion of a new employment contract or amendment to an existing one, employers have the obligation to inform employees about the terms of their employment (e.g., duration of the agreement, working time, salary, leave periods and allowances). Along with the general terms, an individual employment contract may also include special clauses, such as non-competition, mobility and confidentiality.

Working hours and paid holidays

Regular working hours are 8 hours per day, 40 hours per week for full-time employment contracts. For part-time contracts, the number of standard hours of work is established in the employment contract and is less than 40 hours per week. The average number of hours worked per month is 168, but it may vary depending on the number of working days or month.

As a rule, the distribution of working time is uniform (eight hours per day over five consecutive days). After 5 days of work, employees are entitled to a weekly rest of 48 consecutive hours, usually on Saturdays and Sundays.

Work performed outside the standard hours of work is considered overtime. As a rule, working time, including overtime, cannot exceed 48 hours per week. However, for calculating overtime, employers can establish reference periods of four months or six months (for certain activities established in the Collective Bargaining Agreement).

Overtime cannot be performed without the employee's consent. As a rule, overtime is compensated with free time within the next 60 calendar days. Otherwise, the employee is entitled, in addition to the corresponding salary, to a compensation of at least 75% of the gross base salary. Under part-time employment contracts, overtime is forbidden.

In addition, special work conditions are established for certain categories of employees (e.g., employees under 18 years old, disabled persons and pregnant women) and for work performed under certain circumstances (e.g., night work, work in shifts, and work performed under dangerous or harmful conditions).

Employees are entitled to a minimum of 20 business days of annual paid leave.

Employees working under heavy, dangerous or harmful conditions, blind or other people with disabilities and young people under the age of 18 are entitled to an additional leave of at least 3 working days.

Work on legal holidays, when the activity of the company does not fall into the category of those whose activity cannot be interrupted due to the specific activity (e.g., work in shifts), is considered additional work. Currently, the Labor Code includes 15 legal holidays. As a rule, work during legal holidays is compensated with free time within the next 30 calendar days. Otherwise, the employee is entitled, in addition to the corresponding salary, to a compensation of at least 100% of the gross base salary.

Occupational health and safety

The employer is required to take necessary measures for the security and well-being of its employees. The employer is also required to ensure employees have access to an occupational medical check-up upon employment and periodically.

Professional training

Employers have to ensure that all their employees attend professional training programs as follows:

1. At least once every two years, if there are at least 21 employees
2. At least once every three years, if there are fewer than 21 employees

Employers with more than 20 employees are required to ensure adequate professional training on a continuous basis by setting up an annual training schedule. Moreover, employers are required to grant their employees paid or unpaid leave for professional training purposes.

Employees' representation

The interests of employees can be protected by trade unions or employees' representatives elected at company level in accordance with the labor regulations.

Employers having more than 20 employees have the obligation to initiate and perform negotiations of a collective labor agreement at company level.

Termination of employment contracts

Individual employment contracts can be terminated by means of the following:

1. By law
2. By mutual consent of the parties
3. By either party to the employment contract within the terms and conditions provided by the law. Employers may terminate employment contracts by dismissal for reasons related to the employee (e.g., professional inadequacy, as a disciplinary sanction) or not related to the employee (e.g., job cancellation). Except in the case of disciplinary sanctions, the employer must grant the dismissed employee a termination notice of at least 20 business days.

Correspondingly, employees may also terminate their employment agreement by resignation with a prior notice of maximum 20 business days for non-management positions and 45 business days for management positions.

Employee's file administration

Local labor regulations require employers to maintain physical (paper-based) employee records, i.e., a personal file of each employee kept in proper condition at the employer's registered office.

The personal file of each employee should contain at least:

- ▶ The documents necessary for employment (e.g., ID copy, diploma copy, medical certificate issued by work place health provider, authorizations and certificates needed to perform certain activities, as appropriate, and CV)
- ▶ The IEA and the job description
- ▶ The addendum to the IEA
- ▶ Documents attesting the suspension or termination of the IEA as appropriate, (e.g., the employee's request for the suspension of the IEA, the employee's resignation, parties' mutual termination agreement or decisions regarding the suspension or termination of the IEA)
- ▶ Any other documents attesting the legality and accurate registration of the IEA or amendments in the electronic general registry of employees (e.g., court decision for rehiring an employee)

Medical leave (including maternity leave)

During medical leave, the IEA is suspended and the employee is entitled to a sick leave allowance (75%, 85% or 100% of the average gross monthly income in the last six months, depending on the type of illness mentioned in the medical certificate).

The allowance shall be computed and paid by the employer through the payroll statement for the working days established in the work schedule.

As a general rule, the employer must pay the sick leave allowance for the working days within the first five calendar days from its budget. The following days of medical leave shall be paid by the employer and recovered from the Health Insurance house. However, there are categories of medical leave which are covered in full by the Health Insurance National Fund (e.g., maternity leave, sick childcare leave and maternal risk leave). The allowances for maternity leave, sick childcare leave and maternal risk leave are paid by the employer and then reimbursed by the Territorial Health House.

Sick leave does not affect the paid annual leave to which employees are entitled.

Parental leave (long childcare leave)

After maternity leave, as mentioned above, one of the parents is eligible for childcare leave (parental leave) until the child reaches two years of age or three years of age in the case of disabled children, provided that he or she has subjected their income to income tax under the Romanian legislation during the last 12 months before childbirth, obtained in the last 24 months of activity.

During childcare leave, the IEA of the employee shall be suspended and the employer should observe labor legislation regarding the suspension of labor contracts.

The employee is entitled to receive a monthly allowance from the appropriate Romanian authorities amounting 85% of the average net income received in the last 12 months before the childbirth. However, the indemnity cannot be less than the amount resulting from the application of a multiplication factor of 2.5 to the reference social indicator and no more than RON8,500. The employer has the obligation to prepare and to provide the employee with a salary certificate containing information about the salary incomes obtained in the last 24 months before the childbirth.

Employment certificates for leaving employees

During work relationships or at their termination, the employer shall provide the employee with the following certificates, in the format provided by the law:

- ▶ Employment certificates confirming the employee's level of salary income and contribution history for medical leave indemnities purposes
- ▶ Employment certificates confirming the employee's level of salary incomes and contribution history for unemployment tax
- ▶ Annual salary certificate
- ▶ Salary certificates attesting the employee's seniority, gross basic salary, position and other changes of the employment contract (e.g., suspension, termination of the individual employment agreement) or an extract from the employees register (REVISAL), dated and certified for compliance

- ▶ Salary certificates for employees who request parental leave up to the child's age of two years (or three years in case of disabled children)
- ▶ Employment certificates attesting that the employee is insured under National Health System

The employer shall also provide the employee with other salary certificates the latter would require (e.g., for obtaining a bank loan, for fiscal authorities, for children's school), in the requested format.

4. Payroll requirements

According to Romanian Labor Code, employees must be paid on a monthly basis not later than the salary payment date stipulated in the IEA. In Romania, it is common practice to pay out the salaries by the end of a given month or at the beginning of the next month.

Payslips

There is no legal obligation to provide payslips to employees, but the common practice in Romania is to provide them on a monthly basis after the payroll run is confirmed and closed. Payslips can be electronic or hard copy, there is no regulation on this.

Timekeeping

Pursuant to the provisions of the Labor Code, the employer must keep evidence of the hours worked, including the starting and ending hours of the work schedule, by each employee and any type of leave taken (paid or unpaid under the law or applicable internal regulation). The applicable labor legislation does not provide any guidelines with respect to the way in which such evidence should be maintained, e.g., there are no legal guidelines for the format of timesheets.

Payroll information storage

Documents and data from the General Registry of Employees, the personal file of each employee and the statutory monthly payroll statement must be stored for 50 years in appropriate conditions to ensure data security and compliance with legal provisions on the protection of personal data.

Employers are responsible for ensuring these conditions, as well as any damage caused to the employee or to any other natural or legal persons, in breach of these obligations.

In case the employer ceases to operate, payroll documents must be kept in accordance with the provisions of Companies law no. 31/1990", although "Law on trading companies" is also a valid translation republished, as amended and supplemented, or they should be handed over to the State Archives in accordance with statutory provisions, as appropriate.

Governing laws

Accounting Law No. 82/1991; Order No. 2634/2015 regarding financial and accounting documents; Fiscal Code (Law 227/2015), republished and subsequently amended; Law No. 677/2001 and General Data Protection Regulation (GDPR) on the protection of individuals with regard to the processing of personal data and on the free circulation of this data; Labor Code (Law 53/2003), republished and subsequently amended; Decision No. 905/2017 on general registry of employees, with subsequent amendments; and the Law on trading companies No. 31/1990.

As a general rule, the salary income tax and social charges should be paid in Romanian leu using the bank details listed on the Ministry of Finance official website, depending on the Tax Office which administers the employer (e.g., a Territorial Tax Office or a Tax Office administering small, medium or large taxpayers under the law). The governing legislation is the Romanian Fiscal Code; Fiscal Procedure Code and Order No. 1612/2018 on taxes, social contributions and other amounts representing tax receivables payable by taxpayers in a single account.

5. Banking requirements related to payroll

There are no legal restrictions regarding salary transfer. This can be paid from a Romanian bank account but can be also paid from a foreign bank account.

As a general rule, salaries should be paid in Romanian leu as provided by the National Bank of Romania Regulation No. 4/2005 on the foreign exchange regime. Foreign citizens employed locally may receive their salaries in foreign currency provided that certain conditions are met.

Payments to the authorities

There are no legal restrictions, so payments can be made from a Romanian or a foreign bank account number. However, it is recommended to use a Romanian bank account as some foreign banks are not able to transfer amounts in Romanian leu directly into the account of the Romanian public treasury.

Russia

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1. Government requirements

Registration requirements

Registration of the company is done once at its establishment and covers all the authorities at the same time. No separate payroll registrations are required. Please see below the procedure for Russian legal entities.

Registration with the tax authorities

Statutory registration of a legal entity is carried out by the tax office at the location of the company. The list of required documents for the statutory registration is set by the Federal Law 129-FZ.

Documents for the registration may be submitted to the tax inspectorate in person or remotely. Upon submission and acceptance of the documents by the authorities, the registration will be completed within five working days. Upon completion of registration, the company receives the list of records on including of the company to the Uniform State Register of Legal Entities and the certificate of tax registration. The statutory duty for registration is RUB4,000. Since 2019, it is possible to make registration without any duty, in case documents for the registration have been submitted electronically.

Generally, additional company's tax registration may be required if employees are working in another region.

Registration with the social insurance funds

Registration with the social insurance funds comprises registration with the pension fund and social insurance fund. A subdivision of a legal entity with a separate bank account which calculates and processes payments to individuals, should be registered at the location of the particular subdivision within 30 calendar days from the date of its creation. The registration of organizations as insurers occurs automatically without the need for the legal entity to apply, on the basis of the transmission of information from the tax inspectorate to the funds.

Registration with the federal statistic authorities

Companies should also register with the federal statistic authorities. As a result of this registration, specific statistical codes are assigned to the company.

Ongoing compliance requirements

Reporting requirements of the Federal Tax Service

The following reports specifying the data regarding Personal Income Tax (PIT) should be submitted to the tax authorities:

Frequency	Report*	Paper form	Deadline
Quarterly	Report on the accrued income and withheld personal income tax (6-NDFL form)	Number of employees: <ul style="list-style-type: none"> ▸ 1-10 – paper or electronically ▸ 11 and more – only electronically 	31st day of the month following the reporting quarter

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Frequency	Report*	Paper form	Deadline
Annually	Report on the accrued income and withheld personal income tax (6-NDFL form with annex 2-NDFL)	Number of employees: <ul style="list-style-type: none"> ▸ 1-10 – paper or electronically ▸ 11 and more – only electronically 	1 March of the following year

Other requirements

Organizations from which a taxpayer receives income are obliged to accrue, withhold from the taxpayer and transfer the amount of PIT to the budget. Companies should withhold the assessed amount of tax directly from the taxpayer's income when the income is actually received by the individual.

PIT in most cases, is transferred on the day of the transfer of income to the individual, or the following day.

Tax rates

An individual's tax residency status depends on the number of days spent in Russia in a period comprising 12 consecutive months. However, the current interpretation of the Ministry of Finance of the Russian Federation and the tax authorities is to continue to assess an individual's residency status on the basis of the number of days spent in a particular calendar year. On the basis of the tax authorities' current interpretation of the residency rule, if an individual spends at least 183 days in Russia in a calendar year, then he is a tax resident. Tax residents are taxable in Russia on most types of their worldwide income at a 13% tax rate. If an individual does not meet the above presence test, he or she is a nonresident. Tax nonresidents are taxable in Russia at a 30% tax rate on their Russian source income. Russian source income is generally defined as income arising from assets in Russia, or earned in Russia, irrespective of where the income is paid. All foreign individuals who are Highly Qualified Specialists (HQS) for immigration purposes and who have received HQS work permits are taxable at 13% on their earnings in an HQS capacity, irrespective of their actual Russian tax residency status.

Starting from 2021, the increased personal income tax rate of 15% applies to certain types of personal income amounting to more than 5 million roubles in the course of a year.

2. Pension requirements

Registration requirements

In addition to the company's registration mentioned above, each individual should have an individual registration number with the Pension fund which is used for individual pension records.

Ongoing compliance requirements

Terms for the transfer of social contributions

All social contributions from the individual's income should be transferred to the budget by the company not later than the 15th day of the month following the month of payroll.

Base and rates of social contributions

Social contributions are accrued from payments and other types of remuneration, which are made by payers of social contributions in favor of individuals in the context of employment relations and civil-legal agreements for the performance of work or rendering of services.

Social insurance contributions are composed of four parts:

1. Contributions payable for pension insurance
2. Contributions payable for medical insurance
3. Contributions payable for social insurance in cases of temporary disability and maternity leave
4. Contributions payable to the social insurance fund against accidents in the workplace and occupational diseases

The rate for pension contributions is 22% for the income not exceeding RUB1,465,000 per year calculated accumulatively from month to month. All income which exceeds this limit is taxed at the rate of 10%.

The rate for medical insurance is 5.1% and there is no income cap for this.

The rate for social insurance contributions is 2.9% and the threshold for this type of contribution is RUB966,000 per year (cumulatively). After exceeding this threshold, contributions are not accrued. Payments under civil-legal agreements are not subject to social insurance contributions.

The rate of contributions payable to the social insurance fund against workplace accidents and occupational diseases varies from 0.2% to 8.5%, depending on the class of professional risk associated with the company's industry and activities. These contributions have no threshold.

The above mentioned rates of social contributions are applicable to Russian citizens, citizens of the Eurasian Economic Union, and temporarily and permanently resident

foreign employees. These are the following rates of social contributions for temporary staying foreign employees:

- ▶ Social contributions to the pension fund - same as Russian citizens (22% and 10% after the threshold)
- ▶ Social contributions to the medical insurance fund - 0%
- ▶ Social contributions to the social insurance fund - 1.8% and 0% after the threshold
- ▶ Social contributions to the social insurance fund against accidents at workplaces and occupational diseases - same as Russian citizens (vary from 0.2% to 8.5%)

Payment of remuneration to HQS is subject only to contributions payable to the social insurance fund against accidents.

The following reports related to social contributions should be submitted:

Authority to which the report is submitted	Frequency	Report	Paper form	Deadline
Pension fund	Monthly	Report on insured persons (SZV-M form)	Number of employees: ▶ 1-24 – paper or electronically ▶ 25 and more – only electronically	no later than 15 day following the reporting month
Tax authorities	Quarterly	Report on accrued and paid social contributions (except for accident insurance)	Number of employees: ▶ 1-10 – paper or electronically ▶ 11 and more – only electronically	30th day of the month following the reporting quarter
Social Insurance Fund	Quarterly	Report on accrued and paid insurance contributions against accidents at workplaces and professional diseases to the Social Insurance Fund (form 4-FSS)	Number of employees: ▶ 1-24 – paper or electronically ▶ 25 and more – only electronically	20th day of the month following the reporting quarter (on paper) 25th day (electronically)
Pension Fund	Annually	Report on employees' length of service (SZV-STAZH)	Number of employees: ▶ 1-24 – paper or electronically ▶ 25 and more – only electronically	1 March of the following year
Social Insurance Fund	Annually	Confirmation of the Main Type of Economic Activity	Paper or electronically	15 April of the following year

In addition to the above, a new “electronic labor book” has been introduced. From January 2020, SZV-TD reporting must be submitted to the Pension Fund for all employees who are hired, transferred to another permanent job, terminated, and who submit requests for paper or electronic employment books.

3. Employment obligations

Vacation

Employees must be granted at least 28 calendar (as opposed to working) days of paid vacation a year. Additional vacations are foreseen for certain categories of employees, i.e., those working under an irregular working hours regime, in harmful and hazardous conditions, in the Far North and locations equated to the Far North and in other instances envisaged by the Labour Code and other federal laws.

Maternity and childcare

There are several statutory allowances for maternity.

The allowance for early registration with a medical institution (during the first 12 weeks of pregnancy) is RUB 708.23 starting from 1 February 2021.

Maternity allowance is a one-time payment which is provided to the employee who is on maternity leave. The total amount of maternity allowance accrued for 140 days may not exceed RUB 340,795 in 2021. Maternity leave allowance is calculated on the basis of the earnings or the two calendar years preceding the year of the maternity leave. Earnings for two years are divided by the number of calendar days in the previous two years minus the days of excluded periods (for example, temporary disability periods). The total amount of maternity leave allowance to be paid is calculated as follows: average daily earnings multiplied by the number of calendar days of maternity leave.

The employees are also entitled to statutory child birth allowances (one-time payment is RUB18,886.32 starting from 1 February 2021).

The duration of childcare leave may be up to three years from childbirth.

The childcare allowance for childcare leave of up to 1.5 years may not exceed RUB29,600.48 in 2021.

Starting from 2021, all social allowances are paid by the Social fund directly to employees.

4. Payroll requirements

Frequency of salary transfer and provision of payslips to employees

According to Russian legislation, salary shall be paid not less frequently than every half month on a day specified by the work regulations, by a collective agreement or by an employment agreement.

Companies are now required to pay salary no later than 15 calendar days after the last day of the payroll period.

The company should provide employees with payslips with details of the payroll calculation on a monthly basis.

Base salary and compensation for additional work

All employees should have a working schedule and the most common type of working schedule in Russia has five working days in a week.

In case there are no vacation days, business trips or other type of absences days during a month, the base salary for an employee for the current month will be calculated in a full amount envisaged by the employment agreement.

In case the employee has some days of absences, the base salary should be pro-rated by the days actually worked.

According to Russian labour law, the monthly salary paid to an individual may not be less than the minimum salary established by the regional agreement at the level of a constituent entity of Russia or, in the absence of such an agreement, by federal legislation. As of 1 January 2021, the minimum monthly salary established at the federal level is RUB12,792. The minimum salary in Moscow as of 1 January 2021 is RUB20,589.

In addition, the company should compensate overtime work and work on weekends and national holidays.

The compensation for work on weekends depends on whether the employee chooses to take additional rest time and whether the work is performed within the monthly norm of working hours.

Compensation for overtime work depends on how many additional hours the employee worked and whether he or she takes additional rest time. If the employee chooses to have additional rest time, the overtime is paid as usual working time and additional rest time is not paid. If the employee chooses not to have additional rest time, the first two hours of overtime is paid as 150% of the hourly salary and from the third hour, additional work is compensated as 200% of hourly salary.

Vacations and business trips

According to the Russian legislation, an employee on a vacation or a business trip does not receive base salary but average earnings.

Average earnings for vacation and compensation of unused vacation (the latter is provided to the employee upon termination) is determined on the basis of income received for 12 months preceding the month in which the vacation has been taken divided on the equivalent of total calendar days worked.

Income included into the calculation of average earnings is base salary, bonuses indicated in the internal rules or regulations, bonus payment policies, employment agreements, the compensation for work on weekends, night work and additional work and other compensation items.

The main difference in the business trip calculation versus the vacation calculation is that the income for 12 months is divided by the number of working days in the period of the business trip, instead of by calendar days.

5. Banking requirements related to payroll

Control of personal information and employment agreements

Banks require employees' personal data, and in some cases employment agreements for expatriate employees, to review the conformity of payments with the guaranteed amounts. There are also certain limits for transfers of significant amounts to personal accounts above which the bank may require additional supporting documents (e.g., payslips or bonus orders).

Salary transfer requirements

The labor law requires that the salary is paid in rubles. The salary can be paid in cash or transferred to the employee's bank account. From 1 June 2020, employers should specify the special income codes in payment orders for salary payment according to the changes in FZ-229 "Enforcement Proceedings".

Rwanda

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1. Government requirements

Registration requirements

Registration with the Rwanda Revenue Authority (RRA)

Tax registration is compulsory for income earning entities or bodies and individuals receiving income subject to Personal Income Tax (PIT). On registration at the company Registry, which is housed in the Rwanda Development Board (RDB) premises, a Tax Identification Number (TIN) is automatically issued to the entity, and is reflected on the Certificate of Company Registration, however there are also some circumstances where RRA registers taxpayers and provides them TINs directly for example where a taxpayer is a cooperative or a project. However, In both cases the entity is required to complete registration with the Rwanda Revenue Authority (RRA), indicating the specific tax heads for which it is registered, payroll taxes being one of them. Where the employees are to comply with their PIT obligations via employer tax withholding, there is no requirement for the employees to register separately with the RRA. However, in situations where they are to file their own individual income tax returns, they are required to register in their individual capacities with the RRA, and they are also assigned TINs. Individuals and employers are required to register for monthly filing however tax payer with annual turnover below two hundred million (FRW200,000,000) can choose to file quarterly.

Tax procedures law governs the registration requirements of Pay-As-You-Earn (PAYE) and the income tax act provides for the components of the tax base of PAYE and calculation of PAYE to be paid.

Ongoing compliance requirements

Monthly or quarterly employer tax return filing and payment

Where employees are to comply with their tax obligations via employer tax withholding and payment, the employer is required to prepare a monthly payroll tax return or quarterly return, if their annual turnover is below FRW200,000,000, showing all its employees and their taxable employment income, including benefits in kind, the calculation of the tax payable by each of them, their contributions to social security and maternity leave benefits schemes, and the net pay. The monthly returns and the tax or social security or maternity leave benefits scheme contributions thereon are due for filing with and payment to the RRA and RSSB by the 15th day of the following month or quarter.

Monthly or quarterly employee tax return filing or payment

Where employees are to comply with their tax obligations via individual income tax filing and payment, they are required to prepare a return each month or quarter showing their total taxable earnings, the calculation of tax and social security contributions payable, and their net pay. The return and tax payment in local currency are due by the 15th day after the end of the month or quarter to which the return relates.

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2. Pension requirements

Registration requirements

Registration with the Rwanda Social Security Board (RSSB)

Following registration with the RRA, the entity is also required to register with the RSSB, which is responsible for collecting social security and maternity leave benefits scheme contributions. This registration can be done online by visiting the web portal of the RSSB, and it is free of charge, i.e., there is no registration fee.

Ongoing compliance requirements

Pension and maternity leave benefits scheme contributions to RSSB

Every month, the employer is required to prepare a return showing the gross monthly earnings of each of its employees that is subject to social security and maternity leave benefits scheme contributions. The employer contributes 5% of the gross employee earnings subject to social security contributions while the employee contributes 3%. Each of the employer and employee

contribute 0.3% of the gross employee monthly earnings to the maternity leave benefits scheme. The social security and maternity leave benefits scheme returns and contributions are due for filing with and payment to the RSSB by the 15th day of the month following the month of contribution. Employees being assigned from a foreign entity to a Rwandan entity for not more than 12 months may apply for exemption from pension and maternity leave benefits scheme contributions in Rwanda, so long as they continue contributing to their home pension scheme and can provide evidence to that effect. Similarly, employees of Rwandan entities who are sent on assignment to other entities abroad for not more than 12 months are required to continue contributing to the RSSB.

Community Based Health Insurance Scheme

Employees are required to make contribution to the scheme on a monthly basis.

A statutory deduction of 0.5% of every employee's net salary is to be contributed to the community-based health insurance scheme.

Employers should remit these contributions to RSSB on or before the 15th of the following month.

3. Employment obligations

Employee insurance

All employers are required to take out Workmen's Compensation Insurance cover for all their employees without exception. It is an offense to be found employing people without this insurance cover.

Leave entitlement

Every employee is entitled to a minimum of 2 working days of annual leave per calendar month, making 24 days per year. Employees are also entitled to sick leave if they can produce a certificate from a medical practitioner showing that such leave is necessary for them to recuperate. However, the law provides for a maximum paid sick leave of three months. Thereafter, the employee can continue on sick leave with suspended pay for another three months, following which the employer can decide to terminate the relationship if the employee has not been able to return to work.

Working hours

Employees are expected to work for a maximum of nine hours a day from 7 a.m. to 5 p.m., with a one-hour lunch break.

4. Payroll requirements

Employers are expected to pay their employees at the end of every calendar month.

5. Banking requirements related to payroll

There is no payment control process; employees can be paid either through the bank or by cash without any restriction.

There are no exchange control regulations in Rwanda.



1. Government requirements

Registration requirements

Registration with Ministry of Human Resource and Social Development (HRSD)

In order to register with the HRSD, the company must submit its Commercial Registration certificate, articles of association, Chamber of Commerce-attested signatories and business location license. Registration with the HRSD is needed to register with the General Organization for Social Insurance.

Registration with the General Organization for Social Insurance (GOSI)

This can be done partially online as follows:

- ▶ The employer visits the GOSI's website and perform the procedures below:
 1. Click on "Register in GOSI" on the home page, follow by "Employer" link
 2. Select "Register a New Establishment or Branch in GOSI", enter the following information in the fields required, then click "Next"
 - ▶ Establishment number at HRSD
 - ▶ National identification number or recruitment number
 - ▶ Date of birth
 3. Confirm the information previewed or edit if needed
 4. A registration form will then appear. This needs to be completed and printed by the authorized person "facility supervisor".
- ▶ The duly completed must be stamped with a company seal. In addition, the location of the entity (business location license) and the designation of the authorized person to represent the company before GOSI must be included.
- ▶ Upon attendance in person at GOSI, the ID of the authorized person is validated and checked, and a username and password is then issued to the company. The GOSI Certificate is also issued and can be collected on-site. The number that GOSI gives to the employer is different from the MOL ID. The employer enters their username and password (GOSI's website), and registers the employees with their IDs, wages, occupations, educational documents, nationalities, date of commencement and location.

Social insurance

The social insurance contribution is paid monthly which is computed on monthly basic salary and housing allowance. The minimum and maximum monthly earning levels of contributory wages for Saudi employees are SAR1,500 and SAR45,000, respectively. For non-Saudi employees, the minimum and maximum monthly earnings levels to calculate contributions are SAR400 and SAR45,000, respectively. The contribution is computed at 2% for non-Saudi employees (toward occupational hazard) and is paid by the employer. For Saudi nationals, the contribution is at the rate of 22% and is paid by both the employees (10%) and the employer (12%) (toward pension, occupational hazard and unemployment).

Governing Authority: General Organization for Social Insurance (GOSI)

Governing Legislature/law: GOSI Regulations

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Ongoing compliance or filing requirements

There are no personal income tax regulations in Saudi Arabia. However, social insurance contributions apply.

Details of registration requirement: Both the employer and employee need to be registered with the GOSI. Initially at the time of incorporation, the employer needs to register itself with the GOSI. Once registered, the employer will be responsible to register all the employees (Saudi or expatriate) with the GOSI department and liable to collect contribution from employees and pay both employer and employee contributions to GOSI as well.

Related registration fee: There is no fee for registering with the GOSI.

2. Pension requirements

In accordance with the Article 84 of Saudi Arabia labor law, companies will need to create provision for end of service benefit. Reporting the provision in the annual financial statements is required as per international financial reporting standards as endorsed in Saudi Arabia.

Contribution rates applicable (employee and employer)

The contribution will only be made by the employer. The proration according to Article 84 of Saudi Arabia labor laws is as follows:

- ▶ Half of the latest monthly salary per year up to first five years from the date of joining
- ▶ Full latest monthly salary per year for the remaining years after first five years

There is no different treatment for local and foreign employees.

The employment agreement may be ended either by resignation or termination/redundancy. With regards to the computation of settlement for terminal benefit by either way, below are the guidance mentioned in the labor laws applicable in Saudi Arabia.

With regards to resignation, as per Article 85 of Saudi Arabia labor law:

"If the expiry of the work relation was due to the resignation of the worker, in this case the worker deserves 1/3 of the reward for service not less than two successive years and not more than five years. The worker deserves 2/3 thereof if his service period exceeds five successive years and has not amounted to ten years. He deserves full reward if his service period reached ten years or more."

In case of termination by employer or end of employment contract at maturity, the benefit estimated through Article 84 will be the benefits payable.

However, in other cases mentioned below (other than resignation), benefits are calculated based on Article 87 as follows:

"With the exception of what was mentioned in Article 85 of the labour law, the reward is fully deserved in case the worker left work due to an unavoidable force majeure. Also, a female worker deserves full reward if she terminated the contract within six months from the date she got married or three months from the date of her giving birth to a baby."

Labor law has issued guidance towards the payment of final settlement computed by employer for the employee in case of termination of work relationship by either cases mentioned above.

In accordance with Article 88 of labor law, "Upon the end of the worker's service, the employer shall pay his wages and settle his entitlements within a maximum period of one week from the date of the end of the contractual relation. If the worker ends the contract, the employer shall settle all his entitlements within a period not exceeding two weeks. The employer may deduct any work-related debt due to him from the worker's entitlements."

3. Employment obligations

Employment obligations are governed by Saudi Arabia labor law under the HRSD.

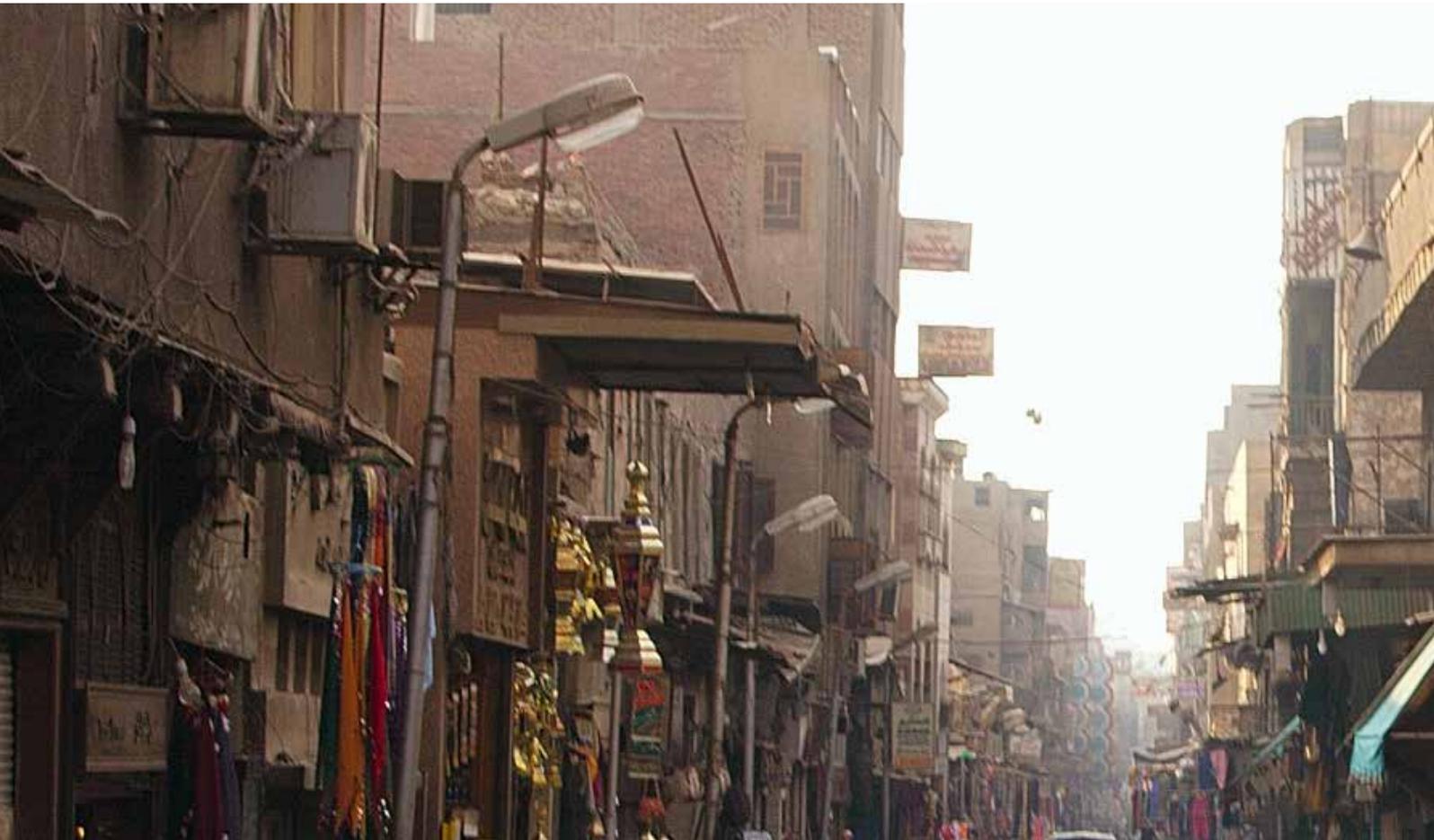
Annual leave

As per Article 109 of labor law, the employee shall be entitled to a prepaid annual leave of not less than 21 days, to be increased to a period of not less than 30 days if the employee spends 5 consecutive years in the service of the employer. The employee shall enjoy his or her leave in the year it is due however, as per Article 110 of labor law, the employee may postpone to the following year, if approved by the employer.

Sick leaves

In accordance with Article 117 of labor law, the employee is entitled to avail 120 days of leave in a year as per below:

- ▶ Sick leave with full pay - First 30 days
- ▶ Sick leave with 1/3 pay - 60 days after first 30 days
- ▶ Sick leave with no pay - Last 30 days



Other leaves

Hajj leave/Pilgrimage leave

As per Article 114, an employee is entitled to 10 to 15 days (including the Eid Al-Adha holiday) to perform Hajj if the employee has spent at least 2 consecutive years of service with the employer. However, this entitlement arises only if the employee has not performed Haj previously. The employer may also determine the number of workers who shall be given this leave annually in accordance with work requirements.

Eid holidays

As per Article 112, each worker shall be entitled to full-paid leave on Eid ul Fiter and Eid ul Adha, plus occasions specified in the regulations.

Maternity leave

Article 151 states that "A female worker shall be entitled to a maternity leave for the four weeks immediately preceding the expected date of delivery and the subsequent six weeks."

As per Article 152, "During the maternity leave, an employer shall pay the female worker half her wage if she has been in service for one year or more, and a full wage if she has served for three years or more as of the date of

commencement of such leave. A female worker shall not be paid any wages during her regular annual leave if she has enjoyed in the same year a maternity leave with full wage. She shall be paid half her wage during the annual leave if she has enjoyed in the same year a maternity leave at half wage."

Additionally, an extra paid rest hour per day is given for nursing her infant.

Umrah leave

Leave for Umrah is not specified in the labor law.

Examination leave

As per Article 115, "A worker enrolled in an educational institution shall have the right to a fully paid leave to sit for an examination of an unrepeated year. Days of leave shall be based on the actual number of the examination days. However, for the examinations of a repeated year, the worker shall be entitled to unpaid leave to sit for the examinations. The employer may require the worker to submit documents in support of the leave application as well as proof of having taken the examination. The worker shall apply for the leave at least fifteen days ahead of the due date. Without prejudice to disciplinary action, the worker shall be denied the wage if it is proven that he had not taken the examination."



Death in family leave

Three days leaves are allowed in pursuant to labor law.

Paternity leave

As per Article 113, "A worker shall be entitled to one day of paid leave in the case of child birth."

Marriage leave

As per Article 113, "A worker shall be entitled to three days paid leave for marriage."

Overtime

As per Article 108 of labor law:

1. The employer shall pay the worker for overtime working hours an additional amount equal to the hourly wage plus 50% of his basic wage.
2. If the firm is operated on the basis of weekly working hours, the hours in excess of the hours taken as the criterion shall be deemed overtime hours.
3. All working hours performed during holidays and Eids shall be deemed overtime hours.

4. Payroll requirements

Wage Protection System (WPS)

Payroll requirements are governed by Saudi Arabia labor laws under the HRSD. Per Article 90 of the labor law, the worker's wages and all other entitlements shall be paid in the country's official currency. Wages shall be paid during working hours and at the workplace in accordance with the following provisions:

- ▶ Workers paid on a daily basis shall be paid at least once a week.
- ▶ Workers paid on a monthly basis shall be paid once a month.
- ▶ If the work is done by the piece and requires a period of more than two weeks, the worker shall receive a payment each week commensurate with the completed portion of the work. The balance of the wage shall be paid in full during the week following delivery of the work.
- ▶ In cases other than the above, the worker's wages shall be paid at least once a week.

Salaries for the employees should be paid by the employer under whom the employees are registered.

5. Banking requirements related to payroll

Wage Protection System (WPS)

In accordance with Saudi Arabia labor laws under the HRSD, Article 90 (2) of labor law states that wages may be paid through accredited banks in Saudi Arabia, with the consent of the worker, provided that their due dates do not exceed.

All private entities need to submit the bank file to the HRSD portal called "Mudad". The HRSD file will be generated by the bank and this needs to be submitted (without opening) by logging into their business account at the Mudad website.

Singapore

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1. Government requirements

Registration requirements

Registration of CorpPass

Singapore Corporate Access (CorpPass) is a corporate digital identity for businesses and other entities (such as non-profit organizations and associations) to transact with Government agencies online. The organization can then authorize employees or third party to access government e-Services on their behalf.

Auto Inclusion Scheme (AIS) for employment income

The employer may need to register for AIS by accessing myTax Portal under the website of Inland Revenue Authority of Singapore (IRAS) and login via one of the 3 selections: 1. Personal Tax with SingPass, 2. Business Tax with CorpPass, 3. Tax Agent Login Business Client with CorpPass.

Under the AIS, the employer needs to submit all Form IR8E and appendices to IRAS directly. The submitted information will then be automatically included in the employee's income tax assessment, and hence the employee does not have to report the income earned in the company when filing their own tax return.

With effect from YA2021, participation in AIS is compulsory for employers with six or more employees or employers who have received the "Notice to File Employment Income of Employees Electronically" gazetted under S68(2) of the Income Tax Act. Employers with less than six employees can also join the AIS by completing the registration form and submitting it to IRAS.

Ongoing compliance requirements

Tax clearance for foreign and Singapore permanent employees

For foreign employees and Singapore Permanent Resident (PR) employees terminating their employment with the company, the employer will need to withhold all the monies due to the individual upon receiving notification of the cessation. Thereafter, the employer will lodge Form IR21 (Notification of a Non-Citizen Employee's Cessation of Employment or Departure from Singapore) and Appendices (if any) to the IRAS and report the employee's total remuneration earned for the year. Form IR21 must be submitted to the IRAS at least one month before the cessation date. Employers who fail to comply with this notice requirement may be liable to a fine up to SGD1,000, unless the comptroller accepts a shorter notice.

Once the employee's taxes have been finalized, IRAS will issue a directive to the company to remit over an amount to cover the employee's taxes and release the balance amount withheld (if any) to the employees. A Singapore PR employee with no intention to leave Singapore permanently may provide a "Letter of Undertaking (LOU)" stating that he or she will not leave Singapore permanently. With this LOU, employer does not need to perform the tax clearance for the said employee.

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Reporting employees' earnings

The tax system in Singapore is territorial in nature, where income is subject to tax in Singapore if it accrues in or is derived from Singapore. For employment income, it is generally regarded to be Singapore-sourced if it arises from the exercise of employment in Singapore irrespective of where the contract is made or where the remuneration is paid or charged. As such, all payment (whether in the form of cash or in-kind, including the employer's contributions toward an overseas pension or provident fund, gains from equity awards, etc.) made by an employer to an employee in respect of his or her employment in Singapore are taxable in the hands of the employee. All employers are required by law (S68(2) of the Income Tax Act) to prepare Form IR8A/E and Appendix 8A/E, Appendix 8B or Form IR8S (where applicable) for all the employees who are employed in Singapore by 1 March of each following year.

Skills Development Levy (SDL)

As required by law under the SDL Act, all employers are required to pay a monthly SDL for each of their employees working in Singapore (regardless of nationality) rendering services either wholly or partly in Singapore. This includes employees on part-time or casual employment and business travelers from overseas office. The levy amount will depend on the gross monthly remuneration of an employee. For an incomplete month of service in Singapore, the employer can pay the levy amount on the basis of the pro-rated remuneration. The levy is 0.25% of the remuneration in any month. The minimum amount is SGD2 per month per employee and maximum amount is SGD11.25 per employee per month.

The SDL payment is usually made together with the Central Provident Fund (CPF) contributions. However, for companies with only foreign employees, submission and payment have to be made directly to the SkillsFuture Singapore Agency (SFS) in the absence of a CPF account.

Self-Help Group Fund (SHG)

The SHGs include Chinese Development Assistance Council (CDAC) Fund, Mosque Building and Mendaki (MBMF) Fund, Singapore Indian Development Association (SINDA) Fund and Eurasian Community Fund (ECF). The SHGs are set up to uplift the less privileged and low-income households in the Chinese, Muslim, Indian and Eurasian communities respectively. Depending on the race or religion of the employee, the employer will need to deduct a prescribed amount from the relevant employee's monthly remuneration.

The contribution amount will depend on the specific agency's contribution rate and the employee's monthly remuneration. The CPF board is the authorized collection agency for all agencies. Payment for these funds should be made by the 14th of the following month.

2. Pension requirements

Registration requirements

Registration for Central Provident Fund (CPF)

The Central Provident Fund (CPF) is a comprehensive social security savings plan that has provided many working Singaporeans with a sense of security and confidence for their retirement years. It is mandatory for employers to make CPF contributions for all Singapore citizen employees and Singapore PR employees. This requirement is governed by the CPF Act (Chapter 36). All employers are required to apply for a CPF Submission Number (CSN) to make CPF payments as soon as they intend to hire any Singapore citizen or Singapore PR employees.

Ongoing compliance requirements

CPF contributions

The CPF contribution amount will depend on the type of citizenship, age and the wages of an employee. The employer can deduct the employee's contribution from the employee's monthly wages. The employer will need to make monthly contribution to the board. The CPF payment should be made by the 14th of the following month. Interest on late payment is calculated daily at the rate of 1.5% per month, starting from the first day of the following month after the contributions are due (e.g., interest for August CPF contributions will be calculated from 1 September). The minimum interest payable is SGD5 per month.

CPF contributions are not mandatory for Singapore citizens or Singapore PRs working overseas although they are legally employed by a Singapore entity. However, employers who wish to continue making CPF contributions for Singaporean or Singapore PR employees posted overseas can still make voluntary CPF contributions. A separate CPF submission number will need to be applied for this voluntary contributions.

3. Employment obligations

Amendments in the Employment Act

From 1 April 2019, there were changes to the Employment Act. The changes include:

- ▶ Covering all employees under the Employment Act.
- ▶ Covering more non-workmen under Part IV of the Employment Act.
- ▶ Wrongful dismissal claims to be heard by The Employment Claims Tribunals (ECT).

Covering all employees under the Employment Act

With the current amendments to the Employment Act, Managers and executives with a monthly basic salary of more than SGD4,500 will be covered by the Employment Act. This means that all employees, with the exception of seafarers, domestic workers and public officers, in Singapore will be covered for core provisions such as:

- ▶ Minimum days of annual leave;
- ▶ Paid public holidays and sick leave;
- ▶ Timely payment of salary;
- ▶ Statutory protection against wrongful dismissal.

Seafarer, domestic workers and public officers continue not to be covered under the Employment Act. They are covered by other Acts and regulations due to the nature of their work.

Covering more non-workmen under Part IV of the Employment Act

Non-workmen earning up to SGD2,600 will be covered under Part IV of the Employment Act. Part IV of the Employment Act provides additional protections such as hours of work, rest and overtime pay. Currently, it covers workmen earning up to SGD4,500 and non-workmen earning up to SGD2,600.

Wrongful dismissal claims to be heard by The Employment Claims Tribunals (ECT)

Wrongful dismissal claims will be heard by the ECT. Currently, these claims are heard by the Minister for Manpower.

As the ECT already hears salary-related claims, this shift will provide a more convenient one-stop service to both employees and employers. Similar to the existing process for salary-related claims, employees have to register their

wrongful dismissal claims at The Tripartite Alliance for Dispute Management (TADM) for mediation. If the claims cannot be resolved through mediation, they will be referred to the ECT.

Key Employment Terms (KETs)

From 1 April 2016, employees who enter into a contract of service must be issued KETs in writing within 14 days from the start of employment.

This is to extend better protection for the employees and prevent any employment disputes that may arise. The items to include are full names of employer and employee, job titles and main duties and responsibilities, start date of employment, duration of employment if on fixed-term contract, working duration such as daily working hours, number of working days per week and rest day, salary period, basic salary, fixed allowances and deductions, overtime payment period and rate of pay, bonus and incentives, types of leave and entitlement, and probation and notice period. The KETs can be in soft or hardcopy.

Employment records

From 1 April 2016, all employers must maintain detailed employment records of employees covered under the Singapore Employment Act. The two categories of records are employee records and salary records. The records can be kept in soft or hard copy, including handwritten records. The latest two years records must be kept for current employees and last two years records for employees who have left employment. Employee records include address, identification numbers, date of birth, gender, date of starting and leaving employment, working hours and date of leave taken.

Under the Personal Data and Protection Act (PDPA), with effect from 1 September 2019, organizations should inform the employees of the purposes for the collection, use and disclosure of their personal data and obtain their consent prior to the collection, use and disclosure (as the case may be). In many cases, consent could be obtained at the point of appointing the new employee. It may, however, also be necessary to obtain consent at various points during the employment relationship when the organization requires more personal data or intends to use or disclose the employee's personal data for other purposes. Even if consent is given, employees may withdraw that consent under the PDPA.

Paid leave

Under the Singapore Employment Act, employees who are covered under Part IV of the Employment Act and have completed at least three months of services with the employer, will be entitled to paid annual leave. At the minimum, employees are entitled to paid annual leave of at least seven days for the first year of service and additional one day per increase year of services.

For hospitalization leave, the entitlement for all employees with at least 6 months of services is 60 days per annum and this includes the 14 days outpatient sick leave entitlement. Other paid leaves include maternity leave, paternity leave, shared parental leave and childcare leave. These leaves will be subjected to the eligibility of the employees.

Hours of work, overtime and rest

Under Part IV of the Singapore Employment Act, the contractual working hours per week should not be more than 44 hours. Employees are also not required to work more than six consecutive hours without a break.

However, if the nature of the work requires continuous work up to 8 hours, breaks of at least 45 minutes must be provided for meals. Employees can claim overtime if they are a non-workman earning up to SGD2,600 or a workman earning up to SGD4,500. The overtime rate payable for non-workmen is capped at the salary level of SGD2,600, or an hourly rate of SGD13.60. For overtime work, the employee must be paid at least 1.5 times the hourly basic rate of pay and payment must be made within 14 days after the last day of the salary period. An employee is not allowed to work more than 12 hours a day, except for special circumstances. The employee can only work up to 72 overtime hours in a month.

Work on rest day or public holidays is not counted in the 72-hour overtime limit, except for work done beyond the usual daily working hours on those days. Such extra hours are included in the 72-hour limit.

The employer must provide one rest day per week. A rest day comprises one whole day (midnight to midnight). It is not a paid day. For shift workers, the rest day can be a continuous period of 30 hours. A 30-hour rest period that starts before 6pm on a Sunday is considered as one rest day within the week, even if it extends into the Monday of the following week. A week is one continuous period of seven days starting from Monday and ending on Sunday.

The employer cannot compel employees to work on a rest day, unless under exceptional circumstances.

The employer determines the rest day, which can be on a Sunday, or any other day of the week. Other than the rest day, the other days of the week which employees do not need to work are not considered rest days. If the rest day is not a Sunday, the employer should prepare a monthly roster and inform employees of the rest days before the start of each month. The maximum interval allowed between 2 rest days is 12 days.

4. Payroll requirements

Itemized payslips

From 1 April 2016, itemized payslips must be issued to employees who are covered under the Employment Act. A soft or hardcopy of the payslips must be given to the employees within three working days from the salary payment. The latest two years itemized payslips must be kept for current employees and last two years itemized payslips for employees who have left employment. Salary record include full name of employer/employee, date of payment, start and end date of salary period, basic salary, allowances and deductions, overtime hours worked, pay and start and end date of overtime payment period, and net salary paid in total. In an event of termination or dismissal, the employer must provide the final payslip together with any outstanding salary.

Salary payment

The salary must be paid at least once a month to employees who are covered under the Employment Act. The salary must be paid within seven days after the end of the salary period.

- ▶ For overtime work, salary must be paid within 14 days after the end of the salary period.
- ▶ For employees who resigns and serves the required notice period, the final salary should be paid on the last day of employment.
- ▶ For employee who resigns without notice and does not serve the notice period, the final salary should be paid within seven days of the last day of employment.
- ▶ For employee who is dismissed or terminated, the final salary should be paid on the last day of employment. If this is not possible, then the final salary should be paid within three working days from date of termination.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash to local employees, the employer and employee must have a mutual agreement and a signed record to confirm the amount of money that has been paid for each pay period.



1. Government requirements

Registration requirements

Tax registration

Employer registration for the Personal Income Tax (PIT) purpose (payroll tax) must be completed within 30 days from the company being registered in the Commercial Register. The mandatory communication with the tax authorities is done via a specialized electronic portal. There is no fee for the registration of employer for the payroll tax purposes in Slovakia.

Social Security registrations

Social Security System in Slovakia is defined by Act No. 461/2003 Coll. on Social Insurance effective as of January 2004 and the governing authority in Slovakia is the Slovak Social Security Authority (SIA). The list of the respective branch offices of the SIA is provided at the authority's official website.

Registration for social security purposes – employer

There is a legal obligation to register the company for social security purposes prior to the start of the employment of the first employee and to deregister the company within eight days after the last employee is terminated. The employer must sign in to the registry kept by the respective branch office of SIA. Upon registration of the employer, the competent SIA branch office allocates the "Identification number of Employer" aka "Identifikačné číslo zamestnávateľa" (IČZ) to the employer.

There is no fee for the registration of the employer for social security purposes in Slovakia.

Registration for social security purposes – employees

There is a legal obligation to register each employee for social security purposes prior to the start date of employment concluded in the contract. Upon termination of employment, deregistration of the employee from the social insurance is done by the employer. This information needs to be submitted via the same form as registration and it has to be done within eight days from the employee's contract termination. There is no fee for the registration of the employee for social security purposes in Slovakia.

Health insurance registration

The Health Insurance System in Slovakia is defined by the Health Insurance Act No. 580/2004 Coll. There are three different Health Insurance Companies in Slovakia currently, one public and two private ones:

- ▶ Všeobecná zdravotná poisťovňa, a.s. (public)
- ▶ Union zdravotná poisťovňa, a.s. (private)
- ▶ Dôvera zdravotná poisťovňa, a.s. (private)

Every employer must register in the same Health Insurance Company where its employees are registered.

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Registration for health insurance purposes – employer

The employer is obliged to register with the particular Health Insurance Company when the first employee is registered. Each Health Insurance Company has its own format of application for registration. The registration can be done in a hard copy via post or electronically, however, when the employer has three or more employees, the registration can be done electronically only.

Registration for health insurance purposes – employees

Each individual needs to be registered for public health insurance in Slovakia in the Health Insurance Company of his or her choice meeting one of the following criteria:

- ▶ The person has a permanent residency in Slovakia
- ▶ The person is employed by the employer with a registered office or branch in Slovakia

There is a legal obligation for the employer to register each employee for health insurance purposes, within eight days from the start date of employment concluded in the contract. Upon termination of employment, deregistration of the employee from the health insurance is done by the employer via the same form as a registration and it has to be done within eight days upon contract termination.

There is no fee for the registration of the employee for health insurance purposes in Slovakia.

Ongoing compliance requirements

Tax compliance

After the registration for payroll tax purposes, there is a monthly and annual filing obligation for the employer, which can be done only electronically. The monthly tax withholding report for a particular month has to be filed with the Slovak Tax Authority by the end of the following month. The annual tax withholding report for a particular year has to be filed with the Slovak Tax Authority by the end of April of the following year.

The tax rates applicable for the employment income derived in 2021 are as follows:

- ▶ Annual taxable income (except for income from capital and dividend income) up to EUR37 981,94 is taxed at 19%.
- ▶ Annual taxable income (except for income from capital and dividend income) above EUR37 981,94 is taxed at 25%.

The calculated payroll tax has to be deducted by the employer from the employee's salary and paid to the Slovak Tax Authority within five days after the pay date.

Social Insurance compliance

After the registration for social security purposes, there is a monthly filing obligation for the employer, which can be done only electronically. The monthly social security report for a particular month has to be filed with the Slovak Social Security Authority on a pay date at the latest.

The social insurance caps and rates applicable for the employment income derived in 2021 are as follows:

Social security	Maximum monthly assessment base for 2021	Employer's part	Employee's part	Total
Sickness insurance	EUR7,644	1.40%	1.40%	2.80%
Old-age insurance	EUR7,644	14.00%	4.00%	18.00%
Disability insurance	EUR7,644	3.00%	3.00%	6.00%
Accident insurance	No ceiling	0.80%	–	0.80%
Unemployment insurance	EUR7,644	1.00%	1.00%	2.00%
Guarantee insurance	EUR7,644	0.25%	–	0.25%
Solidarity reserve fund	EUR7,644	4.75%	–	4.75%
Contributions total (%)	N/A	25.20%	9.40%	34.60%

The calculated social security contributions (employer's and employee's part) have to be paid to the Slovak Social Security Authority on a pay date at the latest.

Health Insurance compliance

After the registration for health insurance purposes, there is a monthly filing obligation for the employer. This filing can be done in a hard copy via post or electronically by the employers having one or two employees, and only electronically by the employers having more than three employees in total. The monthly health insurance report for a particular month has to be filed with the selected Health Insurance Company within three days after the pay date.

The health insurance rates applicable for the employment income derived in 2021 are as follows:

	Employer's part	Employee's part	Total
Health insurance rate	10%	4%	14%

There are no caps in the health insurance in Slovakia, the contributions are paid from the whole employment income. The calculated health insurance contributions (employer's and employee's part) must be paid to the selected Health Insurance Company within three days after the pay date.

2. Pension requirements

Registration requirements are not applicable here. Pension contributions are part of the obligatory social insurance contributions in Slovakia (as described earlier).

Ongoing compliance requirements

Compliance requirements are not applicable here. Pension contributions are part of the obligatory social insurance contributions made by the employer in Slovakia and are reported as a part of the monthly social security report.

3. Employment obligations

Except for the aforementioned laws, the Slovak Labour Code regulates individual and collective labor relations. An employee's maximum weekly working time is 40 hours per one week.

The minimum monthly wage applicable in Slovakia for 2021 is EUR623 per one calendar month. The minimum hourly wage applicable in Slovakia for 2021 is EUR3 580 per one

hour. However, there are some professions which have a higher minimum wage rates. According to the Labour Code, there are six levels of labor complexity:

Level of labor complexity	Coefficient	Minimum wage
1	1.0	EUR623
2	1.2	EUR739
3	1.4	EUR855
4	1.6	EUR971
5	1.8	EUR1087
6	2.0	EUR1203

Employers are obliged to provide their full-time employees with meals that shall meet requirements of healthy nutrition. This can be done either through the company's own catering facilities or public catering facilities. However, employers mostly provide their employees with meal vouchers. The meal vouchers are the only option of replacement in this regard. In case of provision of meal vouchers, employees are entitled to receive the meal voucher for each working day when they have worked for more than four hours in a working shift.

The minimum value of a meal voucher is EUR3,83.

The value of a meal voucher can reach up to EUR5,10.

Provision of employees' meals is exempt from health and social insurance contributions as well as from income tax.

The employer shall contribute to employees' meal vouchers at least by 55% of its value.

Similar rules apply for business trips, since employers are obliged either to provide the employees with a meal during their business trip or to provide a compensation in a form of travel allowances, depending on the duration of the business trip and destination.

For domestic business trips (within Slovakia), the travel allowances applicable for 2021 are as follows:

Length of the business trip	Travel allowances amount
5-12 hours	EUR5,10
12-18 hours	EUR7,60
More than 18 hours	EUR11,60

Different amounts of travel allowances are applicable for foreign business trips, depending on the destination of the business trip.

When a meal is provided to the employee during the business trip (e.g., as a part of the accommodation), the travel allowances are proportionally reduced as shown in the figure:

Provided food	Travel allowances reduction
Breakfast	25%
Lunch	40%
Diner	35%

Compensations:

Night work

If the majority of a shift falls between 10 p.m. and 6 a.m., it is considered a night shift. Employees who work night shifts are entitled to a wage surcharge of at least 40% of their minimum wage for night hours worked.

Public holidays

Employees must be paid their normal wage plus a surcharge of at least 100% of their average earnings if they work on a public holiday, even if that holiday falls on their rest day.

If employees do not work because a public holiday falls on their normal working day, they are entitled to wage compensation equal to their average earnings. However, for employees who are paid monthly, holidays are counted and paid as normal working days, therefore, they are not entitled to wage compensation for public holidays.

Overtime

Employees must be paid at least 25% premium for time worked in addition to the weekly standard hours, although, the employee may agree with the employer on a compensatory time off in lieu instead of the overtime pay. The overtime premium for hazardous work must be at least 35%.

Average weekly working hours including overtime generally cannot exceed 48 hours per one week.

An employee can be required to work up to 150 hours of overtime in a calendar year and can voluntarily work up to 400 hours in one calendar year.

Vacations

The Slovak Labour Code stipulates that employees are entitled to 4 weeks (20 work days) of paid vacations per one calendar year. If an employee is more than 33 years

old, he or she is entitled to an extra week of vacation with full pay, i.e., five weeks of paid vacations in total per one calendar year. As of 2020, employees who are less than 33 years old but have permanent care of the child have annual vacation entitlement of 5 weeks, i.e., 25 days for particular year.

Other absences and compensations

Doctor's visit

Employees are entitled to receive a paid leave (with average wage compensation) for a visit of a doctor in a medical facility for a maximum of seven days per one calendar year and another seven days per one calendar year for a doctor's visit in a medical facility with a family member.

Maternity leave

Standard maternity leave in Slovakia is 34 weeks and the government pays 75% of the worker's salary during the leave. In case of multiple births, the worker can receive up to 43 weeks of maternity leave.

Termination of employment

An employee's job may be terminated under a range of conditions, including immediate termination, by mutual agreement or during a probationary period. An employee can terminate employment without specifying the reason. The employer can terminate employment only according to the provisions of the Labour Code. The employee can be entitled to receive the severance payment upon termination of employment in specific situations stated in the Labour Code.

4. Payroll requirements

In Slovakia, the payroll is prepared on a monthly basis, with 12 payroll runs per one calendar year. All employees have to be paid for their work on a pay date at the latest. The pay date is determined and agreed in writing with the employee in the employment contract.

Payslips

Together with the salary payment, the employer is obliged to provide employees with their payslip, two days after the pay date at the latest. The payslip can be provided either in a hard copy or electronically (via email or through the designated portal), depending on the agreement with the employee.

5. Banking requirements related to payroll

There are no legal restrictions regarding salary transfer in local currency – it can be paid into a Slovak bank account or a foreign bank account.

Payments to authorities

Since there are no legal restrictions, the payments in local currency can be made from a Slovak or a foreign bank account number. However, it is recommended to use a Slovak bank account (if available), as this is easily recognized by the authorities.

Slovenia

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1. Government requirements

Registration requirements

Registration for social security contributions

In accordance with the Employment Relationship Act, an employer in Slovenia should register the employee into mandatory pension, disability, health, and unemployment insurance with the Institute for Pension and Disability Insurance of Slovenia. The employer should file form M-1 and attach the signed employment contract. The employer should register their employees in Social Security Insurance prior to the day of commencement of employment, according to the employment contract. The employer should provide their employees with a photocopy of the registration form within 15 days after the employment starts. Legal entities that are registered in the Business Register of Slovenia should register the employee through the online state portal for business and entrepreneurs (i.e., e-VEM portal). The employer can access the e-VEM system with qualified digital certificate. Further, they may also authorize a third party for the entry of application forms. There is no registration fee.

There is no special tax registration in Slovenia related to payroll. However, each employer should have the Slovenian tax number in order to report payroll related data to the Slovenian Tax Authorities on a monthly and annual basis.

Ongoing compliance requirements

Monthly electronic filings

An employer is required to electronically file payroll related data to the Slovenian Tax Authorities on or before the salary payment date for each period. Further, the employer should also report salary related data to the Slovenian Statistical Authorities (i.e., Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES)) on a monthly basis. The due date for reporting to AJPES is the last working day of the month, during which the salary is paid to the employees.

The type of return that should be filed with the Slovenian Authorities depends on the type of income:

- ▶ Slovenian Tax Authorities:
 - ▶ REK-1: Withholding tax return for the income from employment (includes REK form – withholding tax for income from employment for every individual employee)
 - ▶ REK-1A: Withholding tax return for payments to apprentices, pupils and students for compulsory practical training
 - ▶ REK-1B: Withholding tax return from pensions, compensations and other income under the compulsory social insurance
 - ▶ REK-2: Withholding tax return for the income that is not an income from employment under Personal Income Tax (PIT) Act

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All taxpayers (employers) that pay withholding tax to the Slovenian Tax Authorities on behalf of their employees are required to file the above returns.

Additionally, the following is to be reported to AJPES - Slovenian Statistical Authorities:

- ▶ 1-ZAP/M form: Monthly cumulative data on paid salaries and the number of employees
- ▶ Data with respect to paid holiday allowance: "Izplačilo regresa za letni dopust"

All legal entities of the private sector (companies, cooperatives, legal entities of private law, associations) that have at least one employed person are subjected to the above reporting.

Annual reports

By the end of January, the employer should send a report on all paid out earnings for the previous year to the employee. The report must include all income-related payments made to the employee in the reporting year (i.e., salaries, reimbursements and severance payments).

By the end of each year, employers should also submit control data on year-round tax relief for dependent family members (VIRVDC data).

Social security contributions and PIT rates

Below, you can find the list of contributions paid by the employee, employer and PIT with their corresponding rates for the year 2021.

Social security contributions – paid by employee

Name	Percentage of gross salary
Contribution for pension and disability insurance	15.5%
Contribution for health insurance	6.36%
Contribution for employment	0.14%
Contribution for parental care	0.1%
Total	22.1%

Social security contributions – paid by employer

Name	Percentage of gross salary
Contribution for pension and disability insurance	8.85%
Contribution for health insurance	6.56%
Contribution for employment	0.06%
Contribution for injuries at work	0.53%
Contribution for parental care	0.1%
Total	16.1%

Personal Income Tax (PIT)

If the net monthly tax base is (in EUR)		PIT (in EUR)	
Over	To		
0	708.33		16%
708.33	2,083.33	113.33	+26% above 708.33
2,083.33	4,166.67	470.83	+33% above 2,083.33
4,166.67	6,000.00	1,158.33	+39% above 4,166.67
6,000.00		1,873.33	+50% above 6,000.00

2. Pension requirements

Pension registration

The pension registration happens automatically when the employer electronically registers a new employee into the mandatory pension, disability and health insurance and unemployment insurance via the M-1 form on the e-VEM portal.

In compliance with Act Governing the Register of Insured Persons and Beneficiaries of Rights Provided under Pension and Disability Insurance, the deadline for registration of a new employee into the pension system is the start date of the employment written in the employment contract, and no later than the employee's first presence at work. There is no registration fee for this process.

Voluntary pension schemes

Companies can also set up a voluntary pension scheme for their employees. Employees can decide if they want to be included into the collective voluntary pension scheme, which is either partially or fully funded by the employer. The pension scheme is set up with a private insurance company and therefore there are no legally defined rates or conditions.

Ongoing compliance requirements

Monthly electronic filings

According to the Employment Relationship Act, the employer is obligated to submit monthly payroll reports which includes information about social security contributions and withholding tax to the Slovenian Tax Authorities and the Slovenian Statistical Authorities.

As already mentioned above, the employer should electronically submit form REK-1 to the Slovenian Tax Authorities by the day of the salary payment and form 1-ZAP/M, which should be electronically submitted to the Slovenian Statistical Authorities by the last working day of the month in which the salary was paid to the employees.

Social security contributions for pension and disability insurance are as follows:

Name	% of gross salary
Contribution for pension and disability insurance paid by the employee	15.5%
Contribution for pension and disability insurance paid by the employer	8.85%
Total	24.35%

3. Employment obligations

General

In accordance with the Employment Relationship Act, the employer is obligated to provide the employee with work agreed upon in the employment contract. Moreover, unless agreed otherwise, the employer should provide the employee with all the necessary means and material that the employee requires for the work in order to fulfil the obligations uninterruptedly and ensure access to business premises.

Salary

The employer should ensure appropriate remuneration for the work done by the employee. The payment for work under the employment contract consists of a salary that should always be in cash and any other possible types of payments, if so determined by the collective agreement. The employer should comply with the minimum salary that is determined by law or collective agreement and which directly binds the employer. According to the Minimum Wage Act, the minimum monthly gross salary in Slovenia for 2021 is EUR1,024.24.

The employee is entitled to extra payments for special working conditions such as:

- ▶ Night work
- ▶ Shift work
- ▶ Overtime work
- ▶ Sunday work
- ▶ Work on public holidays and other free days

The amount of the allowances referred to in the preceding paragraph are determined by collective agreements.

The employee is also entitled to past work allowance for the years of employment. The amount is determined by the collective agreement. Further, the employer should reimburse the employee any expenses relating to meals during work, travel expenses to and from work and of expenses the worker incurs when performing certain work and tasks on business travels.

Rest hours and breaks

A worker, who works full-time (i.e., 8 hours), has the right to a break of 30 minutes during daily work. There is also a limitation for daily rest between two successive working days – the employee should have at least 12 uninterrupted hours within a period of 24 hours to rest.

Annual leave

The employees are entitled to an annual leave which cannot be shorter than four weeks in an individual calendar year, regardless of whether they work full-time or part-time. The minimum number of days of an employee's annual leave depends on the distribution of working days within the week of an individual employee. Certain groups of people such as older workers, disabled workers, workers who care for a child, have the right to extra days of annual leave. Additionally, an employee may also be entitled to extra days of annual leave due to excessive workload or other reasons determined in the collective agreement.

Holiday allowance

The employer is obligated to pay holiday allowance to the employee who is entitled to annual leave at least in the amount of the minimum wage. Holiday allowance should be paid out to the employee at the latest by 1 July of the current calendar year.

Conditions for safety and health of workers

The employer should also provide the conditions for safety and health of workers in accordance with special regulations on safety and health at work.

Severance payment

The employer who terminates the employment contract due to business reasons or due to the reason of incapacity is obligated to pay the worker a severance payment. The basis for the calculation of the severance payment is the average monthly salary which was received by the employee, or which would have been received by the employee if working, in the last three months before the termination of employment contract. Additionally, the severance payment also depends on the employee's length of service.

Therefore, according to Slovenian legislation the employee should receive a severance pay amounting to:

- ▶ One-fifth of the salary basis referred to in the preceding paragraph for each year of employment with the employer; if the worker has been employed with the employer for more than 1 and up to 10 years
- ▶ One-quarter of the salary basis referred to in the preceding paragraph for each year of employment with the employer; if the worker has been employed with the employer for a period from 10 to 20 years
- ▶ One-third of the salary basis referred to in the preceding paragraph for each year of employment with the employer; if the worker has been employed with the employer for a period exceeding 20 years

Further, unless otherwise stipulated in a branch collective agreement, upon the termination of the employment contract, the employer should pay a worker who has been employed with the employer for a period of at least five years and is about to retire, a severance pay in the amount of two average monthly salaries in the Republic of Slovenia in the past three months, or in the amount of two average monthly salaries of the worker in the past three months, if this is more favorable to the worker. The employer may pay severance pay covered by special insurance.

The employer who terminates a fixed term contract is also obligated to pay the worker a severance payment. The basis for the calculation of the severance payment is the average monthly salary which was received by the employee, or which would have been received by the employee if working, in the last three months before the termination of the fixed-term employment contract. In the event of termination of a fixed-term employment contract concluded for one year or less, the employee is entitled to severance pay in the amount of 1/5 of the basis. If the fixed-term employment contract is concluded for more than one year, the employee is entitled to severance pay in the amount from the previous sentence, increased by a proportional part of the severance pay from the previous sentence for each month of work.

In the case of replacement of a temporarily absent worker, in the event of termination of a fixed-term employment contract for seasonal work lasting less than three months in a calendar year, and in the event of termination of a fixed-term employment contract for public works or termination of fixed-term employment concluded for the purpose of inclusion in active employment policy measures in accordance with the law the employee is not entitled to severance.

4. Payroll requirements

According to the Employment Relationship Act, salary is paid out in payment periods, which may not be longer than one month. The salary should be paid within 18 days after the end of the payment period. The employer is obligated to inform the employee of the day of the payment. Any change in the day of payment should be communicated to the employee in advance by written notice in a manner customary to the employer.

The salary, the reimbursement of work-related expenses and other benefits to which the employee is entitled are paid to the employee's bank account. The employer is obliged to provide the employee with a statement of remuneration paid by the end of the payment day in which all the data on salary, wage compensation, reimbursement of work-related expenses and other benefits to which the employee is entitled are evident (i.e., payslip). The payslip should be distributed (via email or physically) at the latest on the day of the payment.

5. Banking requirements related to payroll

According to the Employment Relationship Act, the salary, the reimbursement of work-related expenses and other benefits to which the worker is entitled should be paid to the employee's bank account. The salary should be available to the worker on a fixed payment day. The employer bears all the costs related to the payment of salaries. All salaries, social security contributions and taxes should be paid out on the same day. The salary should be in Euros. There are no other special controls. The salary can be paid out from a foreign bank account.

South Africa

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1. Government requirements

Registration requirements

Government registration requirements are in accordance with the Income Tax Act, No. 58 of 1962 (as amended), Skills Development Levies Act No. 9 of 1999, and Unemployment Insurance Act No. 4 of 2002. The governing authority is the South Africa Revenue Service (SARS). There are no registration fees applicable for the registration for Pay-As-You-Earn (PAYE), Skill Development Levy (SDL) or Unemployed Insurance Fund (UIF) contributions.

Registration for employees' tax (PAYE)

Any employer who pays or becomes liable to pay remuneration has an obligation to deduct or withhold employees' tax (PAYE) from the remuneration and pay the tax deducted to the South African Revenue Services (SARS) on a monthly basis. An employer must apply for registration using Form EMP101e within 21 business days after becoming an employer unless none of their employees are liable for normal tax.

Registration for Skill Development Levy (SDL)

Where an employer is liable to pay SDL, the employer must register with SARS using Form EMP101e and must indicate the jurisdiction of the Sector Education and Training Authority within which the employer must be classified. An employer is only not required to register as an employer for SDL purposes if there are, during any month, reasonable grounds for believing that the total leviable amount paid or payable by that employer to all its employees during the following 12-month period will not exceed ZAR500,000, even though such employer is liable to register with SARS for employees' tax purposes.

Registration for Unemployed Insurance Fund (UIF)

Where the employer is liable to pay the UIF contribution, the employer must register with SARS or the Department of Labour (whichever is applicable to such employer) using Form UI-8 for the payment of the contributions. The governing authority is the Department of Labour. The governing legislature is the Compensation for Occupational Injuries and Diseases Act (COIDA), No. 130 of 1993 (amended 61/1997). An employer who is not required to register with SARS for employees' tax, and an employer who is not liable for the payment of SDLs in terms of the SDL Act, 1999, must register at the UI Commissioner's office for the purposes of paying the UI contribution.

Registration of an employer with the Compensation Fund

Any person, including the state, must register with the Compensation Fund using COIDA Form W.As.2 within seven days after employment of the first employee. The governing legislature is the Unemployment Insurance Contributions Act, No. 63 of 2001 and is governed by the Department of Labour.

Ongoing compliance requirements

The governing legislature is the Income Tax Act, No. 58 of 1962 (as amended), Skills Development Levies Act No. 9 of 1999, and Unemployment Insurance Act No. 4 of 2002. The governing authority is SARS.

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Return of declaration of payroll taxes (PAYE, UIF and SDL)

The return (Form EMP201) must be submitted monthly and payment of taxes must be made to SARS within seven days after the end of the month in respect of which the taxes are payable, reflecting the amount of the payment. It can be submitted online via e-filing. No cash payments are accepted.

PAYE

PAYE is calculated monthly on the "balance of remuneration" and deducted in accordance with the prescribed tax tables issued by SARS or in accordance with a tax directive issued by SARS. Twenty-five percent PAYE deduction is applicable to remuneration paid to part-time or temporary employees. The remuneration paid to "true" independent contractors and to labor brokers with IRP30 certificates is exempt.

SDL contributions

SDL is an employer-only contribution and is calculated monthly at 1% of the leviable amount. The leviable amount is based on the "balance of remuneration" for employees' tax purposes. The remuneration paid to learners, "true" independent contractors and to labor brokers with an IRP30 certificate is exempt.

UIF contributions

The UIF contribution is calculated at 1% of the employer's contribution and 1% of the employee's contribution on the gross remuneration up to a monthly limit (ZAR14,872 per month and ZAR178,464 per annum) for both the employer and the employee. The payments made to repatriated employees, government employees, independent contractors, trainees, legal entities, labor brokers and temporary employees (employed for less than 24 hours per month) are excluded.

Biannual reconciliation

The declaration and reconciliation (Form EMP501) must be submitted during October of each year for the period of March to August (six months).

Tax year end reconciliation

The declaration and reconciliation (Form EMP501) must be submitted during May of each year for the period of March to February (annually).

Form UI19: declaration

The declaration must be submitted monthly to the Department of Labour within seven days after the end of the month. The governing authority is the Department of Labour. The governing legislature is the Compensation for

Occupational Injuries and Diseases Act, No. 130 of 1993 (amended 61/1997).

Annual earnings

Employers must file the annual earnings return (online) on or before 30 April of each year. Form WAs.8 is used for the annual earnings for employers not engaged in agriculture, while Form WAs.17 is used for employers engaged in agriculture.

Remuneration for annual return of earnings

The employer is required to furnish the amount of earnings paid to its employees for the period from the first day of March of the preceding year up to the last day of February of the current year. The maximum amount of earnings on which the assessment of an employer is calculated is currently R484,200 per annum, effective 1 March 2020.

Regular overtime, bonuses, commission earnings, cash value of food, travel, allowance and all components of the package (excluding company contributions) are included in the calculation. The payments excluded are irregular overtime, reimbursed payments, ex gratia payments and intangible fringe benefits. Exclusions include military service South African Police Department employees, SA defense force employees, domestic workers and persons contracted to carry out work. The commissioner assesses the employer taking into account the industry in which they operate and the remuneration paid to their employees. The assessment amount must be paid within 30 days after the date of assessment. The governing authority is the Department of Labour. The governing legislature is the Employment Equity Act, No. 55 of 1998.

Form EEA1: Declaration by Employee; Form EEA2: Employer Details and Workforce Movement; Form EEA4: Workforce Profile

Employment Equity Reports

The designated employers include employers who employ 50 or more employees; employers who employ fewer than 50 employees but whose total remuneration turnover equals or exceeds the applicable turnover of a small business; employers appointed by a collective agreement in terms of the Labour Relations Act, a Municipality and organs of state except for local spheres of government; the National Defence Force, the National Intelligence Agency, the South African Secret Service and the National Academy of Intelligence. Foreign national employees are not included as designated employees and will therefore not be assisted by affirmative action programs. Employers who have become newly designated on or after the first working day of April, but before the first working day of October, must only submit their first report on the first working day of October in the following year.

All designated employers must report annually, irrespective of their size. Manual reports must be submitted once every year on the first working day of October, or other date as prescribed. In the case of electronic reporting, the report can be submitted by 15 January of the following year.

2. Pension requirements

Registration requirements

The governing authority is the Registrar of Pension Funds. The governing legislature is the Pension Fund Act, No. 24 of 1956 (as amended).

Retirement funds: pension, provident and retirement annuity funds

In South Africa, over 60% of retirement funds are privately administered and funded. South Africa has no compulsory or national pension fund scheme. The Government, through its taxpayers, funds a social security old age grant to senior citizens. The Government does, however, provide retirement schemes for its employees, through the Government Pension Fund (GPF), the Public Investment Commissioner (PIC) and various public enterprise pension funds.

Every pension fund must apply to the registrar for registration under the Act. Types of retirement funds in South Africa include defined contribution funds, defined benefit funds and hybrid funds. Hybrid funds are pension or provident funds that combine a defined contribution and defined benefit component. This can be verified by consulting the rules of the retirement fund, and the fund administrator or trustees.

Ongoing compliance requirements

The governing authority is the Registrar of Pension Funds. The governing legislature is the Pension Fund Act, No. 24 of 1956 (as amended).

Filing obligations

The retirement fund contributions schedule reflecting the member and the employer contribution is submitted to the fund each month.

Contribution rates

Contributions are calculated in accordance with the rules of the fund for the employer and the employee, and the base on which the contribution is calculated is defined in the fund rules.



Payment obligations

Any pension fund contribution payable in respect of any member to the fund must be paid directly to the fund by or on behalf of the member within a period of seven days after the expiration of the period in respect of which the contribution is being paid, and the board must, not later than the first business day following the day on which the fund received the contribution, deposit the contribution in the name of the fund with an institution registered under the Banks Act, 1965 (Act No. 23 of 1965), or the Building Societies Act, 1965 (Act No. 24 of 1965).

3. Employment obligations

The governing authority is the Department of Labour. The governing legislature is the Basic Conditions of Employment Act, No. 75 of 1997 (as amended).

Annual vacation leave days

The minimum consecutive annual leave is 21 days. The employer can provide in excess of this at their discretion and detail this in their HR leave policy.

Sick leave, family responsibility leave and maternity leave

For sick leave, the employee is entitled to for every 26 days worked and 30 days per cycle for every 3-year cycle. For family responsibility leave, three days are given to the employee under this leave per annum. For maternity leave, the employee is given four months of leave with no pay; however, the company can pay the employee at its discretion.

Basic conditions of employment: New parental leave

With effect from 1 January 2020, all parents including father, adopting parents, and surrogates, are now entitled to 10 days unpaid parental leave (paternity) when their children are born.

Minimum wages

The minimum wages are determined at national, regional, sectoral, and occupational or skill levels. They are calculated on a daily, hourly, weekly and monthly basis.



Rest hours – daily and weekly rest period

A daily rest period of 12 consecutive hours and a weekly rest period of 36 consecutive hours are provided to the employee, which must include a Sunday. These rest periods may vary by written agreement under certain circumstances.

4. Payroll requirements

The governing authority is the Department of Labour. The governing legislature is the Basic Conditions of Employment Act, No. 75 of 1997 (as amended).

Payslips (BCEA4)

Information on the payslip must include the employer's name and address, the employee's name and occupation, the period of payment, remuneration in money, any deduction made from the remuneration, and the actual amount paid. The payslip must be given to the employee at the workplace or at a place agreed by the employee, and during the employee's ordinary working hours, or within 15 minutes of the commencement or conclusion of those hours. The payslip can be given to the employee in an electronic format (emailed) or hardcopy (paper payslip). The full value of remuneration, including payment in kind must be specified.

The employer must pay remuneration to employees not later than seven days after the completion of the period for which the remuneration is payable, or the termination of the contract of employment.

Certificate of Service (BCEA5)

On termination of employment, the employee is entitled to a certificate of service reflecting their full name, the name and address of their employer, a description of any council or sectoral employment standard by which the employer's business is covered, the date of commencement and date of termination of employment, the job title or a brief description of the work for which the employee was employed at date of termination, the remuneration at the date of termination, and if the employee so requests, the reason for termination.

5. Banking requirements related to payroll

Payroll payments can be paid by cash, check or electronic funds transfer (EFT or bank transfer).

When paying in cash, the employer and employee should sign a record to confirm the amount of money that has been paid in each pay period. Net salaries may be split and paid into multiple bank accounts.

Foreign exchange control

The client will obtain relevant approvals for foreign exchange control regulations if payments are required from South Africa to other countries.



1. Government requirements

Registration requirements

Tax registration

All companies that plan to engage in business or professional activities in Spain are obligated to be registered before the Spanish Tax Agency before they begin to supply their services. Companies should be enrolled in the Census of Businessmen Professionals and Withholders (036 tax form), and obtain the company tax ID number to be used in interactions of a tax nature or relevant to taxation.

Companies' tax ID Number (constituted by nine characters) must be characterized by the following composition:

- ▶ One letter (which will provide information on the legal statutory form of a Spanish organization or the nature of a foreign organization or permanent establishment of nonresident organizations)
- ▶ Seven-digit number
- ▶ Control character

The Tax ID number of individuals with Spanish nationality will be their Spanish national ID. For those that are not Spanish nationals, they should apply to obtain the foreign identification number (Número de Identificación de Extranjeros (NIE)).

Social security registration

As a general rule, all companies and their employees who perform their activities in Spain are required to be registered before, and pay contributions to, the Spanish Social Security system as soon as the employment relationship starts. Payment of social security contributions continues for the whole time that the employee is rendering his or her professional services. This obligation will stop when the employment ends.

Registration before the Social Security implies the previous registration with Spanish Tax Authorities as described above. Through this registration, the company will obtain the Contribution Account Code (CCC) which is necessary to register the employees before the Social Security Authorities.

Recently, authorities are requesting companies that want to be registered before the Spanish Social Security System as an employer to complete the process electronically through the Social Security e-Office. During this process companies shall use the company's digital certificate, which must be issued by an authorized organization accepted by Social Security. The most common certificate is the digital certificate issued by the "National Coinage and Stamp Factory - Royal Mint (FNMT-RCM)".

Ongoing compliance requirements

Tax obligations

Companies whose volume of operations is over EUR6,010,121.04 in the previous financial year will be considered as a large company and taxes will be paid on a monthly basis within the first 20 days of the following month.

On the other hand, companies with less volume of operations than the indicated will pay taxes on a quarterly basis within the first 20 days of April, July, October and January of the following year for the withholding taxes for the previous quarter.

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In case of late submission of the tax returns, penalties will be imposed depending on the delay of the submission or payment.

Companies should open a Spanish bank account from a list of banks which are allowed to cooperate with tax authorities to pay taxes and social security contributions in Spain. Taxes could be paid by direct debit (the authorities directly charge the withholding taxes to the company's bank account) or with the Número de Referencia Completo (NRC - Complete Reference Number) generated by the bank as a receipt to identify the tax payment.

Tax filling

Companies acting as withholding tax agents are required to submit the 111 Tax Form (withholdings and payment on account for work and economic activities incomes) electronically and pay on a monthly or quarterly basis. In this tax form, companies must include all the incomes paid and withheld in the payroll for the Spanish tax resident employees. Supplier invoices relative to professional services provided to the company have to be included too.

Additionally, companies are required to submit electronically and pay the 216 Tax Form "Non-resident Income Tax" to inform the authorities about the incomes and withholding for nonresident employees in Spain.

Every year, companies are required to submit electronically the annual year-end Tax Forms 190 for Spanish tax resident employees and Tax Form 296 for nonresident employees. These tax forms are merely informative, in which the incomes and withheld amounts per employee are notified to the authorities. The deadline to submit both tax forms are on 31 January of the following year.

Tax rate

For individuals who are considered as Spanish tax resident, Personal Income Tax (PIT) is a progressive tax based on the incomes received during the fiscal year and their tax personal situation. The rate to be applied would be the result from adding the general applicable rate established by the State and the applicable rate approved by the relevant autonomous community where the employee resides. The maximum rate is 47%. There are special rules for employees resident in the Basque Country and Navarra.

As a general rule, for individuals who are considered as Spanish nonresident (special regime), the tax rate to be applied is 24% on incomes obtained in Spanish territory. For individuals without the special regimen, who are tax resident in other EU member states or European Economic Area (EEA), the tax rate is 19%. In case the total incomes reach the amount of EUR600,000.00, the tax rate will be 47%.

2. Pension requirements

Registration requirements

This is not applicable, only social security (see above) is required.

In Spain, there are various contribution schemes subject to the Spanish Social Security system (such as general, artist, agricultural workers, self-employed workers, domestic and personnel); the most important and common one is the "general" system. Spanish General Social Security System is the scheme through which authorities guarantee to individuals a suitable protection for the contingencies and situations established by Spanish regulations, for their professional activities.

All employees, before the date when they start rendering services in Spain, must apply for an affiliation number (NAF) before the Social Security Authorities.

Companies can voluntarily subscribe to a specific private pension plan scheme.

Ongoing compliance requirements

Social security contributions process

Social Security contributions are paid on a monthly basis in the following month, and it is produced partly by the company and partly by the employee according to the employee's professional and job category.

There are two methods to pay social security contributions. Contributions could be paid by direct debit where the payment is charged in the company's bank account on the last working day of each month. Otherwise, companies could use electronic payment and pay the contributions with the contribution payment receipt before the last working day of each month using various payment methods (such as cashpoints, telephone banking or Internet banking).

For each professional category, there is a maximum and minimum social security contributions base, which is generally reviewed on a yearly basis. For the employees whose total income exceeds the maximum base, or does not reach the minimum base, they must pay contributions according to those maximum and minimum bases. In 2021, maximum base is EUR4,070.10 and minimum base is EUR1,050.10.

Social security contributions process is managed through an official tool provided by the authorities called SILTRA. Once this process is completed, the authorities provide the Contribution Payment Receipt, recibo de liquidación de cotizaciones (RLC) and the Worker Payroll List, relación nominal de trabajadores (RNT).

In case of late submission and nonpayment, penalties will be imposed depending of the delay of the payment.

Social security rates

Rates applicable for the social security contributions are as follows (based on the rates applicable for an employee with a permanent contract):

	Company	Employee
Common contingences	23.60%	4.70%
Unemployment	5.50%	1.55%
Fondo de garantía salarial (FOGASA)	0.20%	–
Professional training	0.60%	0.10%
CNAE (Occupational accidents and diseases)		
Total	29.90%	6.35%

Código nacional de actividades económicas (CNAE) rate depends on the activity performed by the company.

Credited retribution items

Companies should submit the Credited Retribution Items (CRA) file before the last day of the following month. CRA file is a breakdown of the remuneration paid to the employees regardless of their inclusion into the contributions base to Social Security.

Social security notifications

There is a compulsory service of Social Security online notifications, Sede electrónica de la Seguridad Social (SEDESS) is a compulsory Social Security online notifications service. It enables management to receive notifications between the Social Security Organization and bodies, and companies and citizens.

Private pension plan scheme

Companies with a private pension plan scheme should submit the annual 345 Tax Form before 31 January of the following year.

3. Employment obligations

General employer obligations

Collective bargaining agreement

According to the Spanish regulation, a collective bargaining agreement (CBA) rules the employment conditions and other aspects of the relationship between the employees and the employers.

Employers should apply the most adequate CBA to the main activity.

Each CBA can apply more beneficial conditions to employees than the general rules established by the Spanish Workers' Statute Law.

Employment contracts

According to the Spanish Workers' Statute Law, employment contracts may be formalized orally or in writing, provided that express exceptions should always be put in writing (for example, temporary contracts, part-time contracts and training contracts). For these exceptions, if the contract subscribed has not been put in writing, it will be considered as a permanent and full-time contract.

Employment contracts must be notified to the Spanish Public Employment Service (SEPE) within 10 days following the contract start date.

In case the company has a legal representative of the workforce, companies shall provide him or her with a basic copy of all the employment contracts that should be put in writing (excluding any senior management contracts).

According to the Spanish Workers Statute, the types of employment contracts are:

- a) Permanent employment contracts
- b) Fix-term employment contracts:
 - ▶ Temporary contracts for the performance of a specific work or service
 - ▶ Temporary contracts due to for production circumstances
 - ▶ Interim contract
 - ▶ Relief contract
 - ▶ Training contract

Minimum salary

The minimum interprofessional wage for 2021 is as follows:

- ▶ Minimum diary wage: EUR31.66
- ▶ Minimum monthly wage: EUR950.00
- ▶ Minimum annual wage: EUR13,300.00 (14 payments per year)

The applicable CBA can establish other higher minimum wage for the employees based on the professional category and professional group.

Annual leave

Annual leave is a right foreseen in by the Workers' Statute. According to such law, the period of paid leave, which cannot be replaced by an economic compensation, shall be the one agreed in the collective agreement or in the individual contract. It can never be lower than 30 calendar days.

The CBA applicable to the company can establish an annual leave period which is more beneficial for the employees.

Working time

Employees can incur in a total of 40 hours per week (on an annual average). The working day must not exceed 9 hours, which must include a rest period of at least 15 minutes when employees work for 6 hours at a stretch.

Resting period: At least 12 hours must elapse between the end of a working day and the beginning of the next one.

Night shift: It is established to be a night shift when employees render services between 10:00 p.m. and 6:00 a.m.

Overtime

According to the CBA or, in its absence, to the individual contract, overtime may be paid in an economic amount or with resting time.

Number of overtime hours cannot exceed 80 hours per year.

Temporary disability benefits

This subsidy starts from the fourth day of the leave for common diseases or non work-related injuries, if the requirements established by the regulations are fulfilled; and from the day following the date of leave for work-related injuries or occupational diseases. As a general rule, the duration of this subsidy will be 365 days, and could then be extended for a further 180 days if special conditions are fulfilled.

In general, payment will be made by the company on behalf of Social Security as a delegated payment with the same periodicity as salaries.

Maternity or paternity Leave

Paid maternity and paternity leave will have a duration of 16 weeks with the first 6 weeks compulsorily to be enjoyed immediately after childbirth.

The subsidy is paid by the National Social Security Institute (INSS).

Termination of the employment contract

Under the Spanish Labor law, the employment relationships may be terminated by:

- ▶ Mutual agreement between the parties
- ▶ Voluntary termination of the employee
- ▶ Expiration of a fix-term contract
- ▶ Death, severe disability or permanent total or absolute disability
- ▶ Employee's retirement
- ▶ Objective dismissal (can be individual or collective dismissal)
- ▶ Disciplinary dismissal

The employee is entitled to a severance due to the termination of an employment contract in case of:

- ▶ Fix-term contracts for a project or services or termination of fix-term contracts due to production circumstances: Employee is entitled to receive a severance consisting on 12 days of salary per year of service.
- ▶ Objective dismissal: The employee is entitled to receive a severance of 20 days of salary per year of service, with a maximum of 12 months of salary.

In case of individual dismissals, if the grounds included do not correspond to reality, the dismissal may be considered as an unfair dismissal. The severance payment compensation will be equal to 33 or 45 days of salary per year of service with a maximum of 24 or 42 months of salary.

4. Payroll requirement**Payment frequency**

Employees must receive their salaries recurrently on a monthly basis. As a general rule, employees shall receive their remuneration between the 25th of each month and the 5th of the following month.

Depending of the CBA applicable, the employees are entitled to receive their gross annual salary in 12 annual payments, or in 14 payments (12 regular months plus summer and Christmas extra payments). Depending on the CBA, a different number of extra payments can be established.

Payslip

Companies are required to prepare the employee's payslip on a monthly basis.

Payslip must be produced according to the official format and should contain:

1. Employer data (Tax ID Number, company name, company address, Contribution Account Code)
2. Employee personal information (name, tax ID, address, social security number, job position)
3. The remuneration payable (description, number of payment days, total amount to be paid)
4. Deduction elements (withholding taxes, social security and others)
5. Net payment and employer social security contributions information

Companies are required to distribute the payslip to employees. Electronically distribution method is preferred.

Personal tax information

Employees are required to provide the employer with the related 145 Tax Form to notify the PIT required for tax rate calculation purposes.

Generally, this tax form is provided once the employee is hired by the company.

However, the employee is bound to provide the tax form in case of any change of data previously notified.

An important point to be noted is that companies should keep a copy of the tax form available in case the Tax Agency requires it.

PIT certificate

On a yearly basis, companies must issue the income tax certificate which reflects the total income perceived by the employee and the withholding taxes applied on payroll during the fiscal year.

The employees must be provided with this certificate signed and with the company's stamp before the personal income tax submission starts, usually on 1 April of the following year.

5. Banking requirements related to payroll

As a general rule, companies employ an electronic transfer file using the Single Euro Payment Area (SEPA) protocol.

Payments must be done in Euros.

Sri Lanka

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1. Government requirements

Registration requirements

Employment taxes - Advance Personal Income Tax (APIT)

The Government of Sri Lanka introduced the Advance Personal Income Tax (APIT) system, replacing Pay-As-You-Earn (PAYE) with effect from 1st January 2020 for tax deduction on employment income.

- ▶ Non-citizen of Sri Lanka : Mandatory tax deduction under APIT
- ▶ Nonresident (irrespective of the citizenship): Mandatory tax deduction under APIT
- ▶ Resident and citizen of Sri Lanka: Optional APIT
- ▶ For all: Terminal benefits are subject to mandatory tax deduction under APIT

All mandatory and terminal benefits tax deduction should be as per the prescribed tax tables issued to employers.

The tax-free allowance and tax slabs are as follows:

Taxable income	Tax rate
Tax-free allowance up to LKR3,000,000	Nil
Next LKR3,000,000	6%
Next LKR3,000,000	12%
On balance	18%

Registration requirements

The following documents should be submitted to the relevant branch of the Department of Inland Revenue for APIT Registration

- ▶ Copy of Taxpayer Identification Number (TIN) Certificate
- ▶ Duly completed application form for tax type registration (Tax type-APIT)

Ongoing compliance requirements

- ▶ Remit to the Commissioner General monthly tax deduction made under the APIT Scheme, not later than the 15th day of the month immediately following.
- ▶ Issue certificate of tax deduction (T10) to all employees annually by 30 April.
- ▶ Furnish Annual Declaration to the Commissioner General not later than 30 April every year.
- ▶ Keep in safe custody the documents relating to every payment made to employees. Whenever officers authorized by the Commissioner General call for inspection, such documents should be made available to them.

2. Pension requirements

Registration requirements

Registration for Employees Provident Fund (EPF) and Employees Trust Fund (ETF)

Organizations must register with the Department of Labor to obtain the registration number. The fund is government-owned and maintained by the Central Bank. Organizations should complete "Form-D" in duplicate with the business registration certificate within 14 days of recruitment of the first employee for EPF registration. Registration for ETF can be applied once the company receives the EPF registration number.

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Gratuity

The Payment of Gratuity Act No. 12 of 1983 provides for the payment of gratuity by employers to their employees under the Amendment to the Land Acquisition Act, the Land Reform Law and the Industrial Disputes Act. The Act has two parts:

Part I applies to workers in the plantation sector who ceased to be employed upon the takeover of estates or lands which were vested in the Land Reform Commission.

Part II of the Act states that every employer who has 15 or more workers on any day during a 12 month period is liable to pay gratuity.

If the employee has completed five years or more of service prior to termination, the employer must pay that employee within a period of 30 days, half a month's wages or salary for each year of completed service.

The gratuity will be calculated against the last month's wage drawn by that employee.

The Amendment Act No. 41 of 1990 has provided for the payment of gratuity to employees of public corporations and government owned business undertakings if they are converted into public companies.

Pension scheme

There is no pension scheme for private sector employees in Sri Lanka.

Ongoing compliance requirements

Employees Provident Fund (EPF)

Calculation of the contributions are as follows:

- ▶ Employee's contribution: 8% of the total monthly earnings (to be deducted from the employee's salary/wage)
- ▶ Employer's contribution: 12% of the total monthly income of the employee (to be paid totally by the employer)
- ▶ Total contribution per employee will be 20% of the employee's total monthly earnings. Payments should be made before the last working day of the month, immediately following the month for which the salary should be made.

Payment of contributions

1. Manual payments

Organizations should obtain three copies of "Form-C" (issued free) from the nearest labor office or download from the EPF website and complete in triplicate.

The original and a copy of "Form-C" should be submitted to the collection counter of the EPF at the ground floor of the

Lloydz Building in Fort with a check written in favor of the "The Superintendent, EPF." A receipt should be obtained and should be kept for future reference.

2. Online payments

Organizations can register with the respective banks where online EPF payment facility is available, and make the monthly contributions online.

EPF e-Return System

According to the EPF (amendment) Act No. 2 of 2012 and regulations gazetted in May 2013, all employers with more than 50 employees are required to submit their employees' EPF contributions and member details on a monthly basis in an electronic return system.

EPF has introduced the EPF e-Return system, a total paperless solution for employers to send the EPF returns. Under this scheme, employers are requested to submit two simple text files monthly according to the specified format. No forms are required to be submitted for EPF returns once the employer joins this scheme.

Every employer with access to computer facilities can create their EPF returns using a specified format. Employers are free to use any computer system or any tool to create these files. EPF provides only the guidelines.

Employees Trust Fund (ETF)

- ▶ Employer's contribution: 3% of the total monthly earnings (not to be deducted from the employee's monthly salary/wages).

Employers are divided into two categories

- ▶ Larger category: Employers with 15 or more employees
- ▶ Smaller category: Employers with less than 15 employees

Employers with more than 15 employees must use the R1 Remittance Form and employers with less than 15 employees may use the R4 Remittance Form when they make monthly contributions.

Monthly contributions should reach ETF Board on or before the last working day of the following month. Employers who are liable to contribute to the ETF under remittance Form R1 are required to furnish half-yearly return incorporating details of contributions made on behalf of its employees in respect of each month in the following manner.

- ▶ First half year return (January to June) should be submitted on or before 31 August of the same year.
- ▶ Second half year return (July to December) should be submitted on or before 28 February of the following year.

3. Employment obligations

Minimum wage

The national minimum monthly wage for all workers in any industry or service shall be LKR10,000 and the national minimum daily wage of a worker shall be LKR400.

Annual leave

An employee is entitled to take annual leave when the next calendar year starts. The duration of that first annual leave period is determined according to the date/month on which the employment commenced. From the second year onward, an employee is entitled to 14 days of paid annual leave, after completion of 12 months of continuous service.

Weekly rest days

Workers are entitled to at least one and a half days of rest per week at the worker's full rate of remuneration. However, the entitlement of full remuneration is not applicable to workers who have worked for less than 28 hours, exclusive of overtime work.

Weekly rest day is not specified in the act. The rest day can be postponed and taken in five weekly blocks, provided that the Commissioner is satisfied that such postponement is necessary by reason of the nature of the business or for unforeseen circumstances.

4. Payroll requirements

Payroll payments and pay slips

- ▶ Employees must be paid at least monthly.
- ▶ All employees must be provided payslips. Payslips can be provided either in electronic form or hard copy. The electronic form must have the same information as the hard copy.
- ▶ Salary and wage income is taxable in the financial year in which it is actually received, regardless of when it was earned.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer



1. Government requirements

Registration requirements

Establishing a company

Legal entities are registered at the Swedish Companies Registration Office (Bolagsverket). And all legal entities (and private persons) who intend to act as an employer and to pay out salaries need to register as an employer at the Swedish Tax Agency (STA), known as Skatteverket in Swedish.

Registration as an employer is done using form SKV 4620 ("Företagsregistrering") which can be found at:

<https://www.skatteverket.se/privat/sjalvservice/blanketterbroschyror/blanketter/info/4620.4.39f16f103821c58f680006704.html?q=f>

The Swedish Tax Agency registers and deregisters legal entities as an employer.

There is no registration fee applicable.

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Ongoing compliance requirements

Monthly payroll taxes

Monthly payment of withheld taxes and social security fees is due on the 12th of the month after salary payment. As of January 2019, monthly filings also include data at employee level, so no annual reporting is done by the employer regarding the employee's annual tax return or income to the Swedish Tax Agency. This monthly reporting is called "Arbetsgivardeklaration" and is a requirement from STA for all companies that are registered as an employer. Filing is done electronically (this needs to be done by a person with a Swedish social security number and appointed by the company) or on forms from the STA that are then signed by an authorized signatory and sent to the STA by post. Withheld taxes are based on the employee's personal tax-card.

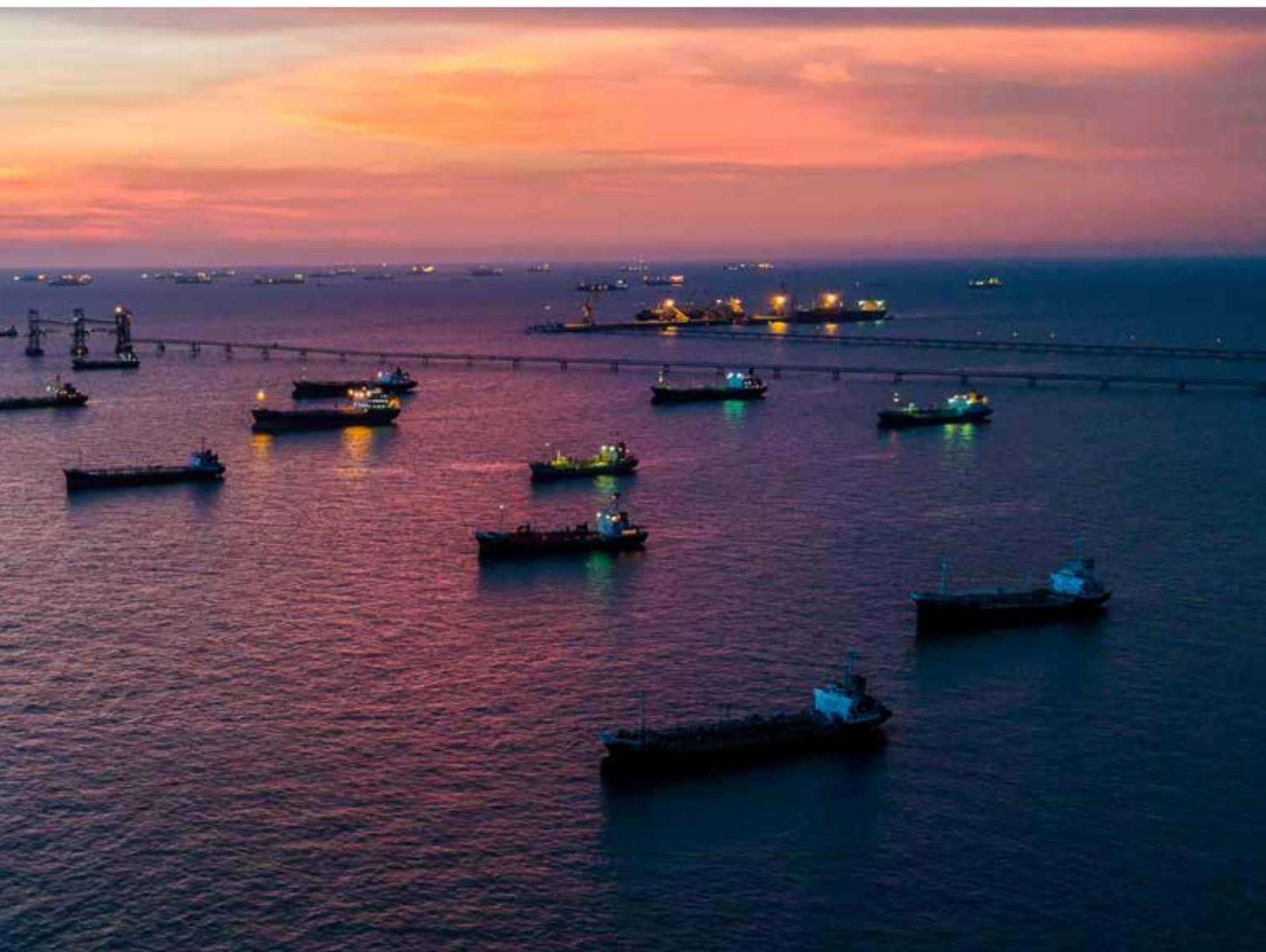
Regarding social security fees, it is only paid by the employer (no employee part) and is more of a general tax, designed to benefit all residents of Sweden rather than specific employees. The usual percentage applied is 31.42 % of the total gross salary plus benefits in kind.

There are also several different statistics reports that are mandatory, which the company may be chosen to participate in.

2. Pension requirements

Registration requirements

Terms for additional pension contributions (apart from the statutory pension paid by the government in Sweden) are regulated by a Collective Bargaining Agreement (CBA) if one is signed by the company. More details are provided in section 3 of this chapter.



Terms for additional pension solutions can also be agreed upon between the individual employee and the employer, if a CBA has not been signed.

Each pension provider company has its own process.

Generally, the following is what needs to be reported to the pension provider each month for white collar employees: joiners, leavers, salaries, salary changes, parental leave and long-term sick leave (new employees, new salaries and employees that leave the company, etc., need to be reported). For blue-collar employees and for a company with a CBA, pension reporting is normally done annually.

3. Employment obligations

Labor law

There are a number of different labor laws in Sweden:

- ▶ "Lagen om anställningsskydd (LAS)": Employment Protection Act
- ▶ "Arbetsmiljölagen": Work Environment Act
- ▶ "Semesterlagen": Annual Leave Act.
- ▶ "Föräldraledighetslagen": Parental Leave Act
- ▶ "Lag om sjuklön": Act on sickness payments

Labor law, is handled by a separate court - "Arbetsdomstolen" (Swedish Labor Court)

But, as an example, there are no laws that regulate minimum wages. Instead of a detailed law regarding such, 83% of all private sector employees and 100% of all public sector employees are covered by a CBA, where trade unions and employer organizations agree on salary levels, pension conditions, remuneration, etc. Thus, it is the applicable CBA that will set the framework for a company.

There can be significant differences between the CBA's of industries and between those of blue- and white-collar workers. There are more than 680 different CBAs in Sweden.

4. Payroll requirements

Generally, monthly payments are made on the 25th of each month, covering the present month. Any salary adjustments (such as for absence) and salary for hourly employed staff are paid out on the following month.

Payslips shall be shared with the employee, stating gross- and net amounts and withheld taxes.

5. Banking requirements related to payroll

There are no restrictions on payment to international accounts or currency to the employees, however taxes and social security cost shall be paid in Swedish Krona (SEK).

Switzerland

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1. Government requirements

Registration requirements

Overview of the Swiss social insurance system

The Swiss social insurance system is based on a so called “Three-column Principle” and divided into the following areas:

- ▶ Old age, survivors’ and invalidity/disability insurance (AHV and IV)
- ▶ Occupational pension schemes/employee pension funds (BVG)
- ▶ Unemployment insurance and insolvency compensation (ALV)
- ▶ Family allowances (FAK)
- ▶ Protection against the consequences of illness and accidents (KVG and UVG)
- ▶ Income compensation allowances in case of military service and in case of maternity (EO and MSE)

The Three-column Principle

First column: The first column consists of mandatory old age, survivors’ and invalidity/disability insurance (Alters- und Hinterlassenenversicherung (AHV) and Invalidenversicherung (IV)). These insurances cover the basic subsistence needs of the insured persons in old age or in the event of disability. In case of death, the insurances pay benefits to survivors. AHV and IV are general schemes for anybody residing or working in Switzerland.

Second column: Industrial insurances (occupational pension schemes or employee pension funds) aim to maintain the recipients’ accustomed standard of living after retirement. The law - Berufliche Vorsorge (BVG) requires minimum contributions to the employer’s pension scheme to be withheld from income, up to a specific ceiling. In practice, many companies offer more comprehensive pension schemes since the mandatory minimum amounts may not suffice to achieve the target level of benefits.

Third column: To supplement the Government’s pension schemes, individual investment in private savings plans offered by banks or insurance companies is encouraged. Incentives include tax deductibility of contributions to so called qualified savings plans, i.e., where funds cannot be accessed freely (column 3a for employees, column 3b for self-employed persons).

The listed different types of insurance offer protection in the form of pensions, unemployment benefits and family allowances, as well as paying for costs incurred through illness and accidents. The benefits paid out by the different types of social security are in principle financed by contributions of employers and employees, and levied on employees’ income. In some cantons, there are additional contributions to pay (e.g., contributions to vocational education funds or various family funds). With the exception of the third column, all of these insurance types are compulsory.

Registration for old age, survivors’, disability and loss of income insurance (AHV, IV or EO)

The old age, survivors’ and invalidity insurance (AHV/IV i.e., “Alters-, Hinterlassenen- und Invaliden-versicherung”) is managed by cantonal, occupational and federal compensation funds, which collect contributions and pay benefits. There are about 100 such offices, which operate under the auspices of various professional associations, of the cantons and of the federal administration.

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After a company's registration with the commercial registry, the respective cantonal compensation fund (kantonale Ausgleichskasse) will send the employer an application form for registering.

Employers are bound by law to deduct the employees' contributions from all salaries or salary-like benefits and pay these, along with the contributions they, as employers, have to pay, to the compensation fund office to which they are affiliated.

The total contributions to the AHV/IV/EO insurance are currently 10.60% of the applicable annual salary.

Employers and employees each pay half of the contribution, i.e., 5.30%. Employees who have reached the statutory retirement age (65 for men and 64 for women) and continue working need to pay contributions to the AHV/IV, but not to the unemployment insurance – ALV. However, CHF1,400 per month or CHF16,800 per year are exempted from AHV/IV contributions. The registration of new hires who do not have a Swiss social insurance number needs to be made within 30 days of their start date with the company. The forms are available at the respective cantonal compensation fund.

The registration of new employees who already have a Swiss social insurance number, and the de-registration of leavers, need to be submitted with the annual salary declaration or reporting (regulation as of 1 June 2016).

Income compensation (EO) is a compulsory Swiss social insurance paying compensation for loss of income to persons while serving in the army, civilian service or civil defense, as well during maternity. The total EO contribution of 0.5% is included in the total contribution for AHV/IV/EO.

The compensation funds also charge an administrative fee. The contribution rate varies from office to office and is fully borne by the employer.

Registration for the occupational pension scheme (BVG/Pensionskasse)

The Occupational Old Age, Survivors' and Disability Benefit Plan (second column) – together with the old age, survivors' and invalidity/disability insurance – should enable the retired person to maintain his or her previous lifestyle in an appropriate manner. Adherence to the scheme is compulsory and it is financed principally by 50% from both employees and employers, i.e., the sum of the contributions of the employer should be at least equal to the sum of the contributions by their employees. If a company does not have an own registered pension institution, it has to choose an existing pension fund with the consent of its staff. Some of the pension funds also provide benefits in case of invalidity and to survivors in case of premature

death. Under certain conditions, this second column can be used before retirement to partially finance a principal home or to start an independent activity. It is workplace-based and mandatory. Employers are obliged to insure their employees with a registered pension fund (Federal Act on Occupational Retirement, Survivors' and Disability Provision, BVG, Art. 11 para. 1).

Employees whose annual earnings exceed CHF21,510 with the same employer have to join this compulsory Swiss pension system under the Occupation Benefits Act (LPP). Employees on a temporary work contract of less than three months may be exempt from contribution. Persons of 18 to 24 years of age are solely insured for risk of death or invalidity/disability, but also for old age benefits in the case of individuals older than 24. Unemployed persons with a daily allowance of at least CHF81.20 are insured for the risks of death and disability.

The system stipulates a minimum level of benefits to be provided by all employers, but the mixture of compulsory or voluntary features of the system can be seen in the fact that many large employers offer benefits that go well beyond the prescribed minimum.

Depending on the age of the insured, the contribution rate varies between a minimum of 7% and a maximum of 18% of the employee's salary (Koordinierten Lohnes). The total contributions increase with the age of a person. The insurance scheme can be run by a company pension, state or private fund. Company pension plans can set terms and conditions in excess of these minimums, and most offer extra-mandatory benefits as a means of attracting and retaining qualified people in a firm.

Registration for unemployment insurance (ALV)

Unemployment insurance provides benefits in the case of loss of employment, shortened working hours, lack of employment due to weather conditions for certain sectors, e.g., construction, or insolvency on the part of the employer. This insurance also pays for re-integration measures.

All persons in gainful employment are obliged to contribute to the unemployment insurance scheme with the exception of some family members of persons working in the agricultural sector and persons who have reached the official retirement age.

Employers are bound by law to deduct the employees' contributions from all salaries or salary-like benefits, and pay these, along with the contributions they as employers have to pay, to the compensation office to which they are affiliated. The registration for unemployment insurance is included in the registration form for AHV/IV.

Up to a limit of currently CHF148,200, the contribution rate to the ALV is 2.2% of the applicable annual salary. For any amount exceeding CHF148,200, the contribution rate to the ALV is an additional 1% (unlimited upward). Employees and employers have to each pay half of the contributions.

Registration for family allowances (birth or adoption of child or education allowance)

An employer must be affiliated to a family compensation fund in the canton of the place of business, branch offices or other workplace of the employees. This is an obligation whether the employed staff have children or not. There is a family compensation fund in each canton run by the cantonal compensation funds.

Occupational compensation funds may provide family compensation schemes for the employers affiliated to them, but they are not obliged to do so. The employers finance the family allowances by paying contributions to the family compensation fund on the basis of a percentage of the AHV compulsory wages they set up. The contribution rate varies according to the canton and family compensation fund. In the canton of Valais, for example, employees have to participate in the financing whereas in other cantons the family allowance is fully financed by the employers. The registration at the family compensation fund is part of the registration process for AHV/IV.

Employees can claim child and education allowances while resident in Switzerland even with children remaining outside of the country. Allowances are for children up to the age of 25 as long as they are still in education, which periodically needs to be proven by a confirmation of education.

Only one allowance is paid per child, even if both parents may be working.

Employees must apply for family allowances to their employers, who will forward the application to the relevant family allowance office for approval.

The application forms are available at the respective cantonal family compensation fund.

Nationals of an EU or European Free Trade Association (EFTA) country, whose children live in an EU or EFTA country, are entitled to full family allowances. The family allowances need to be paid out together with the monthly salary according to the instructions of the respective family allowance office.

Pursuant to the Federal Law on Family Allowances, the following minimum allowances shall be disbursed per child and month:

- ▶ A child allowance of at least CHF200 for children up to the age of 16
- ▶ An education allowance of at least CHF250 for 16-25 year-olds still in education

These provisions apply to all cantons.

Registration for occupational and non-occupational accident insurance (BU/NBU)

It is mandatory for an employer to insure his or her employees with the Swiss Accident Insurance Institution (SUVA) or another licensed insurer (private insurer, health insurance fund or public accident insurance fund) depending on the area of activity. The Federal Law on Accident Insurance lists the companies and administrations which are compulsorily insured by SUVA.

The accident insurance covers medical treatment, daily allowances and pensions. Insurance claims concerning accidents which occur abroad are also covered. All gainfully employed persons are compulsorily insured. The insurance covers accidents occurring in the workplace, diseases caused by working conditions and also non-occupational accidents of employees working at least eight hours per week. Depending on the type of business, accident insurance is handled by the Swiss Accident and Insurance Fund (SUVA) or other approved accident insurance providers.

In the event of an accident, employers are obliged to continue paying their employees at 80% of their salary for a certain period. This period is not clearly specified by law but on the basis of a legal precedent, the minimum duration is three weeks during the first year of service. The so called Bern, Basel and Zurich scales are used to determine all other durations (which must be specified in the employment rules and regulations for a company). The contribution rates depend on the economic sector and risk level of the company.

Health insurance (Krankenkasse)

Individual health insurance is compulsory in Switzerland but is a private matter, i.e., not mandatorily supported by an employer. On the contrary, paid health insurance to an employee would need to be considered and taxed as a benefit in kind.

Any person living and working in Switzerland, irrespective of age and state of health, must be insured for basic nursing care by a health insurance company within three months after his or her arrival in Switzerland. There is no national health service and individuals have to arrange insurance coverage for themselves (there is no duty for the employer to do this). Any health insurance company throughout Switzerland can be freely chosen.

Cross-border commuters domiciled in certain EU states have the option of requesting an exemption from this health insurance in their country of residence while they are insured in Switzerland.

In some cases, employees may be exempted from taking health insurance in Switzerland, for example:

- ▶ Employees being sent to Switzerland for a limited time by a foreign company (international assignments), and having an obligatory health insurance scheme in the home country which covers the same medical cost as the basic insurance scheme during the stay in Switzerland, are exempted from the insurance.
- ▶ Those who are living temporarily in Switzerland due to an exchange or other international program, (i.e., for students, interns and scientists). In those cases, an employer has to guarantee that all medical costs during the employee's stay in Switzerland are covered by a health insurance scheme in the home country and all expenses not covered by an insurance scheme will be covered by the employer.

Sickness daily allowance (KTG)

Under Swiss law, every employer is obliged to provide sick pay for a specific period of time which progressively increases in line with the number of years of service of an employee (Article 324a ss. Swiss Code of Obligations - OR). Usually, employers provide daily sickness allowance insurance for their employees covering 80% of salary during a period of up to a maximum of 730 days of illness per incident. It is not uncommon for an employer to agree to pay the remaining 20% of salary as a social benefit.

The duration and amount of this continued salary payment depends on the employee's number of service years, the geographical region of the workplace and the provisions in the employment contract. Employers can voluntarily exclude coverage for the financial consequences of this obligation in the form of a group daily sickness allowance policy. The employer has the possibility to insure the employee against loss of earnings in case of illness. The aim of the daily sickness allowance insurance is to cover loss of income resulting from incapacitation. The employee must inform the employer immediately in case of sickness. The respective insurance company usually pays the daily allowance directly to the employer who is then obliged to pass the allowance on to the employee.

Registration for Tax at Source (QST)

Foreign nationals (without a C-permit, i.e., a residence permit) who are permanently or temporarily resident in Switzerland and individuals (regardless of their nationality) with no tax domicile or tax residence in Switzerland have tax deducted directly from their income by their employers each month. The tax amount is calculated on the employee's gross salary.

The applicable tax at source tariffs are progressive (i.e., the higher the gross income, the higher the tax rate) and take into account whether the employee is married or single, living with children and their number, as well as subject or not to church tax. Employers have to register their employees with the respective cantonal tax at source office. The tax office in charge depends on the employee's canton of domicile and the forms vary from canton to canton.

Depending on the employee's status, different tax at source tariffs apply:

- ▶ Tariff A: Single persons without children or persons who need support, living in the same household
- ▶ Tariff B: Married couples with only one earner
- ▶ Tariff C: Married couples with two earners
- ▶ Tariff E: Assessment under the simplified assessment procedure
- ▶ Tariff F: Italian cross-border commuters
- ▶ Tariff H: Single persons with children or persons who need support, both living in the same household
- ▶ Tariff L - P: German cross-border commuters

Foreigners living in Switzerland with a residence permit (C-permit) have to declare their income and assets in a standard individual tax return but are not subject to tax at source.

Registration of employees working for an employer not liable for contributions in Switzerland (ANobAG)

Anyone resident in Switzerland and working for an employer not liable for contributions in Switzerland, mainly employers abroad, has to pay the fully due social security contributions as an Arbeitnehmer ohne beitragspflichtigen "Arbeitgeber" (ANobAG), meaning "employee, with an employer not liable for contributions".

AHV/IV, ALV, FAK and accident insurance are obligatory even if the employee has no employer based in the EU or EFTA. If the yearly salary paid by this employer exceeds CHF21,510 the employee is subject to occupational benefits insurance (BVG) as well. Registration needs to be done at the cantonal compensation fund either by the employee himself or by the employer.

Ongoing compliance requirements

Social insurance contributions (AHV/IV, ALV and FAK contribution)

It is the employer's obligation to remit the social insurance contributions (AHV/IV, ALV and FAK) periodically to the respective compensation fund. For an annual company's payroll sum of up to CHF200,000 (gross), the contributions need to be remitted on a quarterly basis. Above CHF200,000 (gross), the contributions need to be remitted monthly, at the latest by the 10th day of the following month (e.g., contributions for March need to be submitted at the latest on 10 April). The amount of contributions to be paid for the ongoing year will be determined by the respective social insurance office on the basis of the estimated annual gross salary sum. At year end, the employer has to report a detailed annual declaration to the compensation fund. The process and forms vary from office to office. Most of the compensation funds offer electronic filing ("Elektronisches Lohnmeldeverfahren" (ELM) in an XML-format) for the year-end declaration.

Social insurance audits at the employer's offices will take place occasionally, roughly every fifth year, and are usually initiated by compensation funds.

Occupational Pension Scheme – notification of salary changes and personal data changes

Any of the following personal data changes need to be reported immediately to the respective occupational pension fund:

- ▶ Salary changes
- ▶ Suspension or resumption of work
- ▶ Unpaid leave
- ▶ Termination
- ▶ Early retirement
- ▶ Announcement of death
- ▶ Incapacity to work

Family allowances

The children and education allowances paid to employees together with the monthly payroll will be refunded by the family compensation fund (FAK) on a monthly basis. In general, the credit balance will be offset against the monthly contributions for AHV/IV, ALV and FAK.

At the end of the year, the employer has to submit a detailed annual declaration to the family compensation fund, the compensation fund, or both, together with the annual declaration for the AHV/ALV/FAK contribution.

Income compensation in case of maternity (MSE) and military service (EO)

Income compensation is a compulsory Swiss social insurance paying compensation for loss of earnings to persons while serving in the army, civilian service or civil defense, as well as to expectant mothers. All persons living

and working in Switzerland mandatorily insured with the AHV may at the same time benefit from EO/MSE which is being financed through separate contributions.

Women who, prior to childbirth, have been insured with AHV for at least nine months, and have worked for at least five months of those (part- or full-time), are covered by the maternity insurance (MSE). The contributions made in an EU/EFTA country count as well. The compensation is paid as a daily allowance and depends on the income before the birth of the child. The amount of compensation is about 80% of the average income before maternity, capped at CHF196 per day. The application forms may vary from one compensation fund to another. Both the employee and the employer have to complete information on the application form to be submitted to the respective compensation fund.

An employee is entitled to loss of earnings (EO) during Swiss military service and equally treated J and S courses (Jugend and Sport or Youth and Sports), whether living in Switzerland or abroad. The rate of compensation depends on different factors: rank and type of military service, number of children on charge, average income before absence, etc. The amount of compensation is about 80% of the hitherto average income, at least CHF62 per day capped at a maximum of CHF196 per day. During this covered absence, an employee needs to complete an EO-form and hand it over to the employer for completion and submission to the respective compensation fund.

Employees still being paid as usual by their employer during the duration of maternity or military service are not entitled to this compensation which, in these cases, will be paid directly to the employer.

Accident insurance (NBU/BU)

For this insurance, the employer is obliged to remit the entire premium to the employees' accident insurer (NBU means non-occupational and BU means occupational accident insurance). The maximum amount of insured income is currently CHF148,200.

Premiums for occupational accident insurance (BU) are fully borne by the employer. The premiums for non-occupational accidents (NBU) are, as a matter of principle, borne by the employees. Agreements in favor of the employees can be and are regularly applied by an employer.

The cantons monitor compliance with employers' and employees' insurance obligations. Employers are obliged to provide the necessary information to the cantonal compensation fund. At the end of the year, the employer has to submit a detailed annual declaration to the chosen accident insurer.

Following an accident – regardless of whether it is occupational or non-occupational – employees have to notify their employer without delay. The employer in turn needs to notify the insurance company immediately about

the accident. The employee or the treating physician has to truthfully complete a form to be sent, without delay, to the company's accident insurance provider.

Tax at source declaration

A detailed statement of accounts shall be made on the cantonal form for the settlement of accounts concerning the deducted tax at source (QST). If there is no decision on the settlement period, the settlement of accounts shall be established on a monthly basis or, if fewer than 10 employees are subject to tax at source, on a quarterly basis. The frequency of filing and settling tax at source and the forms which need to be provided to the cantonal tax offices differ from canton to canton. Some cantons offer electronic filing (ELM). The settlement of accounts shall be submitted to the cantonal tax office within 15 days from the expiry of the settlement period. Employers can withhold a tax entitlement provision (Quellensteuerprovision) as remuneration for administrative work. The percentage of the provision varies from canton to canton.

The tax office in charge depends on the employee's canton of domicile. In some cantons, employers may be asked to provide additional reports and documents at the year end (e.g., a "liste récapitulative" and "attestation quittance" in Geneva). More information is available from the tax office in the respective canton.

Annual salary certificates (Lohnausweis)

At year end, each employer is mandatorily obliged to issue salary certificates for all their employees employed during the past calendar year. This is to declare all benefits paid to active or inactive employees, or both, during the calendar year. This salary certificate is intended for the employee's individual annual tax return, as in Switzerland this is a private matter. Some cantons, at present Basel-Stadt, Basel-Land, Bern, Fribourg, Jura, Neuchâtel, Solothurn, Vaud and Valais, request to receive a copy of the employee's salary certificate and attachment (if any) directly from the employer for information reasons.

In addition to the salary certificate, there are reporting obligations for employees entitled to equity and similar awards (mainly as an attachment to the salary certificate). However, in any case, after the termination of employment, direct reporting is required for the purposes of income tax, withholding at source and social security, as well as for taxable benefits realized. Employers must report equity-based employee benefits at grant and, if taxable, at a later stage at realization or vesting of the taxable benefit. For example, in the case of options that are not quoted, reporting must occur at grant and at exercise.

Equity awards	Taxation point	When to declare in the salary certificate			
		Grant	Attachment	Exercise or payout	Attachment
Shares	At grant	x	x	Not applicable	Not applicable
Options	At grant	x	x	Not applicable	Not applicable
	At exercise	x	x	x	x
Restricted stock unit	Share delivery at vesting	x	x	x	x
Phantom shares	Realization or payout	x	x	x	x

2. Pension requirements

Pension is part of the Swiss social insurance system and therefore the same registration and compliance requirements mentioned in the government requirements section apply here.

3. Employment obligations

Work permit

Switzerland has a dual system for the admission of foreign workers. Gainfully employed nationals from the EU-27 or EFTA states can benefit from agreements on the free movement of persons. Only a limited number of management level employees, specialists and other qualified employees are admitted from all other countries.

A work permit is principally required before the commencement of work (although residents from EU-17 countries, i.e., the “older” EU member countries, do not require a work permit to commence work, just a residence permit). Different types of permit are available, including short and long stay, and each type offers a differing degree of freedom (e.g., B-permits allow the holder to change job and canton, whereas L-permits do not, and C-permits afford the same freedoms as Swiss citizens with regard to work-related matters). The Swiss authorities also make a distinction between temporary stays (of limited duration), short stays (of less than one year) and permanent stays (of unlimited duration).

The cantons are responsible for issuing these permits. For detailed information on the application procedure (where to apply, which form to complete, how long it will take, etc.), contact the respective cantonal authorities.

The following rules apply to cross-border commuters from EU-27 or EFTA1 member states:

- ▶ The place of residence must be in an EU-27 or EFTA member state.
- ▶ The employer or self-employed activity must be based in Switzerland.
- ▶ Cross-border commuters must return at least once per week to their place of residence outside of Switzerland.
- ▶ Cross-border commuters have the right to occupational and geographical mobility all over Switzerland.

Swiss Labor Law

Although there is no specific Swiss Labor Law, the main source that regulates labor law in Switzerland is the Federal Legislation. The federal ordinances (i.e., Swiss Code of Obligations - OR, articles 319 - 343) play a very important role, together with collective agreements (if any agreed) and standard contracts. There is a distinction between private labor law, which empowers the provisions of the employment contract and public labor law which imposes some minimal standards for work protection.

4. Payroll requirements

Employees must be paid monthly no later than the end of the month. In Switzerland, it is common practice to pay out salaries on the 25th of the month (depending on weekend and legal holidays). The payments are made in Swiss francs unless otherwise specified (OR, article 323b), usually into the employee's bank account.

Payslip

All employees must be provided with a standard payslip on their pay day. Hardcopy payslips can be handed to the employee directly, provided via mail to the employee's home address (still the most common way) or provided as a softcopy electronically through an employee self-service internet portal.

5. Banking requirements related to payroll

Payments can be made via bank account or PostFinance account. It is recommended that all employees have a bank or PostFinance account, or several if they wish for payments to be split. It is not common in Switzerland to pay salaries by check or cash (payroll cash payments at the place of work are now uncommon in Switzerland).

Taiwan

T



1. Government requirements

Registration requirements

Social insurances

The social insurances in Taiwan cover labor insurance and national health insurance. The labor insurance is a compulsory social insurance covering workers who make money by working, and is implemented as comprehensive insurance. The national health insurance (NHI) is a type of social insurance system in which each participant is required to pay a monthly insurance premium in return for medical treatment for childbirth, illness or injury. The insuring party, according to The Labor Insurance Act and the National Health Insurance Act, is the institution or employer that employs the insured, or the organization to which the insured belongs. In addition to the above, the supplementary Second Generation NHI was also announced in 2013 to improve the current national health insurance program. For any new business that enters Taiwan, it shall apply the labor insurance and NHI numbers to the insurance bureaus after the business completed the legal entity setup procedure. These numbers can be used to enroll the hired employees into the social insurance program.

Ongoing compliance requirements

Payroll withholding tax payment

The term "tax withholder" as used in the Income Tax Act means a person or business who is required under this act to withhold income tax from the payment to be made to a taxpayer. The withholding tax should be withheld at the time when payment is made and the withholding tax should be paid by the following timeline:

- ▶ Tax resident (person who stays in Taiwan over 183 days): The withholding tax shall be paid before 10th of the following month when the payment is made.
- ▶ Non-tax resident (person who stays in Taiwan under 183 days): The withholding tax shall be paid within 10 days when the payment is made.

In practical, the withholding tax can be paid by cash or check at the bank counter or convenience stores if the tax is less than a certain amount. Currently there is no option for transferring the tax payments electronically to the tax authorities.

Withholding tax return filing

Besides the withholding tax payment, the business is also required to file the withholding tax return for the taxpayers by the following timeline:

- ▶ Tax resident: Annual filing the withholding tax return by 31 January of the following year.
- ▶ Non-tax resident: The withholding tax return shall be filed within 10 days every time the payment is made.

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Annual supplementary second generation NHI reporting

Under the National Insurance Act, the business is also required to file the annual reporting of monthly Second Generation NHI premium paid by the employees. The filing timeline is 31 January of the following year.

2. Pension requirements

Registration requirements

Pension is governed by the Labor Standards Act (hereinafter referred to as the “old scheme”) and the Labor Pension Act (hereinafter referred to as the “new scheme”) (after 1 July 2005). All employers in Taiwan are required to contribute a certain minimum amount toward superannuation support for their workers. For any new business entering Taiwan, it shall apply the pension number (new scheme) to the Labor Insurance Bureau after it completes the legal entity setup procedure. This number can be used to enroll the hired employees into the pension program.

Ongoing compliance requirements

The rate of contribution by an employer to the labor pension fund per month shall not be less than 6% of the employee’s monthly wages. An employee may voluntarily contribute up to 6% of his or her monthly wages per month to his or her pension fund account. The full amount of the voluntary pension contribution made by an employee may be deducted from the employee’s taxable income in the year concerned. Local employees hired after 1 July 2005 and onward are applicable under the new scheme only; while foreign workers remained under the old scheme. Local employees who stayed in the same company before 1 July 2005 and who are planning to continue working in the same company can choose to remain under the old scheme. The employer must set aside pension reserves under the old scheme for foreign workers or those who are applicable under the old scheme to the account in Bank of Taiwan with a rate from 2% to 15%.

3. Employment obligations

Employment law and minimum employment requirements

Taiwan’s comprehensive labor rights protection system is primarily based on the Labor Standards Act, the provisions of which stipulate the basic wage, working hours, weekends and holidays, and other basic working conditions. For persons paid by the month, the minimum monthly wage required by law is NTD24,000 (as of 1 January 2021); for persons paid by the hour, the minimum hourly wage is NTD160 (as of 1 January 2021). In addition to the minimum wage, the employer must provide overtime pay in accordance with regulations. Provisions related to national holidays and leaves are specified in the Labor Standards Act, the Regulations of Leave-taking of Workers, and the Act of Gender Equality in Employment. Also, workers who have worked continuously for the same employer or unit for certain completed spans of time are entitled to annual leave.

The Act of Gender Equality in Employment, which seeks to eliminate gender discrimination and prevent sexual harassment, along with other regulations that provide for equality in employment, such as the right to apply for no-pay parental leave, guarantee the basic rights of workers.

4. Payroll requirements

Payroll payments

According to Labor Standard Act, except otherwise agreed by the parties to a labor contract, or where wages are paid in advance on a monthly basis, wages shall be paid on a regular basis at least twice a month. This shall also apply to wages computed on a piecework basis.

An employer shall keep a worker payroll roster in order to record entries such as wages payable, the items of wage computation and the total sum of wage payment. This payroll roster shall be kept on file for at least five years.

5. Banking requirements related to payroll

In Taiwan, payroll payments can be mostly paid by one or combination of:

- ▶ Cash
- ▶ Check
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each pay period. For employees receiving foreign currency payment, the withholding tax is calculated based on the foreign exchange rate of the payment date.

Under Taiwan foreign exchange controls, a subsidiary or a branch office may remit in/out unlimited funds for the import/export of goods and services.

Except for the abovementioned circumstances and getting an approval from the competent authority, a subsidiary or a branch office is allowed to remit inward/outward with accumulated amount not exceeding USD50 million in a calendar year.

Tanzania

T



1. Government requirements

Registration requirements

Registration for a tax number

When an entity enters Tanzania, it must register with the Tanzania Revenue Authority (TRA) to get a Tax Identification Number (TIN) which will enable the company to pay tax in the country. As long as the entity has registered for a TIN number, no further registration for payroll tax is specifically required. It is the employer's obligation to withhold payroll tax, i.e., Pay-As-You-Earn (PAYE), and submit the same to the TRA on the seventh day following the month of deduction. This requirement is governed by the Income Tax Act (ITA), 2004.

Registration with the Social Security Fund

Tanzania's social security system requires both the employer and the employee to be registered and to have a membership number. The statutory contribution rate is 20% of the gross salary or the basic salary depending on the scheme the employee is registered for. The percentage of contribution to the fund is divided between the employer and the employee based on the requirement of the respective fund and agreement between employer and employee. The payments to the authority are done on a monthly basis together with the filing of the monthly return to the authority.

Workers' Compensation Fund

Since 1 July 2015, employers have been subject to making contributions to the Workers' Compensation Fund (WCF). The contributions are payable on a monthly basis and are calculated as a percentage of employee's monthly earnings – 1% for private sector and 0.5% for public sector.

Contributions are to be made on or before the last working day of the month after the end of the month to which the contribution relates. The employer should complete and submit the fund Form No. WCP-1 to support the remittance contribution.

The employer should also submit the return of employees' annual earnings to the Director of the Workers' Compensation Fund by 31 March each year.

The Workers' Compensation Fund is a fund established under Section 5 of the Workers' Compensation Fund Act No. 20 of 2008.

Ongoing compliance requirements

PAYE withholding obligation

A resident employer is obliged to withhold the PAYE from the employee's salary on a monthly basis, and file the statement of taxes withheld from employees through the TRA e-filing system. The employer is required to include all employees' TIN numbers when filing PAYE at the same time the debit note will be generated, thereafter a control number is produced to remit the payment of the same to the TRA on or before the seventh of the following month.

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The salaries and wages received by the employee are subject to income tax at four progressive tax rates ranging from 9% to 30%. The requirements are governed by the ITA, 2004 and the Tax Administration Act (TAA), 2015.

Skills and Development Levy (SDL)

This levy is payable by employers who have four or more employees. The rate is 4.5% (effective 1 July 2020 – previously 4.5%) on gross emoluments, excluding benefits in kind. SDL payments and returns through the e-filing system are made on a monthly basis and are to be made on or before the seventh day after the end of the month to which the payment relates.

Filing biannual PAYE and SDL returns

After every six months, the employer is obliged to file the biannual return on both PAYE and SDL, i.e., every 30th day of January and July. The requirements are governed by Section 84 of the ITA, 2004.

2. Pension requirements

Registration requirements

Registration with a pension fund

Tanzania does not have a comprehensive social security system. However, the following pension funds are available with these contribution rates:

- ▶ Public Service Social Security Fund: for employees in the public sector (5% employee contribution and 15% employer contribution on basic salary)
- ▶ National Social Security Fund: for employees in the private sector (10% employee contribution and 10% employer contribution on gross emolument)
- ▶ Both the employer and the employee are required to register in one of the funds.

Both the employer and the employee are required to register in one of the funds.

Ongoing compliance requirements

Monthly contribution from the salary

The employer is required to contribute and remit the contribution to the pension fund every month.

3. Employment obligations

Labor Law

The employer should follow the Tanzanian Labor Law for all employment issues, such as:

- ▶ Working hours, rest and vacations
- ▶ Salary frequency and minimum wage
- ▶ Occupational safety and health
- ▶ Vocational training
- ▶ Labor dispute

Such issues are normally governed by the Labor Law in Tanzania.

Labor Contract law

The employer should follow the Labor Contract Law to:

- ▶ Sign labor contracts with employees on time
- ▶ Renew labor contracts with employees on time
- ▶ Terminate labor contracts with employees with severance pay or without severance pay when meeting certain criteria

4. Payroll requirements

The employer should follow the Interim Provisions on the Salary Payment to make payroll arrangements.

The salaries shall be paid on the dates agreed between employers and employees. In case of holidays or non-business days, the salary shall be paid on the previous working day. The remuneration shall be paid, at least, once a month; if the employee is on a weekly, daily or hourly contract, remuneration may be paid every week, day or hour.

5. Banking requirements related to payroll

Payroll payments can be paid by any one or a combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (EFT) or bank transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid during each pay period.

Banking of PAYE and SDL

Employers pay PAYE and SDL by first registering in the online TRA system (gateway system) and then the system generates the approval for the company to pay the required amount, by providing the reference number which the employer has to use while making payment.

The payment in local currency can only be made through EFT or bank transfer.

Thailand

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1. Government requirements

Registration requirements

Payroll withholding tax

In Thailand, the employer has an obligation to calculate and deduct withholding tax under progressive rates as well as social security tax based on rates stipulated by the social security office.

Social security fund

Social security fund is the fund that guarantees the insured with benefits in case of illness, injury, disability or death (not resulting from work), including maternity, invalidity, old age and unemployment. The insured employees should be above 15 years of age and not more than 60 years of age and have worked in establishments with employees that hire more than one employee. Employers with one or more employees must register within 30 days in case of new employees. The employer has to register with the social security fund by submitting the registered employer form together with relevant employer and corporate documents.

Workmen compensation fund

Workmen compensation fund is a fund that pays compensation to the employee for sickness, injury or death due to work, prevention or treatment of a disease or sickness benefits. This happens according to the nature or conditions of work or disease, as a result of work for the employer. For employers with more than one employee, it is obliged to register the workmen compensation fund together with the social security fund within 30 days.

Ongoing compliance requirements

Payroll withholding tax

The employer needs to remit the tax deduction by filing monthly payroll withholding tax return with the Revenue Department within 7 days of the following month via hard copy and 15 days of the following month via e-filing (an approval for e-filing is required). However, due to the COVID-19 pandemic, e-filing due date for the month of January 2021 to May 2021 have been extended to the end of tax month due (i.e., e-filing of April 2021 due within the end of May 2021). The employer is required to file a summary of payroll withholding tax return on an annual basis with the Revenue Department by the end of February of the following year.

Social security contributions

The employer is required to deduct social security contributions from its employees' wages and contribute its share in an amount equal to the employees' contribution and submit the social security tax return within 15 days of the following month either in hard copy or e-filing (an approval for e-filing is required). The rate of contribution on the first THB15,000 is capped at THB750 per month. However, due to the COVID-19 pandemic, the rate was reduced to 2% with the maximum deduction of THB300 from September

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to November 2020. This reduction in rate was further extended to 2021 per the below:

Month (2021)	Employer rate	Employee rate
January 2021	3% (cap at THB450)	3% (cap at THB450)
February 2021	3% (cap at THB450)	0.5% (cap at THB75)
March 2021	3% (cap at THB450)	0.5% (cap at THB75)

From April 2021 onward, the rates reverted to THB750.

However, following the announcement by the Social Security Office in May 2021, the contribution rate has been

reduced to 2.5% for both employer and employee from June to August 2021.

Month (2021)	Employer rate	Employee rate
June 2021	2.5% (cap at THB375)	2.5% (cap at THB375)
July 2021	2.5% (cap at THB375)	2.5% (cap at THB375)
August 2021	2.5% (cap at THB375)	2.5% (cap at THB375)

From September 2021 onward, the rates will revert to THB750.

Workmen compensation contributions

Employers pay contributions on a yearly basis. The contribution is based on the calculation of the wages to be paid to the employee for each year and up to THB240,000 per year. The contribution rate is set based on the risk profile of the employer's business. The employer is required to pay contributions by submitting the contribution forms in January and March of the following year.

2. Pension requirements

Registration requirements

Provident fund is a fund set up voluntarily between the employer and employees. The contribution to be made by the employer shall always equal the rate of the employee's savings or higher. Therefore, setting up of a provident fund can be regarded as a kind of benefit to motivate employees to work for the employer.

Ongoing compliance requirements

The employer is required to make the provident fund contributions with the fund manager within three working days after pay day.

3. Employment obligations

Labour Protection Act

The minimum wage rate is dependent on the locality/ province with the highest rate of THB336 per day as determined by the Wages Committee under this Act. The standard working hours shall not exceed 8 hours per day and total working time per week shall not exceed 48 hours. Employees are entitled for overtime if working beyond or

in excess of normal working time or exceeding the working hours agreed between the employer and the employee.

On working days, an employer shall arrange a rest period during work for its employees of not less than one hour per day after the employee has been working for not more than five consecutive hours. Sick leave is provided as long as the employee is actually sick. For sick leave of three days or more, the employer may require employee to produce a certificate from a first class physician or an official medical establishment. An employer shall announce not less than 13 traditional holidays per year in advance for employees, including National Labour Day as specified by the Minister.

An employee who has worked for an uninterrupted period of one year, is entitled to annual holidays of not less than six working days in one year.

An employer needs to pay severance pay to an employee upon termination of employment with certain conditions under this Act.

4. Payroll requirements

Payment shall be made not less than once a month.

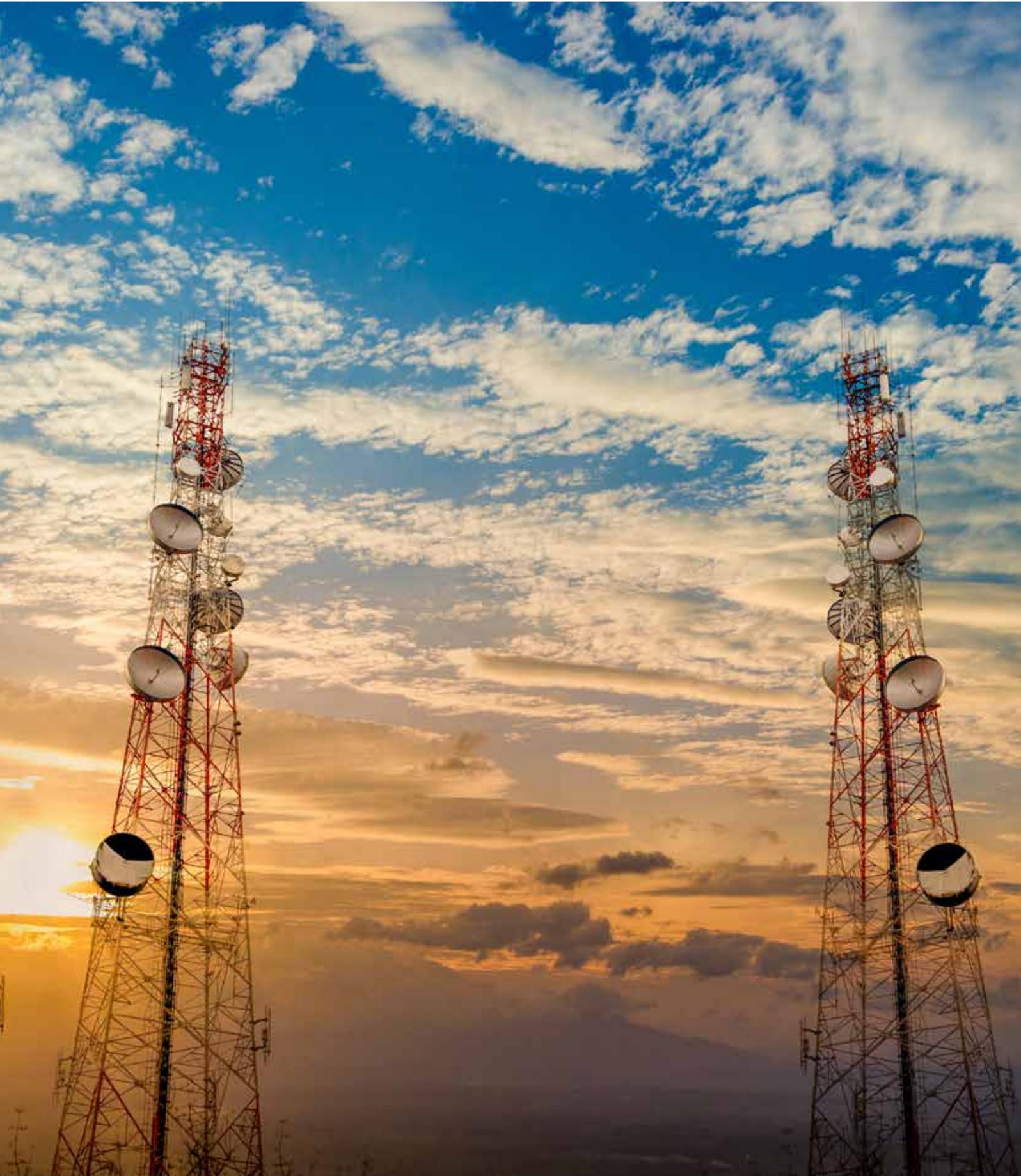
Payslips need to be provided to employees at the date of payment.

5. Banking requirements related to payroll

Payment can be made by cash, check, bank transfer. In case of paying cash, the signature of the employee needs to be obtained.

Uganda

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1. Government requirements

Registration requirements

Tax Identification Number (TIN) Registration

A company liable to pay tax in Uganda is obliged to apply to the Uganda Revenue Authority (URA) for registration.

Application for a TIN is free and is done online on the URA page and submitted together with the following attachments:

- ▶ Company form 18 which is a notice of situation of the registered office and portal address
- ▶ Company form 20 which lists the directors of the company
- ▶ Company form 25 which is a list of names and address of persons resident in Uganda authorized to accept service on behalf of a company incorporated outside Uganda
- ▶ Certificate of incorporation or registration (for foreign entities) issued by the Uganda Registration services Bureau (URSB)

Once this process is concluded, there is no further requirement to register for payroll taxes. Such registration creates obligations under the Income Tax Act Cap 340 to employers to withhold tax from the employee's gross salary and remit the same to the Uganda Revenue Authority by the 15th day following the month of deduction.

National Social Security Fund (NSSF) Registration

The National Social Security Fund Act Cap 22 mandates employers who have 5 or more employees between 16 and 55 years of age with an exception of employees under the Government Pension scheme to register and make monthly contributions. The Act also provides for voluntary membership for employers with less than five employees.

Registration can be done online or at any NSSF branch at no fee.

Local Service Tax (LST)

Local Service Tax is governed by the Local Government (Amendment) No.2 of 2008 and is levied on salaries, wages, and incomes of all persons in gainful employment.

Application for a LST number is free of charge.

Ongoing compliance requirements

Pay-As-You-Earn (PAYE)

An employer is required to withhold the PAYE from an employee's gross salary every month and remit the same to the Uganda Revenue Authority by the 15th day following the month of deduction.

In addition to payment of PAYE, the Tax Procedure Code Act, 2014 mandates an employer to file PAYE returns by the 15th day of the following month to correctly account for PAYE on the employment income. These returns are downloaded from the URA portal, populated and submitted online.

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Tax rates applicable for resident individuals	
Chargeable income	Tax rate
Not exceeding Ushs.2,820,000 per annum (235,000 per month)	Nil
More than Ushs.2,820,000 (235,000 per month) but not exceeding Ushs.4,020,000 per annum (335,000 per month)	10% of the amount by which chargeable income exceeds Ushs.2,820,000/412 per annum (235,000 per month)
More than Ushs.4,020,000 (335,000 per month) but not exceeding Ushs.4,920,000 per annum (410,000 per month)	Ushs.120,000 (10,000 per month) plus 20% of the amount by which chargeable income exceeds Ushs.4,020,000 per annum (335,000 per month)
Exceeding Ushs.4,920,000 per annum (410,000 per month)	a. Ushs.300,000 (25,000 per month) plus 30% of the amount by which chargeable income exceeds Ushs.4,920,000 per annum (410,000 per month); and b. Where the chargeable income of an individual exceeds Ushs.120,000,000 (10,000,000 per month), an additional 10% charged on the amount by which chargeable income exceeds Ushs.120,000,000 per annum (10,000,000 per month)

Tax rates applicable for resident individuals	
Chargeable Income	Rate of Tax
Not exceeding Ushs.4,020,000 per annum (335,000 per month)	10%
More than Ushs.4,020,000 (335,000 per month) but not exceeding Ushs.4,920,000 per annum (410,000 per month)	Ushs.402,000 (33,500 per month) plus 20% of the amount by which chargeable income exceeds Ushs.4,020,000 per month (335,000 per month)
Exceeding Ushs.4,920,000 per annum (410,000 per month)	a. Ushs.582,000 [48,500 per month] plus 30% of the amount by which chargeable income exceeds Ushs.4,920,000 per annum [410,000 per month]; and b. Where the chargeable income of an individual exceeds shs.120,000,000 [10,000,000 per month] an additional 10% charged on the amount by which chargeable income exceeds Ushs.120,000,000 per annum [10,000,000 per month]

NSSF Returns and Payment

In accordance with the NSSF Act, employers are required to pay 15% of each employee's gross salary excluding non-cash emoluments monthly. Five percent of the contribution is deducted from the employee's salary and 10% is a contribution from the employer.

In accounting for these contributions, NSSF returns must be filed by an employer by the 15th day following month of deduction.

Local Service Tax returns and payment

The Local Government Act imposes an obligation to file annual LST returns with the Local Government of Uganda within the first four quarters of each fiscal year.

The LST rates schedule is as follows:

Uganda Local Service Tax Rates	
Amount of monthly income earned in Ush)	Amount of local service tax in Ushs per year
Below 100,000	0
From 100,000 to 200,000	5,000
From 200,000 to 300,000	10,000
From 300,000 to 400,000	20,000
From 400,000 to 500,000	30,000
From 500,000 to 600,000	40,000
From 600,000 to 700,000	60,000
From 700,000 to 800,000	70,000
From 800,000 to 900,000	80,000
From 900,000 to 1,000,000	90,000
One million and above	100,000

2. Pension requirements

In accordance with the pensions Act cap 286 provides for the grant and regulation of pensions, gratuities and other allowances in respect of the public service of officers under the Government of Uganda.

Civil servants in Uganda are not liable to NSSF but instead have pensions put in place by the Government of Uganda.

Where that is not the case, a pension scheme or provident fund is a voluntary arrangement between an employer and employee. The Uganda Retirement Benefits Regulatory Authority is the body charged with licensing pension schemes in Uganda.

Ongoing compliance requirements

Compliance requirements depend on the type of scheme or fund. They may be annual contributions, monthly payments depending on the circumstances.

3. Employment obligations

The Employment Act, 2006 governs individual employment relationships. The Act applies to all employees employed by an employer under a contract of service.

The employer's obligations include:

- ▶ Issuance of employment contract which attribute rights and responsibilities between parties and is government by contractual principles of offer, acceptance, consideration and legality.
- ▶ Payment salary or wages to employees periodically as agreed
- ▶ Overtime payment where an employee has exceeded agreed time frames

- ▶ Duty of employer to provide work
- ▶ Promotion of equal opportunities and protection against discrimination
- ▶ Protection from sexual harassment
- ▶ Obligation to consult employee before transfer of contract is made
- ▶ Restriction from employing children below the age of 12
- ▶ Obligation to ensure all expatriate labour force have work permits and are in Uganda legally
- ▶ Employer to repatriate an employee who has been recruited from a place which is more than 100km from his or her home
- ▶ An employer must accord an employee at least one day per week to rest.
- ▶ Working hours per week are 48 hours maximum however where a person is working in shifts, the hours shall not exceed 10 hours a day or 56 hours a week.
- ▶ According employees fully paid annual leave of 21 days taken at a time agreed between the employer and employee.
- ▶ Full payment on public holidays or in instances where the employee works on a public holiday, they are entitled to receive a pay not less than double the rate payable for work on a day that is not a public holiday
- ▶ According employees sick leave with full pay for a month
- ▶ Allowing pregnant women to take fully paid maternity leave of three months
- ▶ Paternity leave of four working days
- ▶ Obligation by both parties to give notice of termination of contract. This notice varies depending on the period of service and ranges from two weeks to three months' notice
- ▶ Employer has an obligation to provide proof of reason for termination of employees
- ▶ Employer must take reasonable care to ensure work premises are safe.

4. Payroll requirements

Some companies provide employees with payslips either electronically or physical slips in the month following payment.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of;

- ▶ Cash
- ▶ Check
- ▶ Electronic Funds Transfer

Where cash is the preferred mode of payment, the employer and employee should sign on a record to confirm that the stated amount of money has been duly paid to the employee.

Ukraine

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1. Government requirements

Registration requirements

State registration

In order to enter the Ukrainian market, the client should register its business presence in Ukraine. If the client contemplates hiring employees in Ukraine, it may register a separate legal entity in Ukraine or register a representative office or a branch. The legal entity, representative office or branch will thus be considered as an employer. Depending on a form of the business presence, the registration procedures (including for payroll and social security purposes) varies.

Registration of a legal entity

In order to register the legal entity, the client should file with the Ukrainian state registrar a registration application on state registration of the incorporation of a legal entity. The tax registration of the legal entity (including for the general tax purposes, payroll and social security purposes) is performed automatically through the Ukrainian state registrar, as based on the registration application filed by the client, it transfers all the required data to the tax authorities, which registers the legal entity for tax purposes. This procedure is established in the Law of Ukraine "On State Registration of Legal Entities, Private Entrepreneurs, and Public Formations" No. 755-IV dated 15 May 2003 (the "Law on State Registration"), Order on Registration of Taxpayers approved by the Order of the Ministry of Finance of Ukraine No. 1588 dated 9 December 2011 (the "Order on Registration of Taxpayers"), and Order on Registration of Payers of Unified Contribution on Mandatory State Social Insurance approved by the Order of the Ministry of Finance of Ukraine No. 1162 dated 24 November 2014 (the "Order on Registration of Unified Social Contribution Payers").

There is no registration fee applicable for the state registration of the legal entity and tax registration of the legal entity.

Registration of a representative office or a branch

Registration with the Ministry of Economic Development and Trade of Ukraine (the Ministry)

In order to register the representative office or the branch in Ukraine, the client should first undergo the registration procedure with the Ministry. To apply for the registration with the Ministry, the client should file the registration application, supported with certain documents. Requirements to the registration application and list of the supporting documents to be supplemented, as well as details of the registration procedure are defined in Instruction on Registration of Representative Offices of Foreign Business Entities in the Ukraine approved by Order of the Ministry of Foreign Economic Affairs and Trade of Ukraine No. 30 dated 18 January 1996.

The statutory duty for such registration is USD2,500.

Registration with the Ukrainian statistics authorities

After the representative office (branch) is registered with the Ministry, the client should undergo registration of the representative office (branch) with the Ukrainian statistics authorities, which introduces information on it to the Unified State Register of Companies and Organizations of Ukraine. The registration with the Ukrainian statistics authorities is ruled by the Resolution of the Cabinet of Ministers of Ukraine "On Establishment of the Unified State Register of

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Companies and Organizations of Ukraine" No. 118 dated 22 January 1996. Registration fee is immaterial and does not exceed UAH100.

The statistics authorities assign to the representative office (branch) an identification code, which further also serves as a tax registration number of the representative office (branch).

Registration with the Ukrainian tax authorities for general tax and payroll purposes

After the representative office (branch) is registered with the Ukrainian statistics authorities, it may be registered with the Ukrainian tax authorities for general tax purposes (applicable to the branch only) and payroll purposes.

According to the Order on Registration of Taxpayers, in order to be registered for general tax purposes and payroll purposes, the representative office (branch) should file with the local tax authorities a registration application under form 1-OPP (form 1-RPP for the branch). No registration fee applies.

Registration with the Ukrainian tax authorities for social security purposes

According to the Order on Registration of Unified Social Contribution Payers, in order to be registered for social security purposes, the representative office (branch) should file with the local tax authorities a registration application under form 1-ESV.

No registration fees applies.

New employees

The employer is obliged to inform the State Fiscal Service of Ukraine about new employees at least one day prior to an employee's first day of employment by submitting a notification form. The notification can be submitted electronically or in paper. (Resolution of the Cabinet of Ministers of Ukraine #413 of 17 June 2015).

Ongoing compliance requirements

Personal Income Tax (PIT) withholding obligation

The Ukrainian employer should act as a tax agent in respect to the income (both in cash and in kind) paid to its employees through the Ukrainian payroll, and is obliged to withhold and remit PIT to the state budget of Ukraine at the source of payment. PIT arising from the income paid to employees via bank transfer should be remitted to the state budget of Ukraine on the same day that the income is paid. PIT arising from income in the form of benefits in kind and cash payments made through the employer's cash register should be remitted to the state budget of Ukraine the next day after income is paid.

Employment income is taxed at a 18% PIT rate (Tax Code of Ukraine No. 2775-VI effective 1 January 2011, as amended).

Military levy withholding obligation

Any income, which is subject to PIT, is also subject to the military levy at a 1.5% rate (Tax Code of Ukraine No. 2775-VI effective 1 January 2011, as amended).

Payroll reporting obligation

The Ukrainian employer shall submit quarterly reports to the State Fiscal Service of Ukraine, disclosing information on the compensation paid to its employees and taxes withheld from such income. Quarterly reports should be filed within 40 days upon the end of the respective quarter.

2. Pension requirements

Registration requirements

Pension contributions are included into the social security contributions (the Unified Social Tax). There is no need for the company to separately register for pension contributions. As mentioned earlier, the registration of the legal entity for social security purposes is performed automatically through the Ukrainian state registrar, while registering the new legal entity in Ukraine.

The representative office (branch) should file with the State Fiscal Service a registration application (form 1-ESV) to register for social security (including pension) contributions.

Ongoing compliance requirements

Social security contributions (the Unified Social Tax (UST))

Social security contributions in Ukraine is due in the form of the Unified Social Tax (the UST). The UST is a single payment, which includes pension, unemployment, temporary disability and accidents at workplace insurance contributions. The employer accrues the UST on top of the employees' compensation paid through the Ukrainian payroll at a 22% rate. The maximum monthly base for the UST accruals is 15 minimum wages (currently UAH90,000 as of 1 January 2021). The UST contributions are processed by the State Fiscal Service of Ukraine.

Special UST accrual rates (8.41%, 5.3% and 5.5%) apply to income of disabled individuals. (The Law of Ukraine "On collection and accounting of a unified tax for mandatory state social insurance" #2464-VI of 08.07.2010)

3. Employment obligations

Minimum wages

The minimum monthly wage is currently established at the level of UAH6,000 as of 1 January 2021 - the amount changes throughout the year (usually on a quarterly basis). The minimum hourly wage currently constitutes UAH36.11 as of 1 January 2021. It is forbidden to pay the full-time employees less than the minimum monthly salary. (Labor Code of Ukraine #322-VIII of 10 December 1971, as amended; The Law of Ukraine "On payment for labor" #108/95-BP of 24 March 1995)

Working hours

The standard duration of working hours shall not exceed 40 hours per week. The regular working hours must not exceed seven hours per working day in six working days week and eight hours per working day in five working days week. Normal duration of working hours per month is established each year by the letter of the Ministry of Social Policy of Ukraine, considering all the statutory holidays and non-working days. Work beyond normal working hours are compensated at the increase rates, as follows:

- ▶ Overtime work: double regular pay rate
- ▶ Work on weekends and holidays: double regular pay rate (or another day-off)
- ▶ Work at night (work from 10 p.m. till 6 a.m.): 1.2 times the regular pay rate (Labor Code of Ukraine #322-VIII of 10 December 1971, as amended)

Rest periods

The duration of weekly uninterrupted rest shall be not less than 42 hours. There are 11 statutory holidays in Ukraine. If a holiday falls on the weekend, the day off is shifted to the following working day. The duration of a working day prior to a statutory holiday is shortened by one hour.

The employee is entitled to a break of up to two hours per shift (working day). Start time and end time of the break should be established by the internal documents of the company. Normally, a break for lunch shall be granted to employees after four hours of work (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended).

Leave days

The employee is entitled to an annual vacation of 24 calendar days per year. The employee receives a right to take an annual vacation after six months of continuous employment at a company. The employee is also entitled to have 15 calendar days of unpaid vacation. Moreover, additional types of vacation could be taken by employees if certain criteria are met, e.g., an employee has two children under 15; is a single parent, etc. Pregnant employees are provided with paid maternity leave for 126 calendar days (70 days before going into labor and 56 days after giving

birth). The employees could also take unpaid childcare vacation until a child turns three years old (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended; The Law of Ukraine "On vacations" No. 504/96-BP of 15 November 1996).

Employment matters are governed by the Ministry of Social Policy of Ukraine.

4. Payroll requirements

Payslips

The employer is obliged to inform employees on their earnings. Payslips can be provided either in electronic form or hard copy. (The Law of Ukraine "On payment for labor" No. 108/95-BP of 24 March 1995).

Payment frequency

The employee's salary should be paid twice a month over the period of time, not exceeding 16 days between the payments, and not later than 7 days after the end of the period for which the salary payment is made.

An advance payment should not be less than the remuneration for the actual time worked during the reporting period (i.e., the first part of the month). If the salary payment day falls on a weekend day, a holiday or a day off, the salary shall be paid the day before. Apart from the two regular salary payments mentioned above, there are certain types of unscheduled payments, such as vacation allowance, that should be paid three days prior to the start of vacation, and final settlement with a terminated employee that should be executed on his or her last working day (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended; The Law of Ukraine "On payment for labor" No. 108/95-BP of 24 March 1995).

5. Banking requirements related to payroll

Currency of payment

All the employee's salary and related payments should be done in local currency (hryvnia - UAH). It is impossible for the Ukrainian companies to pay salary in foreign currency.

Payment control process

Banks are acting as a control authority while processing the salary payments, ensuring that the taxes (PIT, military levy, the UST) out of the employee's respective compensation are paid to the budget of Ukraine.

United Arab Emirates

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1. Government requirements

Registration requirements

The General Pension and Social Security Authority (GPSSA) handles social security insurance for all the emirates excluding Abu Dhabi. Only UAE nationals, who hold a family book, or Gulf Cooperation Council (GCC) national employees, are entitled to be enrolled in the GPSSA pension scheme. UAE nationals who are not eligible for registration with the GPSSA and expatriates in the UAE are entitled to receive an end of service gratuity payment in accordance with the UAE Labor Law. Employers and GCC employees must make monthly contributions to the pension scheme. The contributions are calculated as a percentage of the salary and are mandated by each GCC country.

The Abu Dhabi Retirement Pension and Benefits Fund (ADRPBF) manages the social security contributions for UAE nationals in the emirate of Abu Dhabi. Similar considerations and obligations outlined above apply in Abu Dhabi.

Ongoing compliance requirements

Pension payment to the insured

In respect of government employment, an eligible UAE national employee is required to contribute 5% of their monthly salary and the government employer is required to contribute 15%. In respect of private sector employment, employers would pay 12.5% with an additional 2.5% being contributed by the government. The monthly minimum salary subject to social security contributions is AED1,000 and maximum of AED50,000 for GPSSA while ADRPBF contributions at AED3,000.00 and AED60,000.00 respectively. ADRPBF does not manage Social Security Insurance (SSI) and pension on behalf of GCC Nationals and this responsibility still lies with GPSSA. Where pension contributions are paid late, the GPSSA may impose relevant fines as applicable for each day the contributions are overdue.

2. Pension requirements

Pension contributions are due only in respect of nationals of the GCC countries. Registration and ongoing compliance requirements are as listed above.

3. Employment obligations

General employer obligations

Employment contracts

As part of the immigration process for foreigners, new employees must be given a Ministry of Human Resources and Emiratization (MOHRE) formatted job offer. The aim of the job offer is to ensure that foreign workers are fully aware of their rights, responsibilities and remuneration before coming to the UAE to complete the remainder of the immigration process. The ultimate employment contract has the same conditions as the job offer and the two are linked in the ministry

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system. The Official Federal Labor Contract is written in both Arabic and English and should state details such as the start date, location, type of employment, duration, salary and terms and conditions. This must be printed in two copies; one should be with the employer and the other with the employee. The electronic copy should be with the Labor Ministry. It has no legal effect unless submitted to the Ministry of Labor. There are two types of contracts - Limited and Unlimited.

Limited and Unlimited Contracts

The difference between Limited and Unlimited Contract is that Unlimited or Indefinite Contract is a renewable contract. The contract can be renewed upon expiration.

A Limited Contract on the other hand, only specifies a definite term or period of employment. Renewal of the contract upon expiration is not guaranteed.

Leave entitlements

Maternity leave

A working woman is entitled to a maternity leave of 45 days including the time before and after delivery. If the woman has completed one year of continuous employment for the same employer, she is entitled to full pay during maternity leave; otherwise, she is entitled to half pay.

Annual leave

For every year of service, an employee is entitled to annual leave of not less than the following:

1. Two days of leave for every month if his or her service is more than six months and less than one year
2. A minimum of 30 days annually, if his or her service exceeds one year

Annual leave is usually calculated on the basis of a calendar month rather than by working days.

Sick leave

The employee must report to the employer any injuries or illnesses preventing him or her from working within a maximum period of two days. After a period of three months of continuous service following the probation period, the employee is entitled to sick leave (continuous or intermittent) wages as follows:

1. Full wage for the first 15 days
2. Half wage for the next 30 days
3. Any following period will be without wage

4. Payroll requirements

Payroll requirements are governed by the UAE Labor Law. There is no specific guidance for payslips, however, in general practice, payslips are released to employees monthly.

Gratuity pay

The end of service gratuity is calculated on basis of the last wage which the employee was entitled to, namely the basic salary. Hence, it will not include allowances such as housing, conveyance, utilities, furniture, etc.

Under Limited Contract

In the event where the employer terminates a Limited Contract, the calculation will be as follows:

- ▶ If an employee has served for less than one year, he is not entitled to any gratuity pay.
- ▶ If an employee has served more than one year but less than 5 years, he is entitled to full gratuity pay based on 21 days' salary for each year of work.
- ▶ If an employee has served more than 5 years, he is entitled to full gratuity pay based on 30 days' salary for each year of work.

Under Unlimited Contract

In the event where the employer terminates an Unlimited Contract, the calculation will be as follows:

- ▶ If an employee has served for less than one year, he is not entitled to any gratuity pay.
- ▶ If an employee has served more than 1 year but less than 5 years, he is entitled to 21 calendar days' basic salary for each year of the first five years of work.
- ▶ If an employee has served more than 5 years, he is entitled to 30 calendar days' basic salary for each additional year, provided the entire compensation does not exceed two years' pay.

In the event where the employee under an unlimited contract resigns, calculation will be as follows:

- ▶ If an employee resigns before completing one year of service, he is not entitled to any gratuity pay.
- ▶ If an employee has served between 1 and 3 years, he is entitled to one-third of 21 days' basic salary as gratuity pay for each year of work.
- ▶ If an employee has served between 3 and 5 years, he is entitled to two-thirds of 21 days' basic salary as gratuity pay for each year of work.
- ▶ If an employee has served more than 5 years, he is entitled to full 21 days' basic salary as gratuity pay for the first 5 years of work and 30 days' salary for each subsequent year of work.

Employee Workplace Savings Plan

Effective February 2020, Dubai International Financial Center (DIFC) in UAE has introduced a progressive end of service benefit plan that offers employees a voluntary savings option - DIFC Employee Workplace Savings Plan (DEWS).

According to the scheme, for employees with a period of up to five years service, the employer will contribute a minimum 5.83% of basic salary as the monthly contribution.

For employees with a period in excess of five years service, the contribution will be 8.33% of basic salary.

All contributions should be made in USD.

5. Banking requirements related to payroll

WPS is only applicable to mainland entities registered within MOHRE in UAE. This does not apply to Freezones, except for Jebel Ali Free Zone in Dubai. The employer will have to transfer salary payments via WPS within two weeks of their due date, or on the dates specified in the work contract if such salary or wages are paid more frequently than monthly.

It is mandatory to have a local bank account and a salary transfer in UAE dirham.

United Kingdom

U



1. Government requirements

Registration requirements

Registration for Pay-As-You-Earn (PAYE)

A new employer in the UK is required to register a PAYE scheme with Her Majesty's Revenue and Customs (HMRC) in the PAYE month that the first pay date falls in. This registration can be done online as long as the company has UK directors or partners who hold National Insurance numbers. The appropriate PAYE scheme and Accounts Office reference numbers are issued by HMRC within 10 working days of the application. It is possible to run the payroll calculations without the reference numbers being in place but in this case, no liabilities should be paid over to HMRC and no electronic filing can be done until they are received. If the company has no UK directors or partners, it is possible to register by telephone directly with HMRC.

Ongoing compliance or filing requirements

Full Payment Submission (FPS)

An employer is required to make an electronic Full Payment Submission (FPS) on or before the pay date each period.

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An employer is also required to file an Employer Payment Summary (EPS) by the 19th of the following PAYE month to advise HMRC of any recoverable statutory payments or to advise them that there are no employees on the PAYE scheme if appropriate.

These filings are mandatory and automatic penalties arise for late submission. The company must be registered for online filing with HMRC to undertake this unless they have a third party operating the payroll on their behalf who can make these submissions.

Remittances

Every month, employers have to pay HM Revenue and Customs (HMRC) the tax and National Insurance (and any other deductions) the employer owes as reported on its Full Payment Submission (FPS) in the previous tax month minus the reductions on any Employer Payment Summary (EPS) the employer sent before the 19th in the current tax month.

Employers must make payment by the 22nd of the month (or the 19th if paying by post), otherwise employers may have to pay a penalty. If the employer usually pays less than GBP1,500 per month, then the employer may be able to pay quarterly instead of monthly.

2. Pension requirements

Registrations requirements

Under the Pensions Act 2008, employers must put certain staff into a pension scheme and contribute toward it. The dates (staging dates) that the employer is obliged to operate auto enrollment vary, as do contribution amounts.

Ongoing compliance requirements

An employer is required to comply with the ongoing requirements which will vary depending on staging dates and pension schemes.



3. Employment obligations

The Employment Law is not payroll-related. Certain statutory obligations are in place around payment due when an employee is on maternity leave, paternity leave, sick leave, adoption leave or shared parental leave. These areas are complex and will depend on the employees' circumstances.

4. Payroll requirements

Payslips

An employer is required to provide a payslip on or before the payment date showing the gross pay and deductions to each employee.

P45

An employer is required to provide a leaver's statement form P45, to employees who have left during the tax year.

P60

At the end of the tax year, an employer must provide, by 31 May, an end of year statement, form P60, to each employee who was in employment with them at 5 April.

P11ds

Employers must submit an end-of-year P11d form to HMRC for each employee who has been provided with expenses or benefits in the tax year ending 5 April. This report is due by 6 July. Employers must also complete a form P11d(b) form to report any Class 1A National Insurance due to be paid.

National Living Wage

The minimum wage a worker should get depends on their age and if they're an apprentice.

The National Minimum Wage is the minimum pay per hour almost all workers are entitled to. The National Living Wage is higher than the National Minimum Wage - workers get it if they're over 23.

It does not matter how small an employer is, they still have to pay the correct minimum wage.

HM Revenue and Customs (HMRC) officers have the right to carry out checks at any time and ask to see payment records. They can also investigate employers if a worker complains to them.

If HMRC finds that an employer has not been paying the correct rates, any arrears have to be paid back immediately. There will also be a fine and offenders might be named by the government.

It is the employer's responsibility to keep records proving that they are paying the minimum wage - most employers use their payroll records as proof. Employers need to keep all records created after 31 March 2018 for six years.

5. Banking requirements related to payroll

Payroll net payments can be made by any method and from either a UK or overseas bank account.

Liabilities to HMRC can be made from a UK or an overseas bank account. If payments are made from an overseas bank account, the charges should be accepted by the remitting bank so that the payments received by HMRC are not reduced by charges or exchange rate differences. Any differences will result in interest charges being levied on underpayments.



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1. Government requirements

Registration requirements

Federal registration

All US employers must obtain a federal employer identification number (EIN) from the Internal Revenue Service (IRS). To apply for an EIN, US employers must complete Form SS-4, *Application for EIN*. The Form SS-4 must list an individual with a US Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN) as the party personally liable for unpaid federal employment tax obligations.

State and local registration

When doing business in the US, employers must register in every state where they pay wages subject to a wage tax. Thus, registration is required in each state where state unemployment insurance (SUI) taxes are paid and in each state where income tax is withheld. In many states, employers must register separately for SUI and income tax withholding. Registration is also required for each locality where the employer is required to withhold or pay taxes. State and local registration forms can be complex, and the failure to properly complete them can result in costly assessments. Businesses frequently seek assistance from their tax advisors to complete the registration process.

Ongoing compliance requirements

Tax payments and reporting

Federal

Employers are required to make the payments of federal wage taxes, according to the IRS payment schedules and to file the related employment tax returns.

► **Form 941, Employer's Quarterly Federal Tax Return**

Employer and employee Federal Insurance Contributions Act (FICA) contributions and Federal Income Tax Withholding (FITW) are reported with the taxable wage amounts on Form 941. The Form 941 is filed at the end of the month, following the close of the calendar quarter (due dates are 30 April, 31 July, 31 October and 31 January).

► **Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return**

The total annual FUTA liability is reported on Form 940 by 31 January, following the close of the calendar year. Liabilities of more than USD500, at the end of the first three calendar quarters, must be paid to the IRS within 30 days following the end of the calendar quarter (due 30 April, 31 July and 31 October), with the total unpaid balance to be paid at the end of the fourth quarter (31 December), due by 31 January.

► **Form W-2, Wage and Tax Statement**

Employers are required to report federal income tax (FIT), and FICA wages and taxes withheld on the annual Form W-2. The employee's copy must be given to the employees by 31 January, following the close of the calendar year and the federal copies are filed with the Social Security Administration (SSA) by 31 January, following the close of the calendar year.

► **Form W-3, Transmittal of Wage and Tax Statements**

Tax Form W-3 is a transmittal of Forms W-2, which is forwarded to the SSA, showing the total earnings, Medicare wages, Social Security wages, and withholding for all employees, encompassing the entire year.

State and local

All states impose an income tax and an income tax withholding requirement, except for Alaska (AK), Florida (FL), Nevada (NV), New Hampshire (NH), South Dakota (SD), Tennessee (TN), Texas (TX), Washington (WA) and Wyoming (WY). Local payroll taxes for county, city and school districts are also imposed for localities within Alabama (AL), Delaware (DE), Indiana (IN), Kentucky (KY), Maryland (MD), Michigan (MI), Missouri (MO), New Jersey (NJ), New York (NY), Ohio (OH), Pennsylvania (PA) and West Virginia (WV). Withholding allowance certificates are required by some of these local taxing authorities, and each state and locality imposes its own tax payment schedule. Periodic returns of income tax withholding are also required with varying due dates, and most require that an annual state or local Form W-2 be provided to employees and filed with the taxing authority.

SUI

Under federal law, all states are required to have a SUI system. As a result, all the US states impose a SUI tax that is paid only by employers, except in AK, NJ and PA, where employees also pay SUI tax. SUI returns and wage reports are due at the end of the month, following the close of the quarter (due dates are 30 April, 31 July, 31 October and 31 January).

Note that an exception applies to Illinois, where wage reports are filed monthly (but the SUI returns are due quarterly).

New hire reporting

All employers are required to submit reports of their new hires to the state (or optionally, may submit their reports directly to the Federal Office of Child Support Enforcement). New hire reporting is used to enforce family support obligations and to prevent fraud in the filing of unemployment insurance claims.

2. Pension requirements

Social Security is part of the retirement plan for almost every American worker. It provides replacement income for qualified retirees and their families.

Social Security replaces a percentage of a worker's preretirement income based on their lifetime earnings. The portion of your preretirement wages that Social Security replaces is based on your highest 35 years of earnings and varies, depending on how much you earn and when you choose to start benefits.

There is no separate filing requirement. It is a part of the quarterly and annual filing requirement as mentioned above.

FICA

For 2021, employers and employees pay Social Security tax at 6.2% of covered wages up to USD142,800 for the year. Employers and employees pay Medicare tax at 1.45% of all covered wages. Employees pay Additional Medicare Tax of 0.9% on all wages in excess of USD200,000. Certain US visa holders are exempt from FICA tax and a Social Security treaty exemption may apply to certain US nonresident aliens.

3. Employment obligations

US businesses must comply with federal, state and local labor laws. These laws govern work conditions, minimum wages, hours of work, the frequency and manner of making wage payments, meals and rest periods, and the requirement for certain benefits, such as paid and unpaid leave. Federal labor requirements are enforced by the U.S. Department of Labor, state labor laws are enforced by state labor departments, and local laws are generally enforced by the city mayor or a county agency.

Following are some of the labor laws that apply:

- **Workers' compensation insurance:** Most states require that employers carry workers' compensation insurance that provides coverage for medical expenses and disability for work-related injuries and illnesses. Except in monopolistic states, where the workers' compensation insurance is provided only through a state fund, employers generally purchase this insurance through private carriers.
- **Health insurance coverage:** There is no federal labor requirement to provide health insurance to employees. However, under the Affordable Care Act (ACA), large employers are subject to a monetary penalty from the IRS for failure to provide a minimum level of health insurance coverage to employees. The penalty provisions apply to an employer with 50 or more full-time employees or full-time equivalents.

- ▶ **Minimum wage:** Under federal law, employees must generally be paid at least USD7.25 per hour. States and localities may require paying a higher hourly minimum wage.
- ▶ **Overtime pay:** Under federal law, nonexempt employees must generally be paid 1.5 times the regular rate of pay for all hours actually worked, over 40 hours per week. An exemption from the overtime pay requirement applies to certain categories of employees (e.g., executive, administrative and professional), provided the requirements are met. Some states and localities may require overtime pay for exceeding a daily hour threshold and, in some instances, may require an overtime rate of two times the regular rate of pay.
- ▶ **Paid time off:** There is no requirement for paid time off under federal law (an exception applies for employers with fewer than 500 employees, who are absent for reasons connected with COVID-19). Hence, there is no requirement to pay employees for the time off they take for sick leave, holiday or vacation. Numerous states and localities do impose paid time off for illness and other purposes.
- ▶ **Unpaid leave:** The federal Family and Medical Leave Act (FMLA) entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons, with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.

Most states impose requirements similar to the FMLA. Some states and localities also require unpaid leave for jury duty, voting, surgery for certain organ donors, and for other purposes.

FUTA

For each covered employee, employers pay 6.0% of covered wages up to USD7,000 for the year. A maximum credit of up to 5.4% applies, making the net FUTA tax rate 0.6% for most employers that pay their state unemployment insurance taxes on time and for the full amount. Exemptions from FUTA apply to public sector employers, nonprofit organizations and certain US visa holders.

4. Payroll requirements

Method of payment: In general, wages must be paid by cash or cheque. Most states permit payment by direct deposit or by debit card, but only with the written consent of employees and only if the employees are not subject to a fee to withdraw their pay.

Frequency of wage payments: Most states regulate the frequency at which employees must be paid. For instance, some states require that hourly employees be paid no less frequently than every two weeks.

Pay statements: Many states have specific requirements for the information that must be provided to employees each payday, including regular hours, regular pay, overtime hours and overtime pay.

Garnishment: An employer is responsible for executing garnishment orders and must deduct amounts from an employee's pay every period and transmit the funds to applicable agencies.

5. Banking requirements related to payroll

This section is not applicable to the US.

Venezuela

V



1. Government requirements

Registration requirements

Social security

In accordance with the Social Security Law governed under the Venezuelan Institute of Social Security (IVSS), the employer needs to register for social security by first making an application to the IVSS and establish a direct communication channel (usually an email address) between the company and the IVSS.

The employer will then receive an email with an application number in order to complete the application process through the Social Security website. Once this process has been completed successfully, the system will provide the option to print the registration certificate, which must be taken to the administrative office, along with the requirements that are mentioned in the Social Security website.

Additionally, the requirements must be submitted, which will be reviewed by an IVSS employee to verify the originality and authenticity of the data, and then proceed with the approval of the application.

Once the application is approved, the system automatically generates the access, which is sent through an email. The employer will be able to access the system thereafter.

The registration is required for all established companies.

Housing policy contribution

Housing policy contributions is governed by the Law of Housing and Habitat Regime under the National Housing and Habitat Bank (Banavih).

The employer should get a pre-registration through the National Housing and Habitat Bank (Banavih) website using the Tax ID number of the entity to be registered. The Banavih will send an email when the pre-registration is completed.

The following documents should be remitted to the Banavih office:

- ▶ Copy of Bylaws
- ▶ Copy of the Tax ID
- ▶ Copy of the Identity Card of the legal representative

The registration is required for all established companies.

Labor authorities

In accordance with the Organic Labor Law under the Ministry of Popular Power for the Work Process, all established companies need to register with Registro Nacional de Entidades de Trabajo (RNET) via mpppst.gob.ve.

The employer will need to provide the entity information such as legal conformation, Tax ID number, and email address (the same used for Tax ID purposes).

After this, the system sends an email with a verification code that will allow defining the users who will be able to register. Then, the system will display a screen with the data that must be submitted to make the registration request.

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National Institute for Socialist Educational Cooperation (INCES)

In accordance with the Law of National Institute for Socialist Educational and Cooperation under the National Institute for Socialist Educational Cooperation (INCES), companies with a minimum of five employees are required to register with INCES.

The INCES website generates the registration form of the National Registry of the Contributing (RNA) and the following are required:

- ▶ Original and copy of the Tax ID
- ▶ Original and copy of Bylaws
- ▶ Letter to the INCES on a letterhead with the company stamp and specifying the following information:
 - ▶ Address of the company
 - ▶ Telephone number
 - ▶ Legal representative or authorized person
 - ▶ Email address
 - ▶ Tax ID number
 - ▶ Social security number
 - ▶ Current status of the company

These requirements must be submitted in a brown folder with a hook.

Ongoing compliance requirements

Social security contribution

Under the Social Security Law, monthly social security contribution is required for all employees registered in the payroll.

Tax rates applicable:

- ▶ Employee contribution: 4% over the normal salary (with a cap of 5 minimum salaries)
- ▶ Employer contribution: According to the risk established by the SSO institute from 9% to 11%

Contribution must be paid by 16th of each month. Once the payment is canceled, you must enter the website www.ivss.gov.ve and generate the work solvency.

Insured registration (Form 14-02)

Under the Social Security Law, Form 14-02 is required for the registration for the first three days of the employee's ingress or entry.

Worker retirement participation (Form 14-03)

Under the Social Security Law, Form 14-03 is required for the registration of the first three days of the employee's exit.

Unemployment contribution

Under the Law of the Employment Regime, monthly unemployment contribution is required for all employees registered in the payroll.

Tax rates applicable:

- ▶ Employee contribution: 0.5% over the normal salary (with a cap of 10 minimum salaries)
- ▶ Employer contribution: From 2%, according to the risk established by the SSO institute

Contribution must be paid by the 16th of each month. Once the payment is canceled, you must enter the website www.ivss.gov.ve and generate the work solvency.

Housing policy contribution

Under the Housing Policy Law, monthly housing policy contribution is required for all employees registered in the payroll.

Tax rates applicable:

- ▶ Employee contribution: 1% over the total amount received by the employer
- ▶ Employer contribution: 2% over the total amount paid to the employees

The contribution must be paid within the first five business days of each month. Once the payment is canceled, you must enter the website www.faovel.banavih.gob.ve and generate the work solvency.

Income tax

Under the Income Tax Law, monthly income tax is required for any person who receives an annual remuneration that is higher or greater than one thousand tax units (UT).

Tax rates applicable:

- ▶ This rate will be defined with the AR-I Form, by each employee using the applicable wages, salaries and other remunerations.

INCES

In accordance with the INCES Law, quarterly contribution by the employer is required.

Tax rates applicable:

- ▶ The companies must totalize at the end of the quarter all the payments made to their workers as monthly salaries. Then, the employer will contribute 2% of the previous total.
- ▶ The employer must withhold 0.5% over the profit sharing payments.

The contribution of 2% must be paid on the first five business days of each month and 0.5% on the first 10 continuous days of each month. Once the payment is canceled, you must enter the website www.rncp.inces.gob.ve, record the payment and generate the work solvency.

2. Pension requirements

Registration and compliance requirements

Please refer to the earlier sections mentioned on social security.

3. Employment obligations

The following employment obligations are governed under the Organic Labor Law and Workers.

Minimum wage

This will be the current minimum salary based on 30-days per-month calculation published in the official gazette. Currently, the minimum salary is equivalent to VES400.000, and the Cestaticket (food ticket) is equivalent to VES400.000.

Days off

Employees should be granted two consecutive days of rest every week.

Paternal leave or license

Employees should be granted 14 days of paternal leave.

Maternal license

Employees should be granted 6 weeks of rest before delivery and 20 weeks of rest after it.

Vacation bonus

Employees should be granted 15 days of vacation bonus plus one additional day per year, with a maximum of 30 days.

Holidays

When a worker completes one year of uninterrupted work for a company, the employee will enjoy a period of 15 working days as paid vacations. Every following year will have an additional day of leave for up to 15 additional working days.

Profit sharing

Companies must distribute among their workers at least 15% of the liquid profits obtained at the end of their annual exercise. For this, liquid benefits shall be understood as the sum of the taxable net enrichments and those exempted under the Income Tax Law.

This obligation will have as a minimum limit, which is the equivalent of 30 days of salary, and a maximum limit, which is the equivalent to the salary of 4 months.

Severance payment

The employer will deposit to each worker's account the equivalent of 15 days of each quarter as a guarantee of severance payment. This is calculated on the basis of the last salary earned. This right is acquired from the moment the quarter begins.

Additionally, after the first year of service in the company, the employer will deposit to each worker's account - 2 more days of salary, for each year, accumulative up to 30 additional days of salary.

When the work contract or employment relationship ends, the employer must calculate a severance payment on the basis of 30 days for each year of service or a fraction greater than 6 months that is calculated with the last salary. After this, the employer must compare the total of this calculation with the calculation made under the guarantee methodology.

If the employment ends before the first three months, the payment to the worker will be five days of wage per month worked.

The severance payment must be made within five days after the conclusion of the contract. If the payment is not fulfilled within five days, it will generate interest at the active rate determined by the Central Bank of Venezuela.

4. Payroll requirements

The employer should provide payslips on a biweekly or fortnightly basis.

5. Banking requirements related to payroll

Name of payroll requirement: Text file (txt)

Governing legislature or law: Banking Method

Details of payroll requirement: The structure is provided by the bank.



1. Government requirements

Registration requirements

Tax Department

Tax code registration is compulsory for income paying bodies and individuals having income subject to Personal Income Tax (PIT). Income paying entities are required to register for a tax code within 10 working days from the issuance date of their business registration certificate. This tax code shall be used to declare and pay all kinds of taxes that such entities are subject to, such as Corporate Income Tax, Value Added Tax, and PIT. The tax code registration form must be lodged at the tax department where the income paying entity is located. Where an individual's PIT is withheld by an income paying entity, that entity must register a tax code for them at least 10 working days prior to the submission of the annual tax finalization return. Individuals who are subject to direct tax filings must register their individual tax code by the due date of the first tax declaration.

Social Insurance Department

There are three types of mandatory social security in Vietnam: Social Insurance (SI), Health Insurance (HI) and Unemployment Insurance (UI), which are together referred to as "SHUI". These compulsory insurances are organized by the State. When the employees contribute to compulsory insurances, they are covered under the insurance regime such as sickness, maternity, labor accident and occupational diseases, retirement, survivorship allowance and others. Income paying entities are required to register a Social Insurance code with their local Social Insurance Department.

When a new employee is hired, the company needs to:

- ▶ Register the employee with the Social Insurance Department
- ▶ Obtain a Health Insurance card
- ▶ Obtain a new Social Insurance book (if required)

When an employee terminates their employment contract with the company, the company is required to:

- ▶ De-register such employee with the Social Insurance Department
- ▶ Close his or her Social Insurance book

Ongoing compliance requirements

Employer's tax filing and payment

PIT is required to be filed and paid on a monthly or quarterly basis. The employer is required to withhold tax from an employee's income, declare and pay tax to the state budget. Monthly or quarterly PIT payments must be reconciled at the end of each calendar year. The deadline for the monthly filing and payment is by the 20th day of the following month. The deadline for the quarterly filing and payment is by the last day of the first month of the following quarter applicable until 30 June 2020 or by the last day of the first month of the following quarter.

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Employer's annual reporting and finalization

An income paying body is responsible to summarize the taxable income paid and PIT withheld during the calendar year in its annual finalization return. In addition, it is also responsible to finalize tax on behalf of its employees upon receipt of their authorization letter. The due date of the annual tax filing and payment is the last day of the third month from the calendar year-end (effective from 1 July 2020).

Monthly filing and payment of SHUI

When there is a change of SHUI contributions (increase/decrease), SHUI filing to the Social Insurance Department is required. The SHUI filing and payment is on a monthly basis and due by the end of the relevant month.

An income paying entity must also lodge documents relating to the social insurance benefit claims on behalf of their employees whenever required.

Vietnamese employees shall be subject to compulsory SI contributions if they work under a labor contract of indefinite term or term of one month or more with

Vietnamese entities. Foreign citizens are subject to compulsory SI contribution if they:

- ▶ Have a work permit, practicing certificate or practicing license issued by the Vietnamese competent authorities
- ▶ Work under labor contracts of indefinite term or a term of one year or more with Vietnamese entities
- ▶ Are of working age
- ▶ Are not internal transferee as defined in Clause 1, Article 3, Decree 152/2020/ND-CP

Both Vietnamese and foreign employees are subject to compulsory HI contribution if they sign a labor contract of an indefinite term or a term of three months or more with Vietnamese entities.

Vietnamese employees shall participate in compulsory UI scheme if they sign a labor contract of indefinite term or term of three months or more with Vietnamese entities while foreign employees are not be subject to UI.

The compulsory social security rates for employers (ERs) and employees (EEs) are as below:

- ▶ For foreigners:

Period	ERs/EEs	SI			HI	Total
		Sickness and maternity fund	Labor accident and occupational disease fund	Retirement and death gratuity fund		
From December 2018 to December 2021	ERs	3.0%	0.5%		3.0%	6.5%
	EEs				1.5%	1.5%
From January 2022	ERs	3.0%	0.5%	14.0%	3.0%	20.5%
	EEs			8.0%	1.5%	9.5%

- ▶ For local employees:

ERs/EEs	SI			HI	UI	Total
	Sickness and maternity fund	Labor accident and occupational disease fund	Retirement and death gratuity fund			
ERs	3.0%	0.5%	14.0%	3.0%	1.0%	21.5%
EEs			8.0%	1.5%	1.0%	10.5%

(*) Salary base for SHUI contribution is the monthly basic salary, allowance and other fixed supplementations. However, the salary base for SI and HI contribution is capped at 20 times of the common minimum wage and the salary base for UI contribution is capped at 20 times of the regional minimum wage.

2. Pension requirements

In Vietnam, the pension scheme is covered under the retirement and death gratuity fund of the SI scheme.

3. Employment obligations

The common minimum wage and regional minimum wage is publicized by the Government and subject to change every year. The current monthly common minimum wage is VND1.49 million, effective from 1 July 2019 and the current monthly regional minimum wage ranges from VND3.07 million to VND4.42 million depending on the employer's location, effective from 1 January 2020.

Normal working hours must not exceed 8 hours per day and 48 hours per week. The number of overtime working hours must not exceed 50% of the normal working hours per day. If working on a weekly basis, the total normal and overtime working hours must not exceed 12 hours per day. The number of overtime working hours must not exceed 40 hours per month (effective from 1 January 2021) and 200 hours per annum which can be extended to 300 hours in certain special cases subject to the notification to the competent authorities.

There are several kinds of required breaks, such as breaks during working hours, breaks between shifts, and weekly breaks.

An employee who has been working for an employer for a full 12 months is entitled to a minimum of 12 fully paid annual leave days per year under normal working conditions. The annual leave of an employee increases by one day for every five working years for an employer.

An employee may take fully paid leave for personal reasons in the following cases:

- ▶ Marriage: three days
- ▶ Marriage of his or her child: one day
- ▶ Death of parents or parents-in-law, spouse or child: three days. From 1 January 2021, the employee shall also be entitled to three days off in case of death of his or her adoptive parents.

There are 11 public holidays: one day for New Year's Day, Reunification Day, Labor Day, two days for Independence Day (from 1 January 2021), Hung Kings Commemoration Day; five days for Lunar New Year. Foreign employees are entitled to an additional day off for their traditional new year and a day off for their home country's Independence Day. If a public holiday falls on a weekend, the employees shall be entitled to take compensation leave on the following workday.

4. Payroll requirements

An employee must be paid a full wage in a direct and timely manner. In some special cases in which the employer is unable to pay wages on time, the employer shall not be allowed to postpone the payment for more than one month and shall pay the employee with interest which is not lower than the deposit interest rate announced by the State Bank of Vietnam at the time of wage payment.

From 1 January 2021, an employer is required to provide an employee with monthly pay slips detailing income and deduction items.

5. Banking requirements related to payroll

Wages may be paid in cash or to the employee's personal bank account.

Before 31 December 2020 where a wage is paid to a bank account, the employer shall negotiate with the employee on any fees related to the opening and maintenance of the bank account, for the period from 31 December 2020 backwards. From 1 January 2021, such fees must be borne by the employer. Where the wage is paid in cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.

Zambia

Z



1. Government requirements

Registration requirements

Pay-As-You-Earn (PAYE)

When an employer enters Zambia and employs people, the employer must register with the Zambia Revenue Authority (ZRA) for PAYE withholding within 30 days. If the employer has already obtained a Taxpayer Identification Number (TPIN), it can register for PAYE withholding by amending the registration online. If the business does not have a TPIN and requires one, application for TPIN and PAYE withholding can be carried out at the same time.

Workers' Compensation Fund

The Workers' Compensation Fund is a fund that was established by the Government to ensure that businesses are covered for the cost that might follow a workplace-related injury or disease. These costs can include weekly and lump-sum payments, medical, hospital and rehabilitation expenses, and return-to-work costs. Businesses must contribute to the Workers' Compensation Fund if they employ people. The contribution to the fund is made once every year. This is an employer contribution and is based on assessment.

Ongoing compliance requirements

Monthly individual PAYE withholding obligation

The employer is obliged to withhold the PAYE from the employee's payroll on a monthly basis and settle the PAYE on behalf of the employee. The employer should file the employer's return to the ZRA and settle the PAYE payable before the 12th of the following month.

The salaries and wages received by the employee are subject to PAYE at four grades of progressive tax rates ranging from 0% to 37.5%. The requirements are governed by the Income Tax Act and the PAYE regulation.

Social security monthly contribution

Social security is governed under the the National Pension Scheme Authority (NPSA) Act.

The National Pension Scheme is contributory, meaning that employees covered by the scheme are supposed to make monthly contributions through their employers in order to garner rights that entitle them to benefits provided by the scheme.

Presently, the monthly contribution rate is pegged at 10% of an employee's gross monthly earnings, subject to the prevailing contribution ceiling in the calendar year in which the employee earns the income. The contribution ceiling is revised annually and the revision takes effect from January of each year.

The following constitute gross earnings for NPSA purposes:

- ▶ Basic salary
- ▶ Leave pay
- ▶ Commuted leave days
- ▶ Overtime
- ▶ Bonus
- ▶ All allowances (house, transport, uniform, etc.)

The employer should file the employer's return to the NPSA and settle the social security or pension payable before the 10th of the following month.

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2. Pension requirements

Registration requirements

National Pension Scheme Authority (NPSA)

Membership of the scheme is compulsory for all employed persons. This, however, means that membership of the scheme covers all categories of employment for as long as a contract of service between the employer and the employee exists. It should further be clarified that a contract of service can be written or verbal. Therefore, every individual, association, institution or firm with a written or verbal employer or employee contract of service is required to register with the NPSA. The NPSA registration is required as long as there exists an employer/employee relationship (except an employee is referred to as a member).

Ongoing compliance requirements

NPSA contribution

NPSA is a mandatory pension scheme for all employees. All employers in Zambia are required to contribute a certain minimum amount toward pension support for their workers. The pension contributions made by employers on behalf of employees are generally tax deductible, except for any penalties imposed due to employers not contributing or for delays in contributing. The NPSA contribution rate is 10% of an employee's salary per month. This is shared between the employee and employer, where the employer pays half of the total contribution and the employee the other half. The pension contribution must be remitted every month.

3. Employment obligations

Employment contracts

In accordance with the Employment Act and the Minimum Wages and Conditions of Services Act, the employer and employee should have signed an employment agreement listing the conditions of the employment including, but not limited to, wages (rate of wages, frequency, etc.), wage period, notice period for termination of employment and the details of end-of-year payment, if eligible.

Minimum wage

Under the Act, employees' average wages in a wage period must not be less than the statutory minimum wages, i.e., ZMW13 per hour, regardless of whether or not employees are employed under continuous contract.

Leave entitlement

An employer shall grant leave of absence on full pay to an employee at the rate of two days per month, subject to, and in accordance with the following conditions:

1. Except on termination of the employee's service, an employee shall be entitled to leave only on the completion of six months' continuous service with that employer.
2. Paid public holidays and Sundays shall not be included when computing such periods of leave.
3. The employer shall have the right to give reasonable consideration to the circumstances and interests of the business in agreeing to the dates when such leave may be taken.

National Health Insurance Scheme

A citizen or established resident who is above 18 years shall be registered as a member of the Scheme in the prescribed manner and form. A foreigner who enters the Republic without valid health insurance shall register and pay for health insurance with a health insurer on arrival in the Republic, in the prescribed manner and form.

An employer shall pay to the Scheme an employee's contribution consisting of the employer's contribution and the employee's contribution at a prescribed percentage. The employer shall pay contributions to the Scheme at the end of each month.

A member and a family member shall access the benefits package under the Scheme as prescribed. Insured health care services, in whole or in part, shall be provided at national, provincial and district levels, as prescribed.

The National Health Insurance Fund is established for the purpose of the Scheme. The Fund shall be held and applied for the purposes of:

- a. Paying for the cost of insured health care services accessed by members of the Scheme
- b. Paying administrative and management expenses
- c. Programs for the promotion of access to insured health care services that the Minister may, in consultation with the Authority, determine.

An employer shall register an employee with the Authority within 30 days of the commencement date of the contract of employment in the prescribed manner and form.

Contribution rates:

Category	Payment mechanism	Rate	Frequency	Deadline
Employee	Payroll based deduction	1% of basic salary	Monthly	10th of the following month
Employer	Payroll based deduction	1% of basic salary	Monthly	10th of the following month

4. Payroll requirements

When an employee is paid depends on the industry they are in. Employees must be paid at least monthly. An agreement or employment contract will set out when employees must be paid.

All employees must be provided with payslips within one working day of the payday. Payslips can be provided either in electronic or hardcopy form. Both must contain the same information.

All salary and wage income is taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is due to the employee.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (EFT) or bank transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid during each pay period.

Appendix 1 – COVID-19 pandemic payroll measures

Policy changes across the globe are being proposed and implemented on a daily basis. This section provides a snapshot of the measures that have been announced around the world in response to the ongoing crisis. For the latest developments, please get in touch with EY professionals for each jurisdiction listed in this guide.

Armenia

Overview of COVID-19 pandemic payroll measures

- ▶ As a countermeasure to the outbreak of COVID-19 pandemic in Armenia, the Government of Armenia adopted measures to reduce the economic impact of COVID-19 pandemic.
- ▶ These measures can be segregated into two groups: measures adopted for business entities and measures adopted for individuals.
- ▶ Measures 5 and 21 described below have been adopted as COVID-19 pandemic payroll actions intended to support employers in retaining jobs when they had difficulty in doing so.

Measure 5

Form of assistance: Calculated based on the amount of the salary of every fifth employee, a lump-sum grant to those resident employers who employed 2 to 50 employees during the period from 1 January 2020 to 1 April 2020 and the actually paid salary fund thereof did not decrease in the mentioned period.

The State Revenue Committee (Armenian tax authority) notifies the employer on being a beneficiary of the measure, after which the employer applies to the State Revenue Committee. The deadline for application was 10 May 2020.

Measure 21

Form of assistance: Calculated based on the amount of the salary of every fifth employee, it is a lump-sum grant to those resident employers who employed 2 to 100 employees during the period from 1 March 2020 to 31 May 2020 and the actual fund of income calculated by the employer did not decrease in the mentioned period or decreased by not more than 5%.

The State Revenue Committee (Armenian tax authority) notifies the employer on being a beneficiary of the measure, after which the employer applies to the State Revenue Committee. The deadline for application was 10 July 2020.

Links and resources

- ▶ “Programs to address the economic impact of COVID-19,” The Government of the Republic of Armenia website, <https://www.gov.am/am/covid19/>, accessed September 2020.

Aruba

Overview of COVID-19 pandemic payroll measures

General

In response to the COVID-19 pandemic outbreak, the Government of Aruba published through a notification of the Social Security Bank ('SVB') the details of a financial support in the form of a wage subsidy for employers (in Dutch the subsidy is referred to as 'NOW' – *Noodmaatregel Overbrugging Werkgelegenheid*). With this subsidy to employers, the Government aims to facilitate as much job retention as possible for those companies that have been affected the hardest by the COVID-19 pandemic and corresponding Government measures. In this guide, we will provide more details on this subsidy.

Wage subsidy for employers

The wage subsidy is a financial support scheme for qualifying employers and will be granted upon request on a monthly basis (starting in May 2020). The subsidy should be requested each month. To help the employer and accelerate payments, the wage subsidy will be paid by the SVB to the employer as an advance on the basis of expected decline in the company's sales. The SVB will subsequently assess the actual decline in sales on the basis of the company's tax returns and other financial data and will adjust the wage subsidy going forward, if necessary. The maximum total wage subsidy is 71.6% of the SVB wages up to the SVB wage limit of AWG5,850. Qualifying employers will receive an email when the transfer has been made. The wage subsidy consists of two components:

- I. First, 60% of the SVB wage per employee up to the SVB wage limit. This component enables the employer to continue to pay its employees at least that portion of their gross wages;
- II. Second, 11.6% of the SVB-wage per employee up to the SVB wage limit. This component is a partial compensation for the other wage expenses of the employer (including the employer's contribution in the social security premiums: General Old Age Insurance (Algemene Ouderdomsverzekering (AOV)), General Widow and Orphan Insurance (Algemene Wezen- en Weduwen-verzekering (AWW)) and General Health Insurance (Algemene Ziektekosten Verzekering (AZV))).

The above-mentioned percentages are then multiplied by the percentage of the decline in sales of the month for which the company is claiming the wage subsidy.

Employers are required to continue paying their employees a gross amount of at least 60% of their SVB wages up to the SVB wage limit AWG5,850).

Example

Gross wage (AWG)	Government wage				
	Components:	Sales decline			
	I - 60% (continuation of pay)	100%	75%	50%	25%
	II - 11.6% (compensation other wage expenses, e.g., AOV/AWW/AZV)				
3,000	I.	1,800	1,350	900	450
	II.	348	261	174	87
	Total subsidy	2,148	1,611	1,074	537
	<i>Total subsidy in % of gross wage</i>	<i>71.60%</i>	<i>53.70%</i>	<i>35.80%</i>	<i>17.90%</i>
5,850	I.	3,510	2,633	1,755	878
	II.	679	509	339	170
	Total subsidy	4,189	3,141	2,094	1,047
	<i>Total subsidy in % of gross wage</i>	<i>71.60%</i>	<i>53.70%</i>	<i>35.80%</i>	<i>17.90%</i>
8,000	I.	3,510	2,633	1,755	878
	II.	679	509	339	170
	Total subsidy	4,189	3,141	2,094	1,047
	<i>Total subsidy in % of gross wage</i>	<i>52.36%</i>	<i>39.27%</i>	<i>26.18%</i>	<i>13.09%</i>

Qualifying employers

To claim the wage subsidy, the following requirements should be met by the employer:

- ▶ Due to the COVID-19 pandemic, the company should expect its sales to decline by at least 25% during the month for which the company is claiming the wage subsidy. (The decline is determined by comparing the expected monthly revenue with the actual revenue of same month of prior year)
- ▶ The company must not lay off employees for socio-economic reasons.
- ▶ The firm must pay employees a gross amount of at least 60% of their SVB wages up to the SVB wage limit.
- ▶ The company and all its employees must have been registered with the SVB on 15 March 2020.
- ▶ The company should be registered with the Tax Department and should have a Tax ID.
- ▶ It must be in compliance with all its payment obligations for taxes and social security premiums for the month for which it is claiming the wage subsidy.
- ▶ The firm must apply for the subsidy before deadline.

Excluded employers

The following employers are excluded from the wage subsidy scheme as per our understanding:

- ▶ The Government
- ▶ General Health Insurance (AZV) and SVB
- ▶ Educational institutions subsidized by Government;
- ▶ Companies and foundations that receive Government subsidy (such as Serlimar and Arubus)
- ▶ State-owned companies and Sui Generis (except those that have tourism-dependent revenue)
- ▶ Healthcare organizations that receive financial support from AZV
- ▶ Banks, life insurance companies, and pension funds
- ▶ Elderly care organizations
- ▶ Private companies that have in fact a monopoly position
- ▶ Notaries
- ▶ Agriculture businesses
- ▶ Supermarkets and minimarkets (except for those minimarkets that are not able to open due to their location (i.e. those inside of hotels)
- ▶ Funeral homes

Australia

Overview of COVID-19 pandemic payroll measures

- ▶ On 9 April 2020, the *Coronavirus Economic Response Package (Payments and Benefits) Act 2020* was enacted, which brings into effect the Government's JobKeeper payment scheme.
- ▶ The purpose of the scheme is to keep people employed even though the business they work for may go into "hibernation" and close for a temporary period.
- ▶ Businesses impacted by the COVID-19 pandemic will be able to access a wage subsidy from the Government to assist in continuing to pay their employees.
- ▶ On 21 July 2020, the Government announced the extension of the JobKeeper Payment for a further six months, until 28 March 2021.

Links and resources

- ▶ "JobKeeper Payment," Australian Taxation Office website, <https://www.ato.gov.au/general/JobKeeper-Payment>, accessed October 2020

Azerbaijan

Overview of COVID-19 pandemic payroll measures

- ▶ To support businesses during the COVID-19 pandemic, the Ministry of Economy provided financial aid to the employers engaged in affected sectors, as defined by the law, to pay part of the employees' salaries during the months of April and May.

- ▶ To receive such an aid, the taxpayer (employer) was required to submit an online application form, indicating the sector it is engaged in, salary fund and its bank requisites. Upon verification of the provided information, the payment was made by the Government to the bank account of the taxpayer.
- ▶ Average monthly salary in the country for 2020, at AZN712, was taken as a threshold for payment per employee. As such, if monthly agreed salary of the employee in “affected” sector was less than the average monthly salary, actual amount of his or her salary was transferred to the employer. If the agreed salary was higher, AZN712 was transferred to the employer as a maximum threshold.
- ▶ Such salary payments were exempted from any payroll taxes and contributions.

Links and resources

All resources are available in Azerbaijani language only:

- ▶ “AZƏRBAYCAN RESPUBLİKASI PREZİDENTİNİN SƏRƏNCAMI,” E-qanun.az website, <http://e-qanun.az/framework/44791>, accessed September 2020
- ▶ “Koronavirus (COVID-19) pandemiyasından zərər çəkmiş sahibkarlara maliyyə dəstəyinin göstərilməsi mexanizmləri haqqında”, Azerbaijan State Tax Service Office website, <https://www.taxes.gov.az/az/post/1020>, accessed September 2020
- ▶ “Maliyyə dəstəyinin göstərilməsi ilə bağlı müraciət qaydaları və vəsaitlərin köçürülməsi mexanizmlərinin şərhı,” Azerbaijan Ministry of Economy website, <https://economy.gov.az/article/maliyye-desteyinin-gosterilmesi-ile-bagli-muraciet-qaydaları-ve-vesaitlerin-kochurulmesi-mexanizmlerin-sherhi/30854>, accessed September 2020

Brazil

Overview of COVID-19 pandemic payroll measures

Considering COVID-19 pandemic has resulted in severe impacts to the Brazilian economy, the Brazilian Government launched several measures to make some labor rules more flexible. This helped to create new possibilities and alternatives to companies, related to management and payment of workforce.

We present below the main measures put in place so far, to help understand the current labor and social security scenario applicable in Brazil.

Most of the measures are temporary, aimed to last for two or three months, or during the period of “public calamity”, that is currently in place in Brazil.

There are some measures which aim to make regular labor rules more flexible. In this sense, we have the following:

- ▶ Possibility to apply remote work or home office regime by communicating to the employees, up to 48 hours before the change, with no need of a specific work contract amendment. It is important to review payments/benefits that would not be mandatory or necessary due to the work performed at home (for example, transportation voucher)
- ▶ Setting new deadlines for the payment of vacation period and the corresponding additional (equivalent to 1/3 and mandatory)
- ▶ Possibility to anticipate national holidays
- ▶ Possibility to apply a specific bank of hours, so employees may rest now and compensate the corresponding time in up to 18 month
- ▶ Flexible deadlines to perform occupational exams and trainings related to EHS
- ▶ Suspension, for 180 days, of deadlines to present defense in administrative processes due to labor inspections.

The above measures were established by provisional measure 927, published in March 2020, and their term ended on 19 July 2020.

The agreements signed during the validity of the provisional measures contemplated the adoption of anticipation of vacations, bank of hours, anticipation of holidays and telework. This can still be implemented as long as the state of public calamity lasts, that is until 31 December 2020, according to Decree Legislative nº 6, of 20 March 2020.

Regarding to payroll taxes, the following measures were authorized to be adopted by the companies in Brazil:

- ▶ Suspension of the social security contribution payment (employer portion, including Social Security Contribution (CPRB) over Gross Revenue), for three months starting from March 2020
- ▶ Suspension of the payment of Brazil Government Severance Indemnity Fund Employees (FGTS) for three months, starting from March 2020

- ▶ Reduction in 50% of some contributions due to social services (also called “S” System contributions) from April to June 2020
- ▶ Possibility to deduct the amounts paid due to COVID-19 pandemic related sick leave from the social security contribution due by the company (ceiling applicable) from April 2020 to June 2020.

Also, the Government has authorized specific procedures related to salary reduction and work contract suspension.

To reduce salaries, companies also need to reduce the employee’s work shift proportionally. The maximum period for this change to be in place, according to the Provisional Measure 936 published in April 2020, initially was 90 days. In July, the Provisional Measure became law and the Government subsequently issued a decree that extended the duration of the measures to 120 days. In August 2020, another new extension established the 180-days limit for both situations. Also, there are specific percentages brought by the Provisional Measure 936, including a 25%, 50% or 70% reduction. Applying one of those percentages, the Government will make a one-time payment of an emergency additional, so employees are not severely impacted.

It is important to mention that, once salaries are reduced or work contracts are suspended, companies may also make a payment of a compensatory additional, and such an amount will not be subject to any payroll taxes. The compensatory additional may also be deducted from the company’s profit for corporate income tax (IRPJ) and social contribution due on net profit (CSSL).

But it is very important that specific requirements determined by the Government are observed, including the need to negotiate the agreements with the Union, depending on the case. Several other specific rules apply, so a deep analysis of the whole rule is recommended prior to the change of any procedures, to avoid future questionings.

When it comes to independent contractors and other informal workers, the Government has started a payment of an emergency additional. Specific requirements need to be observed, including minimum age (18) and minimum monthly income, among others.

Links and resources

- ▶ “COVID-19 legislation,” Portal of the Brazilian Legislation, www4.planalto.gov.br, accessed October 2020
- ▶ “Economic measures aimed at reducing the impacts of Covid-19 (Coronavirus) - timeline,” Brazil Ministério da Economia website, www.gov.br/economia/pt-br/centrais-de-conteudo/publicacoes/boletins/covid-19/timeline, accessed October 2020

Colombia

Overview of COVID-19 pandemic payroll measures

- ▶ No change in the payroll process in general
- ▶ No change regarding deadlines for individuals
- ▶ No possibility of registering individuals before the tax authorities
- ▶ Payment of Social Security contributions out of time, without causing interests on latest payments, for contributions in force from March to November 2020. (Decree 538)
- ▶ Creation of a subsidy by the Government for payment of premiums of services up to 50% for lower salaries than one million pesos, if the companies comply certain requirements such as showing a 20% decrease in income. (Decree 770 of 2020)
- ▶ Creation of a subsidy payroll by the Government of up to 40% for employees with legal minimum wage until March 2021, if the companies comply certain requirements

Links and resources

- ▶ “Responding to COVID-19,” EY website, www.ey.com/es_co/covid-19, accessed January 2021
- ▶ “Regulations given by the National Government to face the Coronavirus (COVID-19) categorized by the competent entities”, Presidencia de la República de Colombia website, www.regiones.gov.co/Inicio/COVID-19.html, accessed January 2021

Croatia

Overview of COVID-19 pandemic payroll measures

Employment retention measures

As of April 2021, there are three active employment retention measures provided by the Croatian Employment Agency. Please note that for all these measures, certain conditions need to be fulfilled so that these measures can be used. For more information, please contact EY Croatia.

1. Employment retention measure - reduction of working hours for 2021

The duration of the support is from 1 January 2021 to 31 December 2021. The support is granted for a temporary introduction of full time working hours of an employee in a duration shorter than the monthly fond of hours, however, up to 90% of working hours at most in accordance with the calendar of working hours. Employers are obligated to calculate and pay contributions from and on the amount of support paid to the employee and the Croatian Employment Agency will, based on the data of the Tax Authorities, refund the calculated and paid contributions. The obligation of the employer is to pay the employee the agreed or prescribed salary as if the employee had worked full time, and subsequently, the employer will receive the support from the Croatian Employment Agency in proportion to the reduction of working hours.

2. Employment retention measure (COVID-19 pandemic and areas affected by the earthquake) - March 2021 to April 2021

The duration of the support is from 1 March 2021 to 30 April 2021. The amount of support is HRK4,000 per month net per employee working full time, or a proportionate amount per part-time employee. The proportionate amount of the support for the part-time employee is calculated in accordance with the actual hours spent working and the percentage of the decrease of the employer's income that is compared to the corresponding period in 2019 or 2020. Based on the Bylaws on the Implementation of the General Tax Act, employers who are beneficiaries of this measure are exempt from paying social contributions for the co-financed net salary.

3. Employment retention measures in protective workshops, integrated workshops and work units for the employment of persons with disabilities

The duration of the support is from 1 January 2021 to 30 June 2021. The amount of support is HRK4,000 per month net per employee working full time, or a proportionate amount per part-time employee. Based on Bylaws on the Implementation of the General Tax Act, employers who are beneficiaries of this measure are exempt from paying social contributions for the co-financed net salary.

Cyprus

Overview of COVID-19 pandemic payroll measures

Amendment to the General Health care System (GHS) Law

Reduced contributions rates to the GHS, that were applicable during Phase A of GHS, applied for all categories, during the months of April 2020 - June 2020.

Increased contributions rates applicable for Phase B of GHS applied for the months of March 2020 and as of July 2020 (inclusive) onward.

Consequently, the GHS rates are as follows:

		March 2020	April 2020 - June 2020	July 2020 onward
(a)	Employees	2.65%	1.70%	2.65%
(b)	Employers	2.90%	1.85%	2.90%
(c)	Self-employed	4.0%	2.55%	4,0%
(d)	Pensioners	2.65%	1.70%	2.65%
(e)	Every person who holds or exercises an office	2.65%	1.70%	2.65%
(f)	Persons responsible for paying the emoluments of an officer	2.90%	1.85%	2.90%
(g)	Persons earning income such as rental, dividend and interest income	2.65%	1.70%	2.65%
(h)	The consolidated fund of the Republic on the emoluments and pensions of the persons referred to (a), (c), (d) and (e) above	4.70%	1.65%	4.70%

Extension of the deadline for payment of contributions to the Social Insurance Fund

The deadline for the settlement of the contributions to the Social Insurance Fund as well as to the other funds administered by the Social Insurance Services on employee insurable earnings for February 2020 and March 2020 was extended as follows:

- ▶ February 2020: by 14 April 2020 without the imposition of any additional charges (normally payable by 31 March 2020)
- ▶ March 2020: by 14 May 2020 without the imposition of any additional charges (normally payable by 30 April 2020)

Extension of the deadline for payment of contributions to the Social Insurance Fund (self-employed)

The deadline for the settlement of the contributions to the Social Insurance Fund as well as to the other funds administered by the Social Insurance Services on the insurable earnings of self-employed for the first quarter of 2020 was extended by 10 July 2020 (inclusive) without the imposition of any additional levy or charge (normally payable by 10 May 2020).

Announcements by Social Insurance Services

The Ministry of Labour, Welfare and Social Insurance announced a new payment method for the contributions to the Social Insurance Services through JCC Smart application or website.

- ▶ New Government measures due to COVID-19 pandemic:
 - ▶ Special sickness allowance
 - ▶ Special leave for parents
 - ▶ Self-employed
 - ▶ Work suspension schemes:
 - 1) Full Work Suspension Scheme
 - 2) Partial Work Suspension Scheme

Links and resources

- ▶ - Cyprus Press and Information Office, www.pio.gov.cy, accessed January 2021
- ▶ - EY Tax Alerts, www.ey.com/en_gl/tax-alerts, accessed January 2021

Dominican Republic

Overview of COVID-19 pandemic payroll measures

The Dominican Government now has in force the Employee Solidarity Assistance Fund (FASE, for its initials in Spanish “Fondo de Asistencia Solidaria a Empleados”). The FASE program is designed to support formal workers on a transitional basis (during the months of April and May 2020 and was extended to December 2020) with a cash transfer consisting of a portion of the worker’s salary coming from the Dominican Government.

The Dominican Government shall provide a minimum of DOP5,000 and a maximum of DOP8,500. In case the contributor earns a salary of DOP5,000, the state subsidy will cover 100% of this salary. Instead, if the employee salary is above DOP5,000, the state will cover 70% and the employer, if desired (not mandatory), will cover 30% of that value. This is subject to the state contribution having a ceiling of DOP8,500.

As to the form and specific date of payment, the Dominican Government will transfer its contribution to the worker directly into the payroll account reported by the employer.

Requirements to be met:

- ▶ The worker must be previously included in the “Tesorería de la Seguridad Social” (TSS - Social Security Treasury) and be contributing in the same.
- ▶ The operations of the company must be suspended, partially or totally, as a result of the social distancing measures adopted by the Dominican Government to mitigate the spread of COVID-19 pandemic.

Links and resources

- ▶ Ministry of Labor website, www.mt.gob.do, accessed September 2020

Ecuador

Overview of COVID-19 pandemic payroll measures

Measures to support sustainability of employment

Due to the COVID-19 pandemic, the Ecuadorian Government issued the Law for Humanitarian Support and its regulations are aimed to support the sustainability of employment, as described below:

- ▶ Under a mutual agreement, employers and employees may modify the economic conditions of the employment relationship in order to preserve work and guarantee stability to workers.
- ▶ The agreements may not affect the base salary or the salaries applicable to each economic sector for full time work or the equivalent for proportional reduced schedules. It may not affect either minimum occupational health and safety conditions or contributions to social security, as required by law.
- ▶ The agreement may be proposed either by workers or employers. Employers must introduce a clear and complete support of their need for the agreement, so that employees can make an informed decision. Once the agreements are signed, these must be reported to the Ministry of Labor, for the supervision of compliance.
- ▶ The agreement will be bilateral and directly between each worker and employer. During the time of its validity, the agreement will have preference over any other agreement or contract.
- ▶ If case the worker to whom the agreement applies, is dismissed within the first year of the validity of the Law, the corresponding indemnifications will be calculated based on the last remuneration paid before the agreement.

Conditions for the application of the agreements:

1. Employers must provide truthful and complete financial statements of the company to workers.
2. Resources of the company must be efficiently and transparently used. Dividends may not be distributed during the years in which the agreements are in force, nor a reduction in the capital of the company during such term.

3. In the event that agreements are reached with the majority of the workers, they will be mandatory even for those employees who do not subscribe to them.
4. In case the signing of the agreement is essential for the subsistence of the company and a consensus is not reached between employers and workers, the employer may immediately start the liquidation process.

Special emerging contract

Definitions

- ▶ It is a defined-term contract subscribed for the sustainability of production and sources of income in emergent situations.
- ▶ It can be used for new investments or lines of business, products or services, expansion of business, modification of the business line.
- ▶ It can be used to increase the supply of goods and services by individuals or corporations.
- ▶ It can be used, in case of need, to increase the demand for production or services related to the employer's activities.

Conditions

- ▶ The contract has a maximum term of one year and may be renewed only once for the same term.
- ▶ The ordinary working day may be partial or complete, with a minimum of 20 and a maximum of 40 hours per week, distributed over a maximum of 6 days a week without exceeding eight 8 hours a day. The remuneration and legal benefits will be proportionally paid, according to the working hours.
- ▶ The weekly rest will be at least 24 consecutive hours. The hours that exceed the work schedule will be paid according to the Labor Code.
- ▶ At the end of the contract term, or if the termination occurs as per the unilateral decision of the employer or worker before the agreed term, the worker will be entitled to the payment of pending benefits, eviction bonus and other legal benefits calculated in accordance with the Labor Code.
- ▶ If the agreed term is finished and the employment relationship is continued, the contract will be considered indefinite, with the legal effects thereof.

Emerging reduction of the working hours

Due to cases of force majeure or duly justified fortuitous events, the employer may reduce the working day, up to a maximum of 50%. The salary of workers will correspond, in proportion, to the hours actually worked, and will not be less than 55% of the amount fixed prior to the reduction. The social security contribution should be paid based on reduced hours. The employer must notify the labor authority, indicating the period of application of the reduced working hours and the personnel to whom the measure will apply.

This reduction may be applied up to one year, renewable for the same period, only once.

As of the implementation of the reduced working hours and during the time it lasts, the companies that apply them, will not be able to reduce the share capital or distribute dividends obtained in the years in which this working schedule is in force. Dividends will be reinvested in the company; for such purpose employers will carry out the corresponding capital increase until 31 December 2020 of the fiscal year, after the one in which the profits were generated.

In the event of dismissal of employees, the indemnifications and bonus for eviction will be calculated on the last monthly remuneration received by the worker before the reduction of the working day, in addition to any other sanction established by law.

During the two years following the publication of the Law in the Official Registry (22 June 2020), employers may unilaterally notify the worker with the schedule of their vacations or, compensate days of absence from work as if those were vacations already taken.

Links and resources

- ▶ Law for Humanitarian Support and its Regulations

Egypt

Overview of COVID-19 pandemic payroll measures

Starting from August 2020, the Government issued law No 170 for the year 2020, regarding the COVID-19 pandemic in Egypt. It states that there is a monthly deduction of 1% from the net salary transferred after deducting salary tax and social insurance to be paid to the government on a monthly basis.

Note that the duration for the COVID-19 pandemic deduction will be for one year and it may be extended for more than one year.

Links and resources

- ▶ Law no.170 issued on 2020.

Germany

Overview of COVID-19 pandemic payroll measures

Loss of work due to the COVID-19 pandemic - request for short-time work

Requirements:

- ▶ The company must be affected by a considerable loss of work with loss of earnings.
- ▶ The employer must create a legal basis for short-time work with the employees.
- ▶ The employer must order the employees to work reduced hours.
- ▶ At least one employee must be employed in the company, including temporary workers.
- ▶ The loss of working hours must affect up to 10% of the employee's subject to compulsory insurance, with a simultaneous loss of earnings of more than 10% of gross earnings.
- ▶ Overtime and vacation from the previous year are to be reduced on a priority basis.
- ▶ The employer must report the loss of work to the Federal Employment Agency by means of an application and credibly explain the reasons for the short-time work, i.e. show the under-utilization; submit a short-time work plan and submit the legal basis, etc.
- ▶ The Federal Employment Agency decides on the approval of the application for short-time work compensation.

Pay short-time work compensation (KUG) to the employees:

- ▶ The short-time allowance must first be calculated and paid by the employer for the lost hours; if the working hours are reduced by at least 50%, the short-time allowance increases from 60% (67% with child) to 70% (77% with child) from the fourth month; from the seventh month, the short-time allowance increases to 80% (87% with child); for all others, the reimbursement rate of 60% respectively and 67% remains unchanged
- ▶ The hours of short-time work paid by the employer must be submitted monthly to the Federal Employment Agency in a benefit application for reimbursement of the short-time work allowance; at the latest three months after the end of the respective accounting month in which KUG was applied for (an extension is not possible)
- ▶ The employer receives 100% of the social security contributions from the Federal Employment Agency until presumably 30 June 2021
- ▶ Thereafter, it is planned to reimburse 50% of the social security contributions until 31 December 2021, at the latest, to all companies that have introduced short-time working by 30 June 2021

Scope of services

- ▶ KUG throughout the COVID-19 pandemic will start at the earliest on 1 March 2020 and has been extended from 12 to 24 months.
- ▶ If short-time work is interrupted for at least one month, the reference period is extended accordingly.
- ▶ If the interruption of short-time work exceeds three months, the reference period of now 24 starts again - but must again be fully substantiated.

Hungary

Overview of COVID-19 pandemic payroll measures

SZEP card – social contribution tax exemption

The Hungarian Government decided in April this year to raise the annual limit of fringe benefits to HUF800,000 in 2020, payable to the Széchenyi Recreational Card (SZEP card). Benefits provided over the noted annual limits are to be continued to be taxed according to certain specified benefits. The benefits can be allocated and can be used for, for e.g., accommodation, meals or recreation (such as swimming pool entrance).

Government Decree 225/2020. (V. 22.) has allowed employers to provide their employees with fringe benefits on their SZEP card with the increased limit until 31 December 2020, instead of the previously announced deadline of 30 June 2020, without the benefit is being subject to social contribution tax.

The Government Decree granted an exemption from the social contribution tax in respect of fringe benefits transferred by the employer to certain sub-accounts of the SZÉP Card from 22 April 2020 to 30 June 2020.

However, the deadline of 30 June 2020 is set out in Decree 140/2020 on tax incentives to mitigate the economic impact of COVID-19 pandemic under the Economic Protection Action Plan (IV. 21.) on the amendment of Government Decree 225/2020. (V. 22.) extended it until 31 December 2020.

The exemption established by the Government Decree and the enforceability of the exemption until 31 December 2020 shall be determined in accordance with Act LVIII of 2020 on Transitional Rules Related to the Elimination of an Emergency and Epidemiological Preparedness from 18 June 2020 to the level of law.

In the relevant period, i.e., between 22 April 2020 and 31 December 2020, the amount of fringe benefits transferred by the employer to certain sub-accounts of the SZÉP Card is not subject to social contribution tax, i.e., accordingly only 15% personal income tax is payable.

According to the new decree, the tax rate on SZEP cards from 32.5 % (15% personal income tax + 17.5% social contribution tax) has changed to only 15% personal income tax.

Payroll deductions

Section 9 of Government Decree 57/2020 (III.23.) lays down that bailiff's proceedings put into effect by the tax authority are suspended as of 24 March 2020 until 31 December 2020, which means that the enforcement of tax debts is put on hiatus during this period.

According to Section 1 (3) of Government Decree 62/2020 (III.24), effective as of 25 March, the moratorium also covers the loans provided by the employer, therefore the repayment of loans from the employer is also suspended until 31 December 2020.

Childcare fee extension

Child-care benefits shall be due and payable initially from the day of expiry of eligibility for infant care benefits, or of any equivalent period until the child's second birthday at most.

Pursuant to Government Decree 59/2020. (III. 23.), the entitlement to childcare fees provided for raising and caring for a child was extended until 30 June 2020.

The childcare fee entitlement has been extended for those whose entitlement terminated on or after the day the state of emergency was declared, i.e., 11 March 2020. In other words, the extension may apply to childcare fees determined and disbursed in respect of a child who turns two years old, or three years old if they are twins, on or after 11 March 2020.

Tax and contribution reductions in sectors specifically affected by the COVID-19 pandemic

The new Government Decree 61/2020 (III.23) issued stipulates that in the case of some special sectors based on their NACE/CPA codes (provided that at least 30% of income derived from these activities e.g., catering in the previous six months), employees are exempted from paying employee social security contributions and the employer is not required to pay the employer's social security and vocational training fund contribution.

The exemption from the payment of the social contribution tax and the provisions pertaining to contribution payment shall apply to tax and contribution payment obligations for the months of March, April, May and June 2020.

The payment of a contribution in accordance shall not prejudice the eligibility to social security or labour market benefits of an insured person or the amount of such benefits.

For the months of March, April, May and June, a person covered, who is liable for payment of contribution shall not be obliged to pay vocational training contribution under Act CLV of 2011.

When fulfilling his contribution payment obligations, shall be liable for payment of only an in-kind health insurance contribution of 4 percent of the income subject to the contribution, but no more than HUF7710.

Indonesia

Overview of COVID-19 pandemic payroll measures

On 21 March 2020, the Minister of Finance (MoF) issued MoF Regulation No 44/ PMK.03/ 2020 (“PMK-44”) as the legal foundation of the tax stimulus in April 2020, then changed to 88/PMK.03/2020 (“PMK-88”) in July 2020 which covered the expansion of the classification of types of business that are entitled to tax stimulus.

1. Article 21 income tax incentive

The incentive for Article 21 income tax (withholding from salaries etc.) is given by way of the Government bearing 100% of the Article 21 income tax (Ditanggung Pemerintah - “DTP”) in the employees’ income.

To be eligible for this tax incentive, an employee must meet the following criteria:

- a) The employer has an industry sector classification for tax purposes (Klasifikasi Lapangan Usaha - “KLU”) listed in attachment A of PMK-88. The KLU should be in accordance with the ones stated and reported by the employer in its 2018 annual income tax return. The complete list of eligible KLUs can be found at:
<http://www.jdih.kemenkeu.go.id/fullText/2020/23~PMK.03~2020Per.pdf>
- b) The employer has received an incentive for Inward Processing for Export Purpose (Kemudahan Impor Tujuan Ekspor - “KITE”) taxpayer status
- c) The employee has a tax ID number (“NPWP”)
- d) During the tax incentive period, the employee receives or earns fixed and regular annual gross income, not more than IDR200m.

The Article 21 income tax DTP must be paid in cash by the employer to the employee, including in the case that the employer provides Article 21 income tax allowance or bears the employee’s Article 21 income tax; and this Article 21 income tax DTP received by the employee is not included as taxable income for the employee.

The Article 21 income tax DTP is given by the Government to eligible employees for six months from April to December 2020.

The employer can utilize this tax incentive by submitting a written notification to the Head of Tax Office where the employer is registered by using a prescribed form as stated in Attachment C of PMK-88. The Article 21 income tax DTP incentive is effective, starting from the tax period when the written notification was submitted, until September 2020. For employers with KITE taxpayer status, the written notification must be attached with the MoF decree concerning the KITE facility.

When utilizing this tax incentive, the employer must submit Article 21 income tax DTP realization report to the Head of Tax Office where the employer is registered by using a prescribed form as stated in attachment E of PMK-88. In addition, the employer must prepare a tax payment slip (“SSP”) or print out the billing code, stamped with statement “Article 21 income tax borne by the Government according to PMK No 88/ PMK.03/2020” on the Article 21 income tax DTP.

2. BPJS Manpower Relaxation

The Indonesian Government on 1 September 2020 issued a Government Regulation PP No 49/2020 for BPJS Manpower relaxation with summary below:

- a) For a work accident insurance (JKK) and death insurance (JKM) contribution relief with 99%, the company only has to pay 1% from normal contribution. This contribution discount is given to all participants who have paid contributions until July 2020.
- b) The extension of the payment deadline for all programs is from 15th of the following month to 30th of the following month. If the 30th falls on a holiday, the contribution will be paid on the working day before the 30th.
- c) Reduction of late fees from 2% per month to 0.5% for all program.
- d) The contribution relief and discounting, and various types of contribution relaxation do not reduce the benefits that have been in effect, including the increase in JKK and JKM benefits in accordance with Government Regulation Number 82 of 2019.
- e) The BPJS Manpower contribution relaxation, according to above, is valid for six months from August 2020 to January 2021.

Iran

Overview of COVID-19 pandemic payroll measures

- ▶ Please note that during the COVID-19 pandemic, the Government of the Islamic Republic of Iran has not published or announced any additional advantages for businesses, with respect to the submission or payment of monthly payroll lists. Considering the aforementioned, the terms of settlement of salary tax and social security premium are as the general regulations stipulate. Also, there is no special waiver consideration on payment of salary tax and social security premium for corporations.
- ▶ The Social Security Organization (“SSO”) provided a possibility to pay 10% of social security premium instead of the 30% for the period from March 2020 - June 2020 for the below business sectors. This means that 20% of the employer's share for those four months could be paid in instalments after June 2020.
 - ▶ Travel agencies
 - ▶ Clothing industries
 - ▶ Nut stores and pastries
 - ▶ Sport centers
 - ▶ Book stores and publishers
 - ▶ Handicraft stores
- ▶ Also, Iranian authorities have recommended that employers should provide the facilities for employees to work from home as much as possible.

Ireland

Overview of COVID-19 pandemic payroll measures

Ireland has introduced a number of measures due to the COVID-19 pandemic to assist businesses, such as the Temporary Wage Subsidy Scheme (TWSS) and the Employment Wage Subsidy Scheme (EWSS).

Links and resources

- ▶ “COVID-19 information and advice for taxpayers and agents,” Irish Tax and Customs website, www.revenue.ie/en/corporate/communications/covid19/index.aspx, accessed September 2020
- ▶ “Temporary COVID-19 Wage Subsidy Scheme (TWSS)”, Irish Tax and Customs website, www.revenue.ie/en/corporate/communications/twss/index.aspx, accessed September 2020

Japan

Overview of COVID-19 pandemic payroll measures

- ▶ Until the time when the COVID-19 pandemic been substantially contained in Japan and if it is accepted by a client, utilize online meeting tools (e.g., Microsoft Teams) to conduct meetings with the client.
- ▶ Before visiting a client office, it is necessary for EY to confirm the client's policy and specific requirements, and whether social distancing can be maintained during the client visit. Consider ways to avoid team contamination (e.g., split the team and visit the client on a rotation basis.).
- ▶ Standardize payslip delivery method to electronic medium (e.g., via e-mail) that enable a client to receive their payslip without going to their office.
- ▶ Based on the acceptance of a client, changed the submission method of social security related documents from paper-based to electronic medium (this is also in alignment with the e-Government initiative of Japan).

Links and resources

- ▶ "Preventive infection approaches requested by Ministry of Health, Labour and Welfare of Japan," Ministry of Health, Labour and Welfare, www.mhlw.go.jp/english/, accessed September 2020
- ▶ "Japan's e-Government Initiatives," e-Gov Japan, www.e-gov.go.jp/en/, accessed September 2020

Jordan

Overview of COVID-19 pandemic payroll measures

- ▶ As a result of COVID-19 pandemic private-sector entities have been given the option to temporarily defer the payment of the old age component of all or some of their employees' social security contributions, starting from 1 March 2020 for up to three months. Such entities would still be required to normally pay the remaining components of their employees' social security contributions (disability and death, work injuries, maternity, and unemployment). This effectively decreases the total social security contribution rate from 21.75% to 5.25%. The suspended contributions would have to be remitted by the private-sector entities before the end of 2023, which may occur in installments and without the application of late payment interest. Employees whose employers have elected to defer the payment of their old age contributions have the option to subscribe to the social security voluntary scheme and pay a percentage of 16.5% to maintain their coverage rights

Links and resources

- ▶ "Jordan announces economic measures to reduce the impact of COVID-19," EY Tax News Update, <https://globaltaxnews.ey.com/news/2020-5422-jordan-announces-economic-measures-to-reduce-the-impact-of-%20covid-19>, accessed September 2020

Kenya

Overview of COVID-19 pandemic payroll measures

Below are the COVID-19 pandemic tax incentives that were granted:

- ▶ The individual tax rate bands have been expanded with the minimum monthly taxable income rising to amounts above KES24,000 and reduction of highest tax rate band from 30% to 25%. The new graduated tax bands are as follows:

Previous income band (annual)	Current income band (annual)	Applicable tax rate (%)
KES	KES	KES
On the first 147,580	On the first 288,000	10
On the next 139,043	On the next 200,000	15

Previous income band (annual)	Current income band (annual)	Applicable tax rate (%)
On the next 139,043	On the next 200,000	20
On the next 139,403	Income above 688,000	25
Income over 564,709	N/A	30

The Act has also increased the individual annual tax relief from KES16,896 to KES28,800.

The widened tax bands and increased relief are welcome moves for individuals as they will translate to a higher disposable income in the wake of the COVID-19 pandemic that has resulted in cash constraints for most individuals. However, income accrued in prior periods, but paid out now, will still be taxable using the graduated tax bands and rates applicable in the year of accrual.

Links and resources

- ▶ Tax Laws (Amendment) Act, 2020, became effective from 25 April 2020. The Tax Laws (Amendment) Act, 2020, was aimed at responding to the COVID-19 pandemic and amended various tax laws.

Korea

Overview of COVID-19 pandemic payroll measures

- ▶ Existing subsidy programs can support simplified procedures and requirements for the COVID-19 pandemic
- ▶ Among the several programs, the below programs would be helpful to employers.

Links and resources

- ▶ “Employment Security Incentive,” Korea Employment Information Service, www.ei.go.kr/ei/html/ems/03_02_01.html, accessed September 2020
- ▶ “Flexible work system,” Korea Ministry of Government Legislation, <https://easylaw.go.kr/CSP/CnpCIsMain.laf?csmSeq=1326&ccfNo=2&cciNo=2&cnpCIsNo=1>, accessed September 2020

Kuwait

Overview of COVID-19 pandemic payroll measures

- ▶ The Public Institution for Social Security has announced a six month moratorium on the amounts due under social security contributions, payable by the employer from 1 April 2020. The deduction of the postponed premiums will resume from 1 October 2020. The postponed contributions should be repaid over a 24-month period starting from October 2020.

Links and resources

- ▶ “Implementing the decision to postpone some of the amounts due according to the Social Insurance Law, “ The Public Institution for Social Security, www.pifss.gov.kw/news/templates/PIFSS_template.aspx?articleid=385&zoneid=1, accessed September 2020

Latvia

Overview of COVID-19 pandemic payroll measures

- ▶ During emergency situations, companies whose operating income for the month for which downtime allowance is requested has decreased by at least 20% compared to its average income in August, September and October 2020, may apply for downtime allowance for its employees. Downtime allowance is 70% of the average monthly gross salary for the period from 1 August 2020 to 31 October 2020, but not less than EUR330 or more than EUR1,000 for a month.

- ▶ An employee who receives a downtime allowance is granted a supplement of EUR50 for each dependent child under the age of 24, for which the employee is subject to personal income tax relief.
- ▶ The employer shall submit a request for downtime allowance in Electronical Declaration System (EDS) till 15th of the following month.
- ▶ A downtime allowance is refused if the company has not submitted all tax declarations for the last 12 months, if an employee has been hired after the 1 November 2020, etc. More information about exceptions and requirements is available in the official information source.

Links and resources

- ▶ ‘Latvia COVID-19 official information,’ State Revenue Service, www.vid.gov.lv/lv/covid-19, September 2020

Lithuania

Overview of COVID-19 pandemic payroll measures

- ▶ The Government of Lithuania approved an economic stimulus and relief package for businesses affected by the COVID-19 pandemic which includes EUR500 million for maintaining business liquidity and EUR1 billion for speeding up investment.
- ▶ The Government plans to subsidize totalling EUR500 million to ensure laid-off workers or workers with reduced working time (+salaries) still receive the minimum wage through this package.
- ▶ This package for businesses also provides for immediate tax loans, deferred payments or payment in installments, in accordance with the agreed schedule without interest, and the exemption of taxpayers from fines and penalties, and a possibility to defer payment of personal income tax.
- ▶ The Government also plans to increase the guarantee limit for the Agricultural Credit Guarantee Fund and INVEGA by EUR 500 million and to extend the terms of the guarantee provision.

Links and resources

- ▶ “Relevant information about Coronavirus (COVID-19),” The Office of the Government of the Republic of Lithuania, <https://koronastop.lrv.lt/en/#information>, accessed October 2020
- ▶ “Important information for business on Coronavirus,” Ministry of the Economy and Innovation of the Republic of Lithuania, <https://eimin.lrv.lt/en/important-information-for-business-on-coronavirus>, accessed October 2020
- ▶ “Important information regarding the Coronavirus (COVID-19),” Ministry of Foreign Affairs of the Republic of Lithuania, <https://urm.lt/default/en/important-covid19>, accessed October 2020

Malawi

Overview of COVID-19 pandemic payroll measures

- ▶ Taxpayers are encouraged to submit their tax returns by making use of e-mails created for the respective stations.
- ▶ Online taxpayer services are available for requests, enquiries and complaints on tax registration, and tax clearance certificates (TCCs). A call center is available to address taxpayer enquiries.
- ▶ Taxpayers are also encouraged to pay taxes online through the e-payments platform plus the other recommended modes of payment.

Links and resources

- ▶ Malawi Revenue Authority, www.mra.mw, accessed September 2020

Malaysia

Overview of COVID-19 pandemic payroll measures

- ▶ The Malaysian Government has reduced the minimum employee contribution rate for the Employees' Provident Fund (EPF) from 11% to 7%, starting from 1 April in a bid to cushion the impact of the COVID-19 pandemic. The new statutory contribution rate for employees will be in effect from the April 2020 wage (May 2020 contribution) up to December 2020 wage (January 2021's contribution) subject to the Third Schedule of the EPF Act 1991. The new statutory contribution rate for employees applies to those below 60 years old who are liable for contribution. The statutory contribution rate for employees aged 60 years and above however, remains unchanged.

Links and resources

- ▶ "Reduction of statutory contribution rate for employees," Employees Provident Fund, www.kwsp.gov.my/-/reduction-of-statutory-contribution-rate-for-employees, accessed September 2020

Malta

Overview of COVID-19 pandemic payroll measures

COVID Wage Supplement

In a bid to safeguard employment and alleviate the financial pressures of enterprises, which suffered drastically due to the pandemic, or had to temporarily suspend operations on the order of the Superintendent of Public Health, the Government introduced a **COVID Wage supplement**.

As of January 2021, the wage supplement will be calculated according to drop in sales in accordance with the table below. This change will be worked out on value-added tax (VAT) declarations.

For businesses which had to close down, they will continue to receive the wage supplement at the maximum rate.

Supplement according to the % drop in sales

Percentage drop in sales	Wage supplement monthly rate (gross) - full timers	Wage supplement monthly rate (gross) - part timers and casuals
55% or greater	€800	€500
45% up to 54%	€640	€400
35% up to 44%	€480	€300
25% up to 34%	€320	€200
10% up to 24%	€160	€100
Increase in revenue up to 9% drop in sales	€0	€0

On 24th April 2020, the scheme was approved by the European Commission under the State aid Temporary Framework to support the economy in the current COVID-19 pandemic.

Enterprises were split into categories as Annex A, Annex B and Annex C. The supplement covers only a person's main source of income and is dependent on the level of impact on the business.

A summary of the COVID Wage Supplement is listed below:

Description	Entitlement Amount	Annex
Employees of enterprises operating in sectors that suffered drastically due to the pandemic or had to temporarily suspend operations on the order of the Superintendent of Public Health (this includes all self-employed).	<ul style="list-style-type: none"> ▶ Full-time employees: Five days' salary based on a monthly wage of EUR800 ▶ Part-time employees: up to EUR500 a month ▶ The limit has been set for operations in tourist accommodations, travel agents, language schools, event organizers and air transport operators ▶ In July 2020, it was reduced to EUR600 per month per full-time employee, and EUR375 per month per part time employee, 	Annex A - list of sectors by NACE
Employees of enterprises in other adversely affected sectors, including wholesale, manufacturing and warehousing.	<ul style="list-style-type: none"> ▶ Full timers will be entitled to one days' salary per month, equivalent to EUR160 per ▶ Part-time employees will be eligible for one day's salary per week, equivalent to EUR100 per month. ▶ In the case of Gozo based enterprises, this increases to two days' salary per week, equivalent to EUR320 per month for full-time employees, and EUR200 per month for part time employees. 	Annex B - list of sectors by NACE
Self-employed in other adversely impacted sectors who have employees.	<ul style="list-style-type: none"> ▶ Entitled to two days' salary per week, equivalent to EUR320 per month. 	Annex B
Self-employed based in Gozo operating in other adversely impacted sectors.	<ul style="list-style-type: none"> ▶ Entitled to week, two days' salary per week, equivalent to EUR320 per month. ▶ Increases to three days' salary, equivalent to EUR480, for those who are self-employed and employ staff, and the employees will be entitled to two days' salary per week. ▶ Part-time self-employed will be entitled to EUR200 per month which will increase to EUR300, for those part-time self-employed who employ staff 	Annex B
Other activities previously supported by the Wage Supplement not included in the updated Annex A or Annex B	<ul style="list-style-type: none"> ▶ Entitled to wage supplement of EUR600 for full-timers and up to EUR375 for part-timers with effect from July 2020 	Annex C

Further conditions:

- ▶ The employees cannot be made redundant while being supported through a COVID Wage Supplement.
- ▶ The wage supplement has been extended until the end of March 2021 (further details are to be announced).
- ▶ This income is replacing the normal wages of the employee hence it is taxable in the hands of the employee.
- ▶ For payroll purposes this income will be added to any income received by the employee during the pay period and tax and social security contributions (including Maternity) will be calculated in the standard method.
- ▶ The employee's payslip should show this information, if possible. An employer is nonetheless required to communicate the details of the COVID Wage Supplement to each employee, including its gross value.
- ▶ The funds disbursed by Malta Enterprise must be forwarded to every respective employee, as applicable after deducting any taxes due. The Government will retain 10% of the social security contributions when giving payment to the employer, as prepaid employees share of SSC.

- ▶ The COVID Wage Supplement may only be claimed with respect to employees who were registered as employees of the company with Jobsplus as of 9 March 2020. A caveat provides that this limitation shall not apply where such registration was delayed due to administrative reasons beyond the control of the employer, or when the supplement is claimed in relation to an employee who already had an employment contract with the employer dated prior to 9 March 2020, with an engagement date after the said date.
- ▶ The wage supplement paid to employers will not be treated as income or grant to the employer for income tax purposes, hence not taxable nor tax deductible

COVID Wage Supplement for self-employed persons

- ▶ The COVID Wage Supplement replaces or supplements the normal income of the self-employed hence it is taxable in the hands of the recipient.
- ▶ The Government will give the wage supplement to each eligible self-employed person though it will retain 10% Social Security Contributions (SSC) as prepaid SSC. The self-employed person will have to calculate what is due in totality to the Commissioner for Revenue at the normal SSC rates for all the weeks covered by the respective SSC instalment and deduct that from the amount of SSC prepaid to the Commissioner.

Deferral of payment of taxes

A two-month deferral to enterprises, including for the self-employed was issued for the payment of:

- ▶ Provisional tax, social security contributions of self-employed persons and VAT which fall due in March up to and including August 2020;
- ▶ Employee taxes, maternity fund payments and social security contributions which fall due in March up to and including June 2020.

The payments for deferred taxes will be spread over a 12-month period and are due to be settled by **31 May 2021**.

All tax forms have to be submitted according to normal deadlines. Enterprises were still to collect national Insurance on their employees' wages, but will keep these dues for the duration of the deferral.

Quarantine leave

A grant of EUR350 per employee to businesses (including self-employed) that have full-time employees or self-employed persons who have to undergo mandatory quarantine leave.

The applications for the Quarantine Leave Scheme are to be submitted by the employer within 30 days of the start of the quarantine of the individual. It has also been clarified that the Quarantine Leave Scheme does not apply to persons employed in the private sector, who after 27 March 2020, due to the impact of COVID-19 pandemic are not going to work because they are ordered by the Superintendent of Public Health not to leave their home, are not able to work from home and are not being paid by their employer during their absence from work.

Links and resources

COVID Wage Supplements:

- ▶ "Wage Supplement – March - June," Malta Enterprise, <https://covid19.maltaenterprise.com/employee-wage-support/?application-form-added>, accessed September 2020
- ▶ "Notice to employers - COVID Wage supplement: Payroll Implications," Government of Malta, <https://cfr.gov.mt/en/News/Pages/2020/COVID-Wage-supplement-Payroll-Implications-NOTICE-TO-EMPLOYERS.aspx>, accessed September 2020
- ▶ "Deferral of payment of taxes," Malta Employers Association, <https://www.maltaemployers.com/en/deferral-of-payment-of-taxes>, accessed September 2020
- ▶ "Wage Supplement – July - September," Malta Enterprise, <https://covid19.maltaenterprise.com/wage-supplement-july-september/>, accessed September 2020
- ▶ "Annex A: COVID Wage Supplement - List of Sectors," Malta Enterprise, <https://covid19.maltaenterprise.com/wp-content/uploads/2020/03/Annex-A.pdf>, accessed September 2020
- ▶ "Annex B: COVID Wage Supplement - List of Sectors," Malta Enterprise, <https://covid19.maltaenterprise.com/wp-content/uploads/2020/03/Annex-B.pdf>, accessed September 2020

- ▶ “Annex A: Updated sectors,” Malta Enterprise, <https://covid19.maltaenterprise.com/wp-content/uploads/2020/07/Annex-A-Updated-sectors-July-to-September.pdf>, accessed September 2020
- ▶ “Annex B: Updated sectors July to September,” Malta Enterprise, <https://covid19.maltaenterprise.com/wp-content/uploads/2020/07/Annex-B-Updated-sectors-July-to-September.pdf>, accessed September 2020
- ▶ “Annex C: Updated sectors July to September,” Malta Enterprise, <https://covid19.maltaenterprise.com/wp-content/uploads/2020/07/Annex-C-Updated-sectors-July-to-September.pdf>, accessed September 2020
- ▶ “Wage Supplement,” Malta Enterprise, <https://covid19.maltaenterprise.com/wage-supplement-main/>, accessed September 2020

Mexico

Overview of COVID-19 pandemic payroll measures

- ▶ The payroll process in general did not change.
- ▶ The labor law in force states that in the case of a Health Contingency with Activities Suspension Declaration by the competent authority of the Federal Government, it would be a cause for the suspension of the effects of labor relations. And in this case, employers will be obliged to pay a compensation to the worker equivalent to a one minimum wage, for each day the suspension lasts, not exceeding one month. Till date, the Health Authority in Mexico has not issued the Health Contingency with Activities Suspension Declaration.
- ▶ Tax Compliance: Till date, the Federal Government has not announced any tax contingency plan arising from COVID-19 pandemic, and this implies the following:
 - a) Tax extension in terms of tax obligations for some months from March 2020 has been announced yet, federal tax payments (IT, VAT and STPS)
 - b) Suspension of terms and deadlines for the practice of actions and diligences in the administrative procedures that are developed before the dependencies for a specific period between March 2020 and August 2020

Social Security: Till date, no contingency COVID-19 pandemic actions in Social Security have been announced for employees and employers.

Payroll Local Tax: In some states ISN (local tax) has been deferred or direct discounts has been applied up to 100% depending on the number of employees and the state.

Some other states in Mexico consider up to 100% of the ISN as creditable. Also, companies may ask for a refund as Governmental subsidy

Links and resources

- ▶ “Responding to COVID-19,” EY website, www.ey.com/es_co/covid-19, accessed September 2020
- ▶ “Regulations given by the National Government to face the Coronavirus (COVID-19) categorized by the competent entities,” Presidencia de la República de Colombia website, <http://www.regiones.gov.co/Inicio/COVID-19.html>, accessed September 2020

New Zealand

Overview of COVID-19 pandemic payroll measures

- ▶ Employers, including sole traders and the self-employed, may be eligible for a wage subsidy paid by the Ministry of Social Development if they have been affected by COVID-19 pandemic.
- ▶ Inland Revenue has some tax-related guidance for employers about the wage subsidies. It is important that employers pass on the wage subsidies to workers and process them as part of the employee’s normal wages.
- ▶ All deductions (such as PAYE, KiwiSaver and child support) should be made as is normally done. If the total wages (the subsidy plus the employer funded pay) amounts to the same wages as previously, the pay and deductions on their payslip should be the same.
- ▶ Employers won’t be liable for income tax or GST on the subsidy received from Ministry of Social Development and will not be entitled to an income tax deduction for wages paid out of the wage subsidy.

Links and resources

- ▶ “COVID-19 Employing staff,” Inland Revenue, www.ird.govt.nz/covid-19/business-and-organisations/employing-staff, accessed September 2020
- ▶ Work and Income under the Ministry of Social Development, www.workandincome.govt.nz/covid-19/covid-19-support-for-employers.html, accessed September 2020

Philippines

Overview of COVID-19 pandemic payroll measures

- ▶ Republic Act No. 11494, or the Bayanihan to Recover as as One Act:
 - a. It directs all banks, financing companies, lending companies, real estate developers, insurance companies, pre-need companies, and other public and private financial institutions including Government Service Insurance System (GSIS), the Social Security System (SSS) and Home Development Mutual Fund (Pag-IBIG Fund) to grant a 60-day grace period for the payment of loans falling due on or before 31 December 2020, without interests, penalties and other charges.
 - b. It directs that retirement benefits received by officials and employees of private firms, whether individual or corporate, from 5 June 2020 until 31 December 2020 shall be excluded from the gross income and shall be exempt from taxation. (p. 26)

Links and resources

- ▶ “Act for COVID-19 response,” Republic of the Philippines Official Gazette, www.officialgazette.gov.ph/downloads/2020/09sep/20200911-RA-11494-RRD.pdf, accessed September 2020

Portugal

Overview of COVID-19 pandemic payroll measures

Extraordinary Support for the Progressive Resumption of Activity - COVID-19 pandemic

1. What is extraordinary support for progressive resumption of activity-COVID-19 pandemic?
 - a. It is a financial support attributed to the employer and created to support the maintenance of jobs in companies in a situation of business crisis, with temporary reduction of the normal working period (PNT) of all or some of its workers. This is intended exclusively for the payment of compensation remuneration of workers covered by the reduction.
2. Who can access this?
 - a. Employers facing a situation of business crisis who have their situation regularized with the Social Security and the Tax Authority, and to which private law - commercial companies apply, regardless of the corporate form (eg. Unipessoal, Limited and Limited Company), cooperatives, foundations, associations, federations and confederations including those with the status of Private Institution of Social Solidarity (IPSS) and the self-employed who are employers.
3. Who cannot access?
 - a. Offshore entities:
 - i. Entities with headquarters or effective management in countries, territories or regions with a clearly more favorable tax regime, when these are included in the list approved by Ordinance No. 150/2004, of 13 February, in the wording conferred by Ordinance no. 292/2011, of 8 November
 - ii. Companies that are dominated, under the terms established in article 486 of the Commercial Companies Code, by entities, including fiduciary structures of any nature, which have their headquarters or effective management in countries, territories or regions with a clearly more favorable tax regime, when they appear on the list approved by Ordinance No. 150/2004, of 13 February, in the wording conferred on it by Ordinance No. 292/2011, of 8 November

- iii. Entities whose beneficial owner is domiciled in those countries, territories or regions are prevented from accessing the support.
 - b. Self-employed workers, in that capacity (however, the employees in charge may be covered by the measure)
 - c. Members of statutory bodies of companies in that capacity (however, the company's employees may be covered by the measure).
4. What is the value of support?
 - a. During the reduction of the PNT, the employer is entitled to financial support, under which Social Security reimburses 70% of the amount of the compensation to which workers with reduced PNT are entitled for the hours not worked, and the employer is responsible for ensuring the remainder 30%.
 5. Can an employer applying for support for the gradual resumption of activity choose to temporarily suspend employment contracts?
 - a. No. This support can only be granted with a reduction in the PNT.

In addition to the financial support above mentioned, the employer who benefits from the support is entitled to an exemption or partial exemption from the payment of social contributions to his charge relating to the workers covered, calculated on the value of the remuneration compensation paid to the employee (remuneration based on the PNT reduction), if some requirements are met.

The employers who access the above-mentioned measures, which are applicable from August 2020 to December 2020, must meet some requirements related to the impact of COVID-19 pandemic on their business.

The measures implemented and the various possible scenarios leads to an in-depth analysis of each situation.

Links and resources

- ▶ Decreto-Lei n.º 46-A/2020

Russia

Overview of COVID-19 pandemic payroll measures

For companies

From 1 April 2020, reduced rates of social contributions were established for companies - small and medium-sized businesses (the rate for pension contributions is 10%, the rate for medical insurance is 5% and the rate for social insurance contributions is 0%). These rates are applied to an individual's monthly income that exceed the amount of minimum monthly salary.

Under specific conditions, companies operating in affected industries (transport, tourism, hotel business, mass media and others) may receive a deferral of up to 12 months or an installment up to 3 years for payment of the personal income tax and social contributions.

For individuals

Until 31 December 2020 new rules apply to the calculation of temporary disability allowance, namely: if temporary disability allowance calculated for a full calendar month is lower than the minimum monthly salary, it shall be paid in the amount calculated based on the minimum monthly salary.

An individual may voluntarily become a tax resident in 2020 provided that he or she has spent at least 90 days (including entry and departure days), in Russia and submitted an application to the tax authority.

Links and resources

- ▶ The Decree of Government of the Russian Federation N 409 dated 2 April 2020 «On measures to ensure sustainable economic development»
- ▶ The Federal Law of 01.04.2020 N 102-FZ

Singapore

Overview of COVID-19 pandemic payroll measures

- ▶ Minimum qualifying salary criteria for EP and S Pass raised

In an unprecedented move by the MOM, minimum qualifying salaries for both the EP and S Pass categories have been revised upwards for the second time this year. This is also the first time that the MOM is setting a different qualifying salary requirement for a specific sector - namely, the financial services industry.

With the announced changes, the new criteria will be as follows:

	Minimum qualifying salary		Effective date	Renewal
	Current	New	New Applications	
EP (General)	SGD3,900	SGD4,500	1 September 2020	1 May 2021
EP (Financial services)		SGD4,500	1 September 2020	
		SGD5,000	1 December 2020	
S Pass	SGD2,400	SGD2,500	1 October 2020	

The qualifying salaries for older and more experienced candidates will increase correspondingly for the different pass categories. EP candidates in their forties will be expected to meet about double the minimum qualifying salary for the youngest applicants.

- ▶ **FCF job advertising requirements extended**

Since the inception of FCF in 2014, employers have had to advertise their job vacancies on the designated jobs bank, i.e. MyCareersFuture.sg, so as to make the positions available to local jobseekers and to fairly consider all applicants for the positions posted.

Effective from 1 October 2020, the job advertising requirement will be extended to all S Pass applications. This is to encourage fair hiring practices and promote greater awareness of vacancies in mid-skilled jobs for local jobseekers amidst the COVID-19 pandemic. By the same note, employers are expected to make greater efforts to consider local candidates.

Notwithstanding the above changes, S Pass applications will continue to be subject to quota requirements and monthly levy payments. Reductions in the S Pass sub-Dependency Ratio Ceiling (sub-DRC) will also proceed as planned.

At the same time, the minimum job advertising duration for EP and S Pass applications will be doubled to 28 days from the current 14 days for applications submitted from 1 October. This is part of the MOM's effort to give local jobseekers more time to respond to the openings and for employers to evaluate their applications carefully.

Expansion of FCF coverage	Effective Date
Requirement for employers to advertise on MyCareersFuture.sg for at least 28 days for S Pass applications	1 Oct 2020
Increase in FCF minimum job advertising duration to at least 28 days for EP applications	1 Oct 2020

► **Impact to Employers**

With the more stringent salary requirements, foreign employees who are unable to meet the new EP criteria may be eligible for an S Pass, subject to the applicable quota, insurance and monthly levy for S Pass holders. Notwithstanding this, employers must post the position on MyCareersFuture.sg for a minimum of 28 days. As such, more time should be allowed for the hiring process to be completed in accordance to the FCF.

Employers may wish to review the projected salaries of existing work pass holders to avoid any unexpected rejection at the point of renewal from 1 May 2021 onward.

With the MOM stepping up on their efforts to deter discriminatory hiring, employers are once again reminded to practice fair hiring and consider all applicants equally. Due consideration should be given to local job applicants regardless of their age, gender and ethnicity. Employers must also ensure that proper documentation is maintained explaining reasons for choosing one candidate over others.

COVID-19 pandemic Tax and CPF guidance and support measures

Since the onset of the COVID-19 pandemic, employers have taken swift measures to recall Singaporean and Singapore Permanent Resident (SPR) employees, currently exercising employment overseas, back to Singapore to allow them to work remotely in Singapore for their overseas employer. Another affected group of employees of the global mobility workforce is the non-resident foreigners who may be in Singapore on a short-term assignment but are unable to leave Singapore due to the COVID-19 pandemic. As a result, they remain in Singapore working remotely for their overseas employer. Locally, employers are required to consider alternative working arrangements of their employees in Singapore to ensure business continuity in light of the regulatory measures for workplaces announced by the Government.

In view of the above, the IRAS and CPF Board have released guidance on the individual tax and CPF implications for employers and their employees affected by the COVID-19 pandemic and the support measures to help affected individuals. A summary of the guidance and measures announced is provided below.

	Current tax treatment	Tax and CPF relief granted under COVID-19 pandemic measures
Singaporean or SPR employees exercising overseas employment and now working remotely from Singapore for that employment	Income attributable to the employment days in Singapore would be regarded to be sourced from Singapore and subject to tax for a tax resident employee, unless the employee qualifies for tax exemption under a tax treaty or elects to be a non-resident and claim exemption under the 60-day exemption rule. Under the 60-day exemption rule, a non-resident employee (excluding a director, public entertainer or an independent consultant) will be exempt from tax if he or she exercises employment in Singapore for a total of 60 days or less in a calendar year. In counting the employment days in Singapore, the period from the date of arrival to the date of departure for each of the trips taken into Singapore will be considered.	<p>The number of days working remotely in Singapore for the overseas employment will not be considered as employment days in Singapore for the period from date of return to Singapore up to 30 September 2020*, provided that the following conditions are met:</p> <ol style="list-style-type: none"> 1. There are no changes in the contractual terms governing the employment overseas before and after the employee’s return to Singapore 2. This is a temporary work arrangement due to COVID-19 pandemic <p>If all the conditions are met, the employment income for the period of stay in Singapore up to 30 September 2020* will not be taxed in Singapore. Otherwise, if any of the conditions are not met, the tax rules outlined under “Current tax treatment” will apply to determine the taxation of income for the period of stay in Singapore.</p> <p>* This date is subject to review as the COVID-19 pandemic evolves.</p>

	Current tax treatment	Tax and CPF relief granted under COVID-19 pandemic measures
Non-resident foreigners who are on a short-term assignment in Singapore and are unable to leave Singapore due to the COVID-19 pandemic	<p>Income attributable to short-term assignments and the extended period of stay in Singapore would be regarded to be sourced from Singapore and subject to tax unless the employee qualifies for tax exemption under a tax treaty or claims exemption under the 60-day exemption rule. Otherwise, if the employee's aggregated days in Singapore exceeds the 60-days mark, but is less than 183 days in a calendar year, the employment income becomes taxable at the non-resident flat tax rate of 15% or the resident progressive rates, whichever is higher.</p> <p>In the counting of employment days in Singapore in a calendar year, both the period of short-term assignment and the extended period of stay in Singapore, falling in the same calendar year, will be included in the count.</p>	<p>The extended stay in Singapore after the end of the short-term assignment will not be regarded as employment days in Singapore if the following conditions are met:</p> <ol style="list-style-type: none"> 1. The period of the employee's extended period of stay is for a period of not more than 60 days 2. The work done during the extended stay is not connected to the Singapore assignment and would have been performed overseas if not for the COVID-19 pandemic <p>If the conditions are met, the income attributable to the period of extended stay in Singapore will not be taxed. Otherwise, if any of the conditions are not met, the tax rules outlined under "Current tax treatment" will apply to determine the taxation for the period of extended stay. In addition, the tax rules will apply as per normal in respect of the income earned during the short-term assignment period.</p>
Deferral payment option	<p>Lump sum payment: Tax liability must be settled within 30 days from the date of the tax notice.</p> <p>A 12-month interest free instalment (GIRO) payment: The instalment cycle will run from May 2020 to April 2021</p>	<p>Lump sum payment: Due date for tax payment will be deferred by three months. For example, if the current due date for tax payment is 15 May 2020, tax payment will be deferred to 15 August 2020.</p> <p>GIRO: The instalment cycle will run from August 2020 to July 2021</p> <p>The application to apply for tax deferral needs to be submitted by 31 July 2020. Once the request is approved by the IRAS, the deferral will supersede the current payment due date or GIRO arrangement.</p> <p>Any individual who needs additional help with tax payment due to financial difficulties can write to the IRAS for special consideration.</p>
CPF treatment on cash reimbursements given due to COVID-19 pandemic measures	<p>CPF contributions are payable for Singapore citizens and Singapore Permanent Resident ("SPR") employees working in Singapore, on cash payments made as a reward for services or work done by the employees. These include any cash reimbursements of a private nature. CPF contributions are not payable on cash reimbursements incurred for official business purposes as these are not considered wages.</p>	<p>CPF contributions are not required on any cash payments made for defraying the employees' meal, lodging or utility expenses if:</p> <ul style="list-style-type: none"> ▶ The payment is provided in the form of reimbursement based on actual expenditure of which proof must be shown ▶ The reimbursement does not increase the employees' wages ▶ The employees are only entitled to such reimbursements based on their continued attendance at employment and work in Singapore of which transport, meal, lodging and utility expenses would be incurred due to the COVID-19 pandemic measures such as lockdown, work from home, leave of absence or relocation to other site (not normal place of work).

As the Singapore Government, authorities and employers continue to work collectively to safeguard the well-being of the workforce to mitigate the impact of COVID-19 pandemic on businesses, it is expected that the IRAS and CPF Board will continue to monitor the evolving situation and announce updates in response to developing measures and the support available.

Links and resources

- ▶ “Supporting you through COVID-19,” CPF website, www.cpf.gov.sg/Employers/Others/employer-pages/advisory-2, accessed September 2020
- ▶ “COVID-19-Support-Measures-and-Tax-Guidance,” IRAS website, [www.iras.gov.sg/irashome/COVID-19-Support-Measures-and-Tax-Guidance/](http://www.iras.gov.sg/irashome/COVID-19-Support-Measures-and-Tax-Guidance/COVID-19-Support-Measures-and-Tax-Guidance/), accessed September 2020
- ▶ “Advisories on COVID-19,” MOM website, www.mom.gov.sg/covid-19, accessed September 2020
- ▶ “Current work pass requirements,” MOM website, www.mom.gov.sg/covid-19/adjustments-to-work-pass-services, accessed September 2020
- ▶ “Eligibility for Employment Pass,” MOM website, <https://www.mom.gov.sg/passes-and-permits/employment-pass/eligibility#:~:text=Older%2C%20more%20experienced%20candidates%20need%20higher%20salaries%20to%20qualify.,to%20%245%2C000%20for%20new%20applications>, accessed September 2020

South Africa

Overview of COVID-19 pandemic payroll measures

COVID-19 Tax Relief available to employers:

On 21 April 2020, the President announced additional measures to assist employers to provide financial stability to their employees. One of these measures includes a 35% deferral on the monthly PAYE liability owed to SARS for the months of April, May, June, July and August 2020. In addition, SARS will not impose any penalty or interest on the deferred PAYE liability amount. This means that employers are still liable to pay the remaining 65% as per normal.

Employers making use of this tax relief must pay back the total deferred PAYE liability amount in six equal instalments. These instalments must be paid as follows:

- ▶ September 2020 - payment due by 7 October 2020
- ▶ October 2020 - payment is due by 6 November 2020 (last business day before 7 November 2020)
- ▶ November 2020 - payment is due by 7 December 2020
- ▶ December 2020 - payment is due by 7 January 2021
- ▶ January 2021 - payment is due by 5 February 2021
- ▶ February 2021 - payment is due by 5 March 2021

If an employer defaults on the payment of the instalment, penalty and interest will be imposed for the month defaulted.

In addition, the president also announced a payment holiday for SDL payments for the tax periods of May to August. This means that from the May 2020 tax period, which is due on or before 7 June, employers registered for SDL, do not have to declare any SDL liability on the EMP201 returns and make payment for the period.

Which employers qualify for the COVID-19 Tax Relief for PAYE?

To qualify for the COVID-19 Tax Relief for PAYE, employers, must be either an:

- ▶ Individual
- ▶ Partnership
- ▶ Trust
- ▶ Company or close corporation or shareblock or co-operative that conduct trade
- ▶ Have a gross income of R100 million or less during the year of assessment ending on or after 1 April 2020, but before 1 April 2021
- ▶ That gross income must not include more than 20% in aggregate of interest, local & foreign dividends, royalties, rental from letting of fixed property and any remuneration received from an employer; if the rental of fixed property is the primary trading activity and the rental income is substantially the whole of the gross income (at least 90%), disregard this exclusion test

- ▶ For purposes of a partnership, use the aggregate partner's gross income from the partnership
- ▶ Is a qualifying micro business who meet the requirements set out in the Sixth Schedule. Note: For further details, please refer to the guide on the Turnover Tax webpage.

To be fully tax compliant means:

- ▶ You are registered for all required taxes
- ▶ You have no outstanding returns for any taxes registered for
- ▶ You have no outstanding debt for any taxes registered for
- ▶ You are registered for PAYE as of 25 March 2020.

What does it mean to be tax compliant?

Tax compliance means that you:

- ▶ Are registered for all required taxes
- ▶ Have no outstanding returns for any taxes you are registered for
- ▶ Have no outstanding debt for any taxes you are registered for, excluding:
 - ▶ Installment payment arrangement
 - ▶ Compromise of tax debt
 - ▶ Payment of tax pending objection or appeal
 - ▶ Tax debt of R100 or less or any other amount the Commissioner of SARS may determine.

For which periods can I claim the COVID-19 Tax Relief for PAYE?

The COVID-19 Tax Relief for PAYE is available for the five-month period from 1 April 2020 to 31 August 2020. The first deferment can be claimed in your April 2020 EMP201 return.

What is the COVID-19 Tax Relief for ETI?

On 23 March 2020, the President announced measures to assist employers to provide financial stability to their employees who earn not more than R6500 per month. These measures include an extension of employees who qualify for ETI, an additional amount up to R750, and the monthly refund payment of any excess ETI claimed.

Which employers qualify for the COVID-19 Tax Relief for ETI?

If you are an ETI qualifying employer and are fully tax compliant, you qualify for the COVID-19 Tax Relief for ETI

For which periods can the employer claim the additional ETI?

The COVID-19 Tax Relief for ETI is available for the four-month period from April 2020 to July 2020. The first extended ETI can be claimed in your EMP201 for April 2020.

For which employees can the employer claim additional ETI?

Employer may claim for:

- ▶ Employees who are currently eligible for ETI provided they meet the salary bands, and were employed on or after 1 October 2013
- ▶ Who are between the age of 18 and 29 (inclusive)
- ▶ Who renders services to you mainly within a SEZ, regardless of age
- ▶ Employees for whom you have exhausted ETI claims according to the existing rules of the 24-month qualifying cycle, provided the employee is still in your employment at the end of the month in respect of which the ETI is claimed
- ▶ Employees who are between the age of 18 and 29 (inclusive) and who were employed prior to 1 October 2013, provided they meet the salary bands and other qualifying criteria
- ▶ Employees who are between the age of 30 and 65 (inclusive), provided they meet the salary bands and other qualifying criteria.
- ▶ Employees who were employed prior to 1 October 2013 and who renders services to you mainly within a SEZ, regardless of age, provided they meet the salary bands.

Are payments received from COVID-19 disaster relief organizations remuneration?

When the employer successfully applies for disaster relief from a COVID-19 pandemic fund, there is a loan agreement between the employer and the fund.

Where the financial aid provided to the employer is specifically for the payment of salaries or wages, the employer must provide complete details for each affected employee and the fund will directly pay the employees the relevant salary or wage. This is to ensure that the employer does not use the payments for other purposes.

These payments retain the identity of remuneration as the fund is merely paying the employee's remuneration on behalf of the employer.

Please note that these amounts remain subject to UIF.

Amending the 183-day rule to the foreign remuneration exemption

(In light of 2020 travel restrictions (Main Reference: Section 10(1)(o)(ii) of the Income Tax Act: clause 35 of the draft TLAB)

In the response document to the COVID-19 Tax Bills, the National Treasury would consider additional tax proposals which may have less of an impact on the fiscal framework, such as the tax-residency test. In terms of the current provisions of section 10(1)(o)(ii) of the Income Tax Act, individuals who spent more than 183 days working outside South Africa would have qualified for exemption in respect of their remuneration. However, due to travel bans during the COVID-19 pandemic, these individuals could not travel in order to work outside South Africa, and therefore could not qualify for the above-mentioned section 10(1)(o)(ii) exemption. In order to take into account, the lockdown period during the COVID-19 pandemic, it is proposed that changes be made in the 2020 draft TLAB so that the 66 days that commenced on 27 March 2020 and ended on 31 May 2020, when the country operated under COVID-19 pandemic alert level 5 and 4, should be subtracted from the 183-day threshold rule used to determine the eligibility for exemption of foreign remuneration. In order to qualify for exemption, the number of days that a person spent working outside South Africa will be reduced to more than 117 days in any 12-month period, for years of assessment ending from 29 February 2020 to 28 February 2021.

The current requirement in section 10(1)(o)(ii) that 60 of the days abroad should be a continuous period remains as is. In view of the fact that these individuals would have qualified for section 10(1)(o)(ii) exemption if there was no lockdown due to the COVID-19 pandemic, the proposed relief to reduce the number of days from 183 to 117 in order to take into account the lockdown period during the COVID-19 pandemic is likely to be revenue neutral and will have minimal impact on the fiscal framework.

Links and resources

- ▶ 13 October 2020 Draft Response Document on the 2020 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2020 Draft Taxation Laws Amendment Bill and 2020 Draft Tax Administration Laws Amendment Bill (Based on hearings by the Standing Committee on Finance in Parliament);
- ▶ SARS Frequently asked Questions and Answers on SARS Website

Spain

Overview of COVID-19 pandemic payroll measures

- ▶ Record of Temporary Employment Regulation ("Expediente de Regulación de Empleo Temporal" ERTE).

COVID-19 pandemic is considered as force majeure and entitled companies to apply a ERTE, provided that the requirements established by the Spanish authorities are met. Main consequences of the ERTE:

- Employees must not render services or reduce their schedule. Basic employment rights are guaranteed, and employees have access to unemployment benefits.
- The employer does not pay salaries to employees but must continue to make the mandatory payments to the Social Security. There is, however, reductions on social security payments depending the ERTE type applied.

Employees in quarantine due to COVID-19 pandemic, including those in quarantine during the carrier phase, qualify for temporary disability due to accident at work:

- The employee is entitled to a subsidy equal to 75% of his or her social security regulatory base.
- This subsidy can be accessed by all employees or self-employed workers that are registered for Social Security purposes.
- The date to be considered for these purposes is the date the employee is quarantined or falls ill, although the relevant medical certificate may be issued after that date.

Links and resources

- ▶ “Record of Temporary Employment Regulation,” Spanish Labour Authorities, www.sepe.es/HomeSepe/COVID-19.html, accessed September 2020
- ▶ “COVID-19 measures,” Social Security website, <http://www.seg-social.es/wps/portal/wss/internet/FAQ/897e30db-3172-4528-987f-ab1ffde1b8e7>, accessed September 2020

Taiwan

Overview of COVID-19 pandemic payroll measures

- ▶ Business income tax deduction:

An authority (agency), enterprise, school, legal entity, or organization may claim double deduction of the salary payment paid to its employees during their self-isolation or quarantine leave period from its amount of income of the current year.

- ▶ Reduction in working hours:

In order to avoid dismissing labor, the business entity may reduce working hours and reduce wages which is not less than the minimum monthly wage (will be adjusted to 24,000 from 1 January 2021) temporarily after consultation and agreement between the employer and the employee.

Links and resources

- ▶ “COVID-19,” Ministry of Finance, www.mof.gov.tw/covid19, accessed September 2020
- ▶ “Wages, working hours,” Ministry of Labor, www.mol.gov.tw/topic/3067/14531, accessed September 2020

Ukraine

Overview of COVID-19 pandemic payroll measures

The Ukrainian Parliament has adopted the Law “On Amendments to Certain Legal Acts Aimed at Ensuring Additional Social and Economic Guarantees in Relation to the Spread of Coronavirus Disease (COVID-19)”, hereinafter – the “Law”. The Law came into force on 2 April 2020.

Rules for remote work

The Law foresees a possibility to work remotely (from home), in which case it is mandatory to conclude a written employment agreement with the employees prescribing such work arrangement – although as an exception for the period of quarantine, remote work and flexible working hours may be established only by an order of the employer. The rules of internal work regulations are generally not applicable to the employees working remotely (from home) and they are free to allocate their working hours at their own discretion (unless otherwise prescribed in the employment agreement).

Sick leave

Formalization of sick leave and its coverage depends on the basis of sick leave provision (e.g. illness, caring for sick child, etc.).

According to the amendments introduced to the Law “On mandatory state social security”, as of 17 March 2020, sick leave is also covered for the period of stay in the medical institutions and self-isolation under medical supervision due to measures taken against spread of the COVID-19 pandemic. The aid for partial disability is covered by the employer (first five days of sick leave) and by the Social Security Fund (starting the sixth day of sick leave till recuperation). The amount of social security coverage in this case constitute – 50% of average salary (income) regardless of the social security record.

Employer’s obligations to ensure health and safety of employees

According to a recently issued recommendations of the state authorities, against the spread of COVID-19 pandemic, employers should take preventive measures such as disinfection of workplaces, purchase of sanitizers or disinfectant dispensers and face masks, etc. Apart from the sanitary-hygiene recommendations, the Labor Service suggests that employers should explore alternative arrangement of work process and enforce the employees’ entitlement to different types of vacations.

All appropriate occupational health and safety measures must be taken by the employer. Examples of this include providing disinfectants and virtual possibilities as an alternative to physical meetings (e.g., video conferences). Local state administrations may decide on the requirement for employers to take certain measures to prevent the spread of epidemics and pandemics. For example, employers are recommended to conduct the temperature screening of employees, provide disinfection measures and maintain social distancing between the employees at workplaces, etc.

Government's closure of businesses down and requirement to people to work from home

An employer shall introduce respective amendments to the labor agreement with employees and foresee a possibility to work from home. In case of a temporary downtime of business the employer must pay 2/3 of the employee's base salary.

Rules and government aids to help businesses stay open

The Government authorizes to continue operations only for specific type of activities (e.g. medical institutions, police, food suppliers, etc.). For other entities the Government recommends to implement remote work or apply for financial aid for partial unemployment due to reduction of business activities or downtime.

Obligations with respect to consultation of works councils and unions

In case it is necessary to introduce amendments to the collective bargaining agreement (in view of introductions of the additional vacation or flexible working schedule and remote work, etc.), a mutual agreement between the employer and work personnel shall be reached, and the procedure established by the Law of Ukraine "On collective bargaining agreements and accords" should be followed - consultation with the labor union is mandatory.

Possibility of recourse to partial unemployment or reduced activity

The Ukrainian labor law foresees a possibility to recourse to partial unemployment, namely a temporary reduction of statutorily established working hours caused by economic, technological or structural reasons, without termination of employment relations.

Conditions for setting up force majeure or economic difficulties, collective agreement, individual agreement, information or consultation representatives

The Company shall inform, in writing, to the competent state authorities on potential entity downtime not later than on the first day of such downtime. The competent state authority shall organize measures to prevent massive employee layoff. The employer shall submit a package of documents substantiating why the entity is forced to reduce its activity. The entity could claim financial aid for the employees, who within 12 months prior to reduction of working hours, worked not less than 6 months, made social security contributions and whose working hours were reduced for at least 50% per month.

Recently, the Ukrainian Parliament introduced changes into the law "On employment of population" foreseeing possibility to provide state financial aid in case:

- 1) The aid is to be claimed by small and medium companies, that took measures on prevention of spread of infection caused by COVID-19 pandemic
- 2) The entity has no arrears for salary and social security contributions
- 3) The entity has submitted claim to the employment center within 30 calendar days from the date of entity downtime due to state measures against the spread of COVID-19 pandemic

In this case the financial aid could be claimed for all employees, who are employed on the basis of employment agreements with the entity (except employees who receive pensions).

The competent authority processes the claim and in case of a positive decision, sends to the entity the draft agreement on provision of financial aid in view of partial unemployment. The agreement defines terms of provision of financial aid and guarantees of the employees. The financial aid is granted for the term from the first date of downtime but not longer than for 180 calendar days within a year. The financial aid is paid to the employer on monthly basis after the entity provides the lists of employees to be covered by financial aid.

The aid for partial unemployment is established for every reduced working hour in the amount of 2/3 of compensation rate (salary) of the respective grade of the employee. The amount cannot exceed one minimum wage established by the law (as of 1 January 2021, constitutes UAH6,000, i.e. USD215).

After the funds are transferred to the entity's account, the employer shall pay the salary within three working days with the obligation to make separate payslips for each transfer. The copies of payslips shall be further submitted to the competent state authorities within 10 calendar days from the funds transfer.

In case when the financial aid is claimed by small and medium-sized entities under new regulations, the decision on provision of financial aid to cover partial unemployment is taken by the state employment authorities within three working days from the date of application package submission by the employer and is covered for the period of quarantine (the period is determined by the Cabinet of Ministers of Ukraine).

Remote work arrangements is for employees, who can continue to fulfill their work duties remotely (from home). During epidemics, pandemics or other threats, remote work (work from home), as well as flexible working hours, may be established by the employer's order, and written employment agreement for remote work shall not be required in such case. Under normal circumstances, such working conditions shall be established by an agreement between the employee and the employer.

Employer's decision to postpone an employment start date in cases where the office is closed due to COVID-19 pandemic

The approach may vary depending on the stage of employee hiring. In case there is no employment order and signed employment agreement in place (e.g. only job offer was signed), the employer could postpone employment start date without any obligations. Otherwise, in case the employment agreement was signed, general rules established by the Ukrainian labor law, employment agreement and collective bargaining agreement shall apply (i.e. no possibility to unilaterally postpone employment start date).

Links and resources

- ▶ the Law "On Amendments to Certain Legal Acts Aimed at Ensuring Additional Social and Economic Guarantees in Relation to the Spread of Coronavirus Disease (COVID-19)"
- ▶ amendments introduced to the Law "On mandatory state social security"

Vietnam

Overview of COVID-19 pandemic payroll measures

1. The operations of many companies in Vietnam have been negatively affected due to the COVID-19 pandemic. Therefore, the companies have considered and applied several solutions of human resource management to survive in this difficult situation, including:

No	General solutions	Details	Compulsory insurances contribution
1	Reduction of working hours and salary	The company can negotiate directly with the employees or through collective bargaining with the labor collective representative organizations at grassroots level to (i) reduce salary, (ii) increase number of days-off, or (iii) work on a rotational basis	<ul style="list-style-type: none"> ▶ Reduction of the salary base for insurances contributions according to the reduced salary of the employees ▶ No insurance contribution is required for months when the employee's number of unpaid leave days is 14 days or more.
2	Temporarily job transfer	<p>The company may temporarily transfer employees to perform other jobs for not exceeding 60 accumulative working days in a year, subject to the notification to the employees for at least three working days in advance.</p> <p>The salary for the new job is kept the same as the old one for the first 30 days. After that, the new salary must be at least 85% of the old one.</p>	<ul style="list-style-type: none"> ▶ The salary base for compulsory insurance contributions is in line with the salary of each period as agreed with the employees.

No	General solutions	Details	Compulsory insurances contribution
3	Work suspension due to dangerous epidemics	<p>This solution can be applied in the following cases:</p> <ul style="list-style-type: none"> ▶ The employees are suspended from work during the quarantine period per the competent authority's request ▶ The employees are suspended from work due to the suspension of operation or isolation of the enterprise or a department due to COVID-19 pandemic ▶ The employees are suspended from work due to the employer's difficulties in raw materials and market, leading to suspension of its operation and shortage of labor demand <p>The salary during the work suspension period is agreed by the employer and its employees, but not lower than the regional minimum salary prescribed by the Government.</p>	<ul style="list-style-type: none"> ▶ The salary base for compulsory insurance contributions is the agreed salary for the work suspension period
4	Temporary delay of labor contract implementation	<p>If the work suspension period is prolonged, affecting the solvency of the employer, the employer and its employees can agree to delay the implementation of the labor contract at no pay or partial pay.</p>	<ul style="list-style-type: none"> ▶ No compulsory insurance contribution is required if the employees do not receive salary during this period
5	Termination of labor contract with employees	<ul style="list-style-type: none"> ▶ In case of termination by mutual agreement, the employer shall pay severance allowance to the employee (if any) as per regulations ▶ In case of termination due to force majeure event, the employer has the right to unilaterally terminate the labor contract. However, the employer is required to consider and apply all necessary measures before the termination of the labor contract. The company shall notify its employees 30 - 45 days in advance and pay severance or job-loss allowance to its employees as per regulations 	<ul style="list-style-type: none"> ▶ The company shall notify the local social insurance department about the reduction of employees and close its employee's social insurance book

2. Due to the COVID-19 pandemic situations, there are many expatriates who are unable to arrive to or depart from Vietnam upon commencement or end of their assignment as planned, which can affect the determination of their residency status and tax filing period in Vietnam. From the tax authority's general viewpoint, the expatriates' tax residency status, tax declaration period and tax filing and payment due date shall follow the current regulations without special treatment due to COVID-19 pandemic.

Links and resources

- ▶ Labor Code No. 10/2012/QH13 dated 18 June 2012 issued by the National Assembly;
- ▶ Decree No. 05/2015/ND-CP dated 12 January 2015 issued by the Government; and
- ▶ Official Letter No. 1064/LDTBXH-QHLDTL dated 25 March 2020 issued by the Ministry of Labor, Invalids and Social Affairs.

Appendix 2 – Foreign currencies list

The following list sets forth the names and codes for the currencies of jurisdictions discussed in this book.

Jurisdiction	Currency	Code
Armenia	Dram	AMD
Algeria	Algerian Dinar	DZD
Angola	Angolan kwanza	AOA
Argentina	Argentine Peso	ARS
Aruba	Aruban Florin	AWG
Australia	Australian Dollar	AUD
Austria	Euro	EUR
Azerbaijan	Manat	AZN
Belarus	Ruble	BYR
Brazil	Brazilian Real	BRL
Cambodia	Cambodian Riel	KHR
Canada	Canadian Dollar	CAD
Chile	Chilean Peso	CLP
China Mainland	Chinese Yuan	CNY
Colombia	Colombian Peso	COP
Congo-Brazzaville	Franc	CDF
Costa Rica	Costa Rican Colón	CRC
Croatia	Croatian kuna	HRK
Curaçao	Antillean Guilder	ANG
Cyprus	Euro	EUR
Czech Republic	Koruna	CZK

Appendix 2 – Foreign currencies list (continued)

Jurisdiction	Currency	Code
Denmark	Krone	DKK
Dominican Republic	Dominican Peso	DOP
Ecuador	United States Dollar	USD
Egypt	Pound	EGP
El Salvador	Salvadoran Colón	SVC
Equatorial Guinea	Guinea Franc	GNF
Estonia	Euro	EUR
Finland	Euro	EUR
France	Euro	EUR
Georgia	Lari	GEL
Germany	Euro	EUR
Guatemala	Guatemalan Quetzal	GTQ
Honduras	Honduran Lempira	HNL
Hong Kong	Hong Kong Dollar	HKD
Hungary	Hungarian forint	HUF
India	Rupee	INR
Indonesia	Indonesian Rupiah	IDR
Iran	Rial	IRR
Iraq	Dinar	IQD
Ireland	Euro	EUR
Italy	Euro	EUR
Jamaica	Jamaican Dollar	JMD

Jurisdiction	Currency	Code
Japan	Japanese Yen	JPY
Jordan	Dinar	JOD
Kazakhstan	Tenge	KZT
Kenya	Shilling	KES
Korea	South Korean Won	KRW
Kuwait	Dinar	KWD
Latvia	Euro	EUR
Lebanon	Pound	LBP
Lesotho	Loti	LSL
Libya	Dinar	LYD
Lithuania	Euro	EUR
Luxembourg	Euro	EUR
Malawi	Kwacha	MWK
Malaysia	Malaysian Ringgit	RM
Malta	Euro	EUR
Mexico	Mexican Peso	MXN
Morocco	Dirham	MAD
Mozambique	Metical	MZN
Myanmar	Myanmar Kyat	MMK
Netherlands	Euro	EUR
New Zealand	New Zealand Dollar	NZD
Nicaragua	Nicaraguan Córdoba	NIO

Appendix 2 – Foreign currencies list (continued)

Jurisdiction	Currency	Code
Norway	Krone	NOK
Palestinian Authority	Israeli Shekel	ILS
Panama	Panamanian Balboa	PAB
Peru	Peruvian Sol	PEN
Philippines	Philippine Peso	PHP
Poland	Zloty	PLN
Portugal	Euro	EUR
Qatar	Rial	QAR
Romania	Leu	RON
Russia	Ruble	RUB
Rwanda	Franc	RWF
Saudi Arabia	Riyal	SAR
Singapore	Singapore Dollar	SGD
Slovakia	Euro	EUR
Slovenia	Euro	EUR
South Africa	Rand	ZAR
Spain	Euro	EUR
Sri Lanka	Sri Lankan Rupee	LKR
Sweden	Swedish krona	SEK
Switzerland	Franc	CHF
Taiwan	New Taiwan Dollar	TWD
Tanzania	Shilling	TZS
Thailand	Thai Baht	THB

Jurisdiction	Currency	Code
Uganda	Shilling	UGX
Ukraine	Hryvnia	UAH
United Arab Emirates	Dirham	AED
United Kingdom	Pound	GBP
United States	United States Dollar	USD
Venezuela	Venezuelan Bolívar	VES
Vietnam	Vietnamese Dong	VND
Zambia	Kwacha	ZMW

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