The Global Guide Quarterly

LABOR AND EMPLOYMENT LAW UPDATES FROM AROUND THE GLOBE

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Geida D. Sanlate, Littler Editor

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Contents

Angola
Australia
Austria
Brazil
Canada
Cape Verde
China
Colombia
Costa Rica
Croatia
Czech Republic
Denmark
Egypt
El Salvador
Finland
France
Germany
Honduras
Hungary
India
Indonesia
Ireland
Israel
Italy
Kingdom of Saudi Arabia
Lebanon
Malaysia
New Zealand
Nigeria
Norway
Panama
Peru
Philippines
Poland
Portugal
Puerto Rico
Romania
South Africa
Spain
Ukraine
United Kingdom
United States
Venezuela
Vietnam
Zambia

Angola

New Regulations to Prevent and Combat Money Laundering in the Insurance Sector

New Legislation Enacted

Authors: Elieser Corte Real, Partner and Head of Employment, and Nuno Gouveia, Partner and Head of Employment – Fatima Freitas & Associados

The Angolan Insurance Regulation and Supervision Agency (*Agência Angolana de Regulação e Supervisão de Seguros* or ARSEG) issued Regulatory Standard No. 8/25, which went into effect on August 20, 2025, and established new rules to prevent and combat money laundering, financing terrorism, and the proliferation of weapons of mass destruction. The regulation applies to insurance, reinsurance, and microinsurance companies, insurance and reinsurance brokers and intermediaries, and pension fund management entities, and sets forth requirements regarding:

- Risk identification and assessment
- Refusal to conduct operations
- Document retention
- Internal controls
- Reporting suspicious transactions
- Selection, training, and identification of employees

While not employment law per se, this regulation affects employers in areas such as employee screening and identification, training requirements, and internal controls and reporting, as employees may be involved in monitoring, reporting suspicious transactions, and maintaining compliance systems.

New Rules on Access to Insurance and Reinsurance Mediation and Brokerage

New Legislation Enacted

Authors: Elieser Corte Real, Partner and Head of Employment, and Nuno Gouveia, Partner and Head of Employment – Fatima Freitas & Associados

On August 11, 2025, ARSEG issued Regulatory Standard No. 7/25, which defines the conditions and documents required for insurance agents, ancillary insurance intermediaries, insurance brokers, and reinsurance intermediaries to register with ARSEG. The regulation also provides new rules for accessing insurance and reinsurance mediation as well as the technical, commercial, administrative, and accounting requirements for those engaged in this activity. The regulation went into effect on the date of its publication.

This regulation significantly impacts employers in the insurance and reinsurance sectors, requiring them to meet new operational and compliance demands, including ensuring that agents, brokers, and intermediaries satisfy stricter registration requirements.

Angola Amends General Electricity Law to Expand Private Sector Participation

New Legislation Enacted

Authors: Elieser Corte Real, Partner and Head of Employment, and Nuno Gouveia, Partner and Head of Employment – Fatima Freitas & Associados

On July 23, 2025, Angola enacted Law No. 6/25, introducing major reforms to its General Electricity Law (Law No. 14-A/96, of May 31, 1996) to align with national goals for economic growth, regional energy integration, and competitive energy markets. A key change is the removal of the public monopoly over electricity transmission, allowing private entities to participate through public service concessions. This shift is designed to attract investment in the expansion and modernization of Angola's transmission infrastructure and support cross-border energy connections, in accordance with the Law on the Delimitation of Economic Activities (Law No. 25/21, of October 18, 2021).

Law No. 6/25 allows private companies in Angola's electricity and energy sector—particularly those involved in infrastructure, operations, and compliance—to apply for public service concessions and grid access, enabling expansion into the Angolan market. The law also promotes competition across the electricity value chain—generation, transmission, distribution, and commercialization—while encouraging private initiative, efficient energy use, and fair pricing.

These reforms open previously restricted areas of the energy sector to independent power producers and other investors.

The law took effect on July 25, 2025. Employers in the energy sector will be required to navigate heightened compliance and operational standards, which may trigger workforce and training needs.

Australia

New South Wales Reforms to Industrial Relations Act and Work Health and Safety Act 2011

New Legislation Enacted

Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

In July 2025, the New South Wales Parliament passed the Industrial Relations and Other Legislation Amendment (Workplace Protections) Bill 2025. The new law allows workers, as defined under the state's safety legislation, who are not covered by the federal Fair Work Act 2009 to apply for a stop-bullying order or for penalties for sexual harassment.

While most private sector employees fall within the Fair Work Act, these new laws provide added protections for state government employees, and independent contractors engaged by the state government to provide services.

Federal Court Decision on Set-Off and Record-Keeping

Precedential Decision by Judiciary or Regulatory Agency

Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

In a decision which may significantly affect employers' wage and hour and record-keeping practices, *FWO v. Woolworths & Ors*, the Federal Court determined that set-off clauses must operate per pay period to comply with the Fair Work Act. Australia has a complex set of baseline monetary terms and conditions, captured in industrial instruments known as "modern awards," "enterprise agreements" and minimum wage orders. Employers paying above the minimum wage typically include contractual clauses to offset any "over-award" payment against any shortfall.

The decision could have wide reaching implications for employers who adopt the practice of utilizing off-setting provisions in employment contracts, which has been standard practice in Australia for many employers since the 1970s.

Government Consultation on Non-Compete Clauses

Proposed Bill or Initiative

Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

Australia is considering major reforms to post-employment restraints, with a proposal to ban non-compete clauses for employees earning below the high-income threshold—set at AUD $183,100 for the 2025/2026 financial year. The federal government conducted public consultation from July to September 2025, seeking input not only on the proposed ban but also on potential limitations for higher earners. Questions posed included whether restraints should be prohibited above a certain duration (*e.g.*, 12 months), and how the law should treat clauses that restrict employee poaching or solicitation.

The government has not yet taken a position and is reviewing public submissions. It referenced the U.S. Federal Trade Commission's definition of non-compete clauses as a possible model for Australia, emphasizing terms that prevent or penalize workers from seeking new employment or starting a business post-employment.

Further updates will be provided as the matter progresses. Employers should monitor this initiative closely, as any legislative changes could significantly affect contract practices, talent mobility, and risk management strategies.

Victorian Government Proposes Right to Work from Home

Proposed Bill or Initiative
Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

On August 2, 2025, the Victorian state government announced its intention to legislate a right for employees to work from home a minimum of two days per week. The government will conduct public consultation over the coming months on the proposed reform. Readers will be updated as the consultation progresses, and any proposed legislation is released.

New South Wales Proposal to Regulate Workplace AI

Proposed Bill or Initiative
Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

The New South Wales state government introduced a bill to regulate the use of AI and automation in workplaces as part of proposed reforms to its workers compensation systems. If passed, the reform would require a person conducting a business or undertaking (PCBU) that uses a digital work system, to ensure that the work by or using the digital work system does not risk the health and safety of any person, as far as reasonably practicable.

A PCBU using a digital work system would be required to consider whether the system created or resulted in:

- Excessive or unreasonable workloads for workers
- The use of excessive or unreasonable metrics to assess and track performance
- Excessive or unreasonable monitoring or surveillance of workers
- Discriminatory practices or decision-making in the conduct of the business or undertaking.

The bill would also allow unions with the right to access and inspect the digital work system when it suspects contravention of a union contract.

Austria

General Protection Against Dismissal Applies Only If a Permanent Establishment is in Austria

Precedential Decision by Judiciary or Regulatory Agency
Authors: Linda Gahleitner, Associate, and Armin Popp, Partner – Littler

More and more people are working remotely from Austria for international companies. This offers several advantages, such as the opportunity to live in one's preferred city while still pursuing an international career. A decision by the Austrian Supreme Court clarified that the general protection against dismissal applies to employment relationships governed by Austrian contract law but only applies if the employer is located in Austria, even in cross-border situations.

The Supreme Court based its decision, among other reasons, on the fact that general protection against dismissal in Austria relies on the participation of employee representative bodies. Since such participation is not possible in the case of a foreign establishment, protection against dismissal does not apply in those circumstances.

Brazil

Law Extends Maternity and Paternity Leave for Parents of Children with Permanent Disabilities Due to Congenital Syndrome Associated with Zika Virus Infection

New Legislation Enacted

Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Littler

Among other provisions, Law No. 15.156/2025, published on July 2, 2025, extends maternity and paternity leave for parents or adopters of children with permanent disabilities resulting from a congenital syndrome associated with Zika virus infection. The law amends articles of the Brazilian Labor Code extending statutory maternity leave from 120 to 180 days and paternity leave from five to 20 days.

New Law Recognizes Persons with Fibromyalgia as Persons with Disabilities

New Legislation Enacted

Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Littler

Law No 15.176/2025, which will go into effect nationwide in January 2026, provides that individuals diagnosed with fibromyalgia are considered persons with disabilities (PwD). As a result, they will be entitled to specific public policies, such as quotas in public service examinations and exemption from IPI (Tax on Industrialized Products) when purchasing vehicles. To be classified as a PwD, an individual must be assessed by a multidisciplinary team of doctors, psychologists, and other professionals to determine whether they are performing activities and participating in society on an equal basis with others.

In at least 13 Brazilian states, individuals with fibromyalgia are already entitled to a range of rights through the implementation of diverse and highly relevant public policies. Law # 15,176/2025 will come into effect in January 2026 and will be applicable nationwide.

Government Approves Expansion of Maternity Leave Period

New Legislation Enacted

Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Littler

On September 29, 2025, Law No. 15.222/2025 went into effect, amending the Consolidation of Labor Law (CLT) to extend maternity leave for up to 120 additional days in cases of prolonged hospitalization related to childbirth. The law also amends Law No. 8.213/1991, which regulates social security benefits, to extend the payment period for the maternity allowance.

Following are key points of the law:

- **Start of the leave period:** Maternity leave and the maternity allowance will now begin on the date of hospital discharge, rather than on the date of the child's birth.
- **Application:** The law applies to cases in which either the mother or the baby requires hospitalization for more than two weeks.
- **Purpose:** To ensure that mothers have adequate time for care, recovery, and strengthening of family bonds, particularly in situations of prolonged hospitalization. The measure reinforces the importance of motherhood with dignity, fairness, and respect, ensuring essential care time between mother and child.

Superior Labor Court Clarifies Social Security Obligations in Settlement Agreements

Precedential Decision by Judiciary or Regulatory Agency

Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Littler

On September 15, 2025, the Superior Labor Court held that in agreements ratified in court, even without recognition of an employment relationship, social security contributions are due at a rate of 20% for the service recipient and 11% for the service provider, as an individual contributor, on the total value of the settlement, subject to the social security contribution cap. (For 2025, the cap is set at BRL 8,157.41 per month.) The decision is more than a reiteration of the Court's prior position, which previously provided only guidance.

The decision states that "not even the provision that the settled amount corresponds to a civil compensation precludes the levy of Social Security contributions." In other words, while there was previously room for discussion regarding the levy of social security contributions in settlement agreements without recognition of an employment relationship, ratified in court, the wording of the decision resolves the issue, making it clear that, regardless of how the agreement is drafted and the negotiations between the parties, social security contributions will be due at that capped amount.

2026 FAP Published: Employers Have Until Nov. 30 to Challenge

New Regulation or Official Guidance
Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Littler

Each company's 2026 Accident Prevention Factor (FAP) — a multiplier ranging from 0.5 to 2.0 applied to its Occupational Environmental Risk (RAT) — was published on September 30, 2025. The FAP is available on the Ministry of Social Security's website, where companies can review both their assigned multiplier and the underlying data used in its calculation. This includes the company's economic activity code (CNAE), Work Accident Notices (CATs), calculated leaves, payroll figures, number of employment contracts, and other information.

To avoid undue payments, companies can challenge the FAP no later than November 30, 2025, if the data is inaccurate.

Canada

Ontario: New Employment Information Requirement

New Legislation Enacted
Author: Monty Verlint, Partner – Littler

Effective July 1, 2025, Ontario employers with 25 or more employees must provide regular, non-assignment, new employees with the following information in writing on the first day of work, or if that is not practicable, then as soon as reasonably possible thereafter:

- The legal name of the employer, as well as any operating or business name if different from the legal name
- The contact information for the employer, including address, telephone number, and one or more contact names
- A general description of where it is anticipated that the employee will initially work
- The employee's applicable starting hourly or other wage rate, or commission
- The pay period and pay day
- The general description of the employee's initial anticipated hours of work

Nova Scotia: New Workplace Harassment Requirements

New Legislation Enacted
Author: Monty Verlint, Partner – Littler

Effective September 1, 2025, employers in Nova Scotia must have a written workplace harassment prevention policy in place. The policy must include, among other things:

- A commitment by the employer to ensure, as reasonably practicable, that no employee will be subjected to workplace harassment
- Recognition that all employees have an obligation not to engage in workplace harassment
- The reporting process when an employee believes they have been subjected to workplace harassment
- The investigation process and an overview of how the complainant and respondent will be informed of the outcome of the investigation

Employees must be trained on the workplace harassment policy and the policy must be reviewed every three years and updated as needed.

Québec: Court of Appeal Clarifies When an Accident Will Be Considered “Work-Related”

Precedential Decision by Judiciary or Regulatory Agency
Author: Monty Verlint, Partner – Littler

In *Succession de Batzibal v. Cultures Fortin Inc.*, 2025 QCCA 940, the Court of Appeal ruled that there does not need to be a direct link between an accident and a worker’s duties for any resulting injury to be considered employment-related under the applicable workers’ compensation legislation.

In this case, a seasonal worker from Guatemala died in an accident while trying to change a flat tire on the employer’s vehicle. The accident occurred after working hours, on the employer’s premises, using the employer’s equipment. The Court of Appeal held that it is necessary to evaluate the relationship between the work performed and its utility to the employer to determine if the accident occurred in the course of work. In this case, the Court also considered the contextual factors, namely the nature of the work and the worker, and held the accident was an employment injury that fell within the scope of the legislation.

British Columbia: Employees Have a Duty to Mitigate Damages in Early Termination of a Fixed-Term Employment Contract

Precedential Decision by Judiciary or Regulatory Agency
Author: Monty Verlint, Partner – Littler

In *Mac’s Convenience Stores Inc. v. Basyal*, 2025 BCCA 284, the British Columbia Court of Appeal addressed whether an employee under a fixed-term contract has a duty to mitigate damages inn early termination of a fixed-term employment contract The Court of Appeal confirmed that, in British Columbia, employees generally must mitigate their damages unless the contract expressly removes that obligation.

While acknowledging practical barriers to mitigation may exist, the Court held these factors affect the amount of damages, not the existence of the duty. This is a departure from the case law in Ontario, where there is no duty to mitigate damages in an early termination of a fixed-term agreement.

British Columbia: Use of Extra-Provincial Replacement Workers Is a Violation of the Labor Relations Code

Precedential Decision by Judiciary or Regulatory Agency
Author: Monty Verlint, Partner – Littler

In *Gate Gourmet Canada Inc. v. Unite Here, Local 40*, 2025 BCCA 246, the British Columbia Court of Appeal upheld a Labor Relations Board order prohibiting an employer from using out-of-province employees located in Alberta to perform work normally done by striking workers at Vancouver International Airport. The Court confirmed that the Board’s order did not constitute an unconstitutional extraterritorial application of British Columbia’s Labor Relations Code. The Court found a direct and compelling link between the Code, the employer, and the strike, noting that the employer was a provincially regulated employer with operations in British Columbia.

Cape Verde

New Horizontal Property Law

New Legislation Enacted
Authors: Nuno Gouveia, Partner and Head of Employment, and Nuno Gouveia, – Miranda Alliance

Law No. 57/X/2025, in force since August 6, 2025, introduces significant updates to the legal regime governing horizontal property. While not employment law per se, these changes intersect with employer responsibilities around accessibility, facilities management, and legal compliance in shared-use property environments. The law modernizes the framework to reflect current

urban and economic realities, amending various codes (*e.g.*, the Civil Code, Land Registry Code, etc.). Key changes include streamlined procedures for incorporating horizontal property in rural and mixed-use developments, and a shift from unanimous to majority approval for amendments to incorporation titles—potentially easing decision-making for corporate property owners.

For employers, the law's provisions on accessibility and unit modifications are particularly relevant. Co-owners with reduced mobility—or those living with individuals in such conditions—may now install ramps, lifts, or platforms in common areas with prior notice and compliance with technical standards. This aligns with broader workplace inclusion goals and may affect employers providing housing or operating in mixed-use facilities. Additionally, the ability to merge units without co-owner approval (under specific conditions) and the introduction of electronic assembly meetings may simplify property management and reduce administrative burdens.

China

Supreme People's Court Issues New Interpretation on Labor Disputes

New Regulation or Official Guidance
Authors: Grace Yang, Shareholder, and Jerry (Gongyu) Zhang, Associate – Littler

Effective September 1, 2025, the Supreme People's Court issued Judicial Interpretation (II) on Labor Disputes to guide case adjudication based on judicial practice. Among other things, it clarifies that certain situations may qualify as the conclusion of two consecutive fixed-term labor contracts, triggering the right to an indefinite-term contract. These situations include contract extensions of one year or more, automatic renewals, continued work under a new contracting entity, and re-signing under bad-faith circumstances. If an employee continues working after contract expiration and the employer does not object for over a month, the employer must renew the contract under the original terms upon request. If the employee qualifies for an indefinite-term contract and requests it, the employer must comply. Termination in these cases may be considered unlawful.

The Interpretation also provides that if an employer unlawfully terminates or dissolves a labor contract, and certain conditions apply, the court may find the contract is no longer valid and an employee may not be entitled to wages under the contract. These conditions include:

- Contract expiration during arbitration or litigation with no legal basis for renewal
- Employer bankruptcy or dissolution
- The employee is working for another employer, which disrupts work with the original employer, and the employee refuses to terminate the job with the other employer
- The employee is receiving pension benefits

However, if the contract remains performable, and the employee requests back pay for the period between unlawful termination and reinstatement, the employer must pay wages at the normal rate. Where both parties are at fault, each must bear corresponding responsibility.

Cyberspace Authority Issues Provisions on Benchmark for Administration Sanctions

New Regulation or Official Guidance
Authors: Grace Yang, Shareholder, and Jerry (Gongyu) Zhang, Associate – Littler

China's Cyberspace Administration introduced the Application of the Benchmark for Discretionary Power for Administrative Sanctions, which are new enforcement provisions that may shape how data and cybersecurity violations are assessed and penalized going forward. Effective August 1, 2025, the provisions establish a five-tier benchmark for administrative sanctions—no penalty, mitigated, lenient, standard, and aggravated—aimed at promoting fairness, transparency, and proportionality in enforcement.

Cyberspace authorities must apply enforcement benchmarks based on the facts of the case, the nature and severity of the violation, the degree of social harm, and the party's level of fault. Relevant factors include the methods used, duration and frequency of the violation, number and type of affected parties, prior penalties, illegal gains, business scale and influence, and the party's cooperation and remedial efforts. Other legally prescribed factors may also be considered.

For employers, this signals a more structured and predictable approach to enforcement—one that underscores the importance of proactive compliance, internal controls, and swift corrective action when issues arise.

China Implements Reporting Requirement for Personal Information Protection Officer

New Regulation or Official Guidance

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

Effective July 18, 2025, the Cyberspace Administration of China (CAC) requires personal information handlers processing personal data of over one million individuals to report information about their Personal Information Protection Officer to the municipal-level CAC in their jurisdiction. For information handlers who newly reach the threshold, reporting must be completed within 30 working days. Those who previously reached the one million threshold were required to report by August 29, 2025, and to report any substantial updates within 30 working days.

Reports are to be submitted online via the Personal Information Protection Business System. Noncompliance may trigger penalties under the Personal Information Protection Law and related regulations.

China Issues Compliance Guidelines on Non-Compete Agreements

New Regulation or Official Guidance

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

On September 4, 2025, China's Ministry of Human Resources and Social Security (MOHRSS) issued the Compliance Guidelines on the Implementation of Non-Compete Agreements by Enterprises, effective immediately. The Guidelines aim to balance protection of trade secrets with employees' right to employment. Non-compete obligations may only be imposed on employees with access to genuine trade secrets. Employers must reasonably define the scope, geographic coverage, and duration of such clauses, which may not exceed two years. To enforce a non-compete, employers must pay monthly compensation—generally no less than 30% of the employee's average monthly salary over a 12-month period, and not less than the local minimum wage. If the restriction exceeds one year, compensation should typically be no less than 50% of the same benchmark.

The Guidelines also regulate liquidated damages to ensure fairness, permit early termination with compensation, and allow employees to stop performing non-compete obligations if compensation is not paid on time. Blanket restrictions on employees with only general industry knowledge are prohibited, and employers must negotiate terms fairly to avoid abuse of bargaining power. Trade unions may collect employee feedback and request corrections where non-competes unduly hinder career development.

China Introduces Draft Protections for Workers Who are Beyond the Statutory Retirement Age

Proposed Bill or Initiative

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

On July 31, 2025, China published the Interim Provisions on the Protection of the Basic Rights and Interests of Overage Workers (Draft for Public Comments), which aim to safeguard employees, including those who retired early and were subsequently rehired, who are beyond the statutory retirement age. The draft provisions require employers to enter into a written labor engagement agreement with overage workers, clearly specifying terms such as job responsibilities, work location, working hours, agreement duration, rest and leave entitlements, compensation, social insurance, labor protections, working conditions, and occupational hazard prevention measures.

Disputes related to pay, leave, safety, or injury protection would be resolved under China's labor dispute mediation and arbitration law. Other types of disputes may be brought directly to court.

Colombia

Law Ratifies ILO Convention Addressing Workplace Violence and Harassment

New Legislation Enacted
Author: María Paula Monroy, Associate – Littler

Law 2528 of 2025 requires Colombia to adopt a comprehensive, inclusive, and gender-sensitive approach to prevent and eliminate violence and harassment at work. Key measures include legally prohibiting such behaviors, developing policies and strategies for prevention, ensuring access to remedies and support for victims, and providing education and awareness programs. Employers are required to implement workplace policies, assess risks, and provide training. The law also recognizes the impact of domestic violence on work and calls for measures to mitigate its effects.

By ratifying ILO Convention 190, Colombia commits to aligning its national legislation and practices with international standards, promoting a safe, respectful, and equitable work environment for all.

New Ministry of Labor Resolution Modifying Labor Coexistence Committee Composition and Requirements

New Order or Decree
Author: María Paula Monroy, Associate – Littler

On September 1, 2025, the Ministry of Labor published Resolution 3461of 2025 which modifies the guidelines for the incorporation and functioning of Labor Coexistence Committees for public and private entities. These committees are designed to foster a healthy work environment by preventing and addressing issues like workplace harassment and conflicts between employees. The resolution requires employers to implement the following:

- A workplace harassment prevention policy
- Coexistence manuals
- Gender-sensitive prevention measures
- Non-discrimination training
- Awareness activities on harassment, assertive communication, and conflict resolution
- Training sessions

The resolution also modifies committee composition based on company size. Organizations with less than five employees, must appoint one representative each for the employer and employees, with no alternates. Those with between five and 20 employees require one representative and one alternate per side. Companies with more than 20 employees must designate two representatives and two alternates for both employer and employee groups. Additionally, companies that have more than one location need to establish separate committees at each site.

Clarifications on Apprentices Hiring Requirements

New Order or Decree
Author: Irene Duarte, Associate – Littler

On July 18, 2025, the Ministry of Labor issued Circular 083 – 2025-07-18 to clarify hiring requirements under Law 2466 of 2025, which introduced fixed-term apprenticeship contracts governed by the Substantive Labor Code. Key distinctions were made between the learning and practical phases: during the learning phase, apprentices earn 75% of the minimum wage without social benefits, while companies cover full health and occupational risk insurance. In the practical phase, apprentices receive full minimum wage and are entitled to all standard labor benefits, including health, pension, unemployment aid, and more.

Additional provisions include aligning contract duration with academic programs (up to three years), mandatory reporting to SENA (*Servicio Nacional de Aprendizaje*, the national public institute that provides free vocational and technical education), and the social security system, formal disciplinary protections, and inclusion of apprentices in disability quotas and workplace committees. These rules apply to all contracts active as of June 25, 2025, and to new hires thereafter.

Costa Rica

Constitutional Chamber Redefines Rules on Collective Bargaining and Longevity Bonuses in the Public Sector

Precedential Decision by Judiciary or Regulatory Agency
Author: Marco Arias, Partner – Littler

The Constitutional Chamber of Costa Rica's Supreme Court issued Judgment No. 8201-2025, introducing major changes to public sector compensation and collective bargaining. It declared unconstitutional certain provisions of the Public Administration Salaries Act (LSAP) that created unequal pay among public servants and annulled a clause of the Law on the Strengthening of Public Finances (LFFP) requiring termination of collective agreements upon expiration. The Court also partially upheld a challenge to longevity bonuses, citing discriminatory practices in how service years were calculated across institutions, and the timing of payments. While other provisions on severance and incentives were upheld, the ruling underscores the need for public institutions to carefully assess their legal frameworks to ensure alignment with constitutional principles.

Changes to Permitted Activities During Medical Leave

Important Action by Regulatory Agency
Author: Marco Arias, Partner – Littler

Costa Rica's Social Security Administration (CCSS) has updated its regulations to clarify what activities are allowed during medical leave. Effective July 10, 2025, the revised regulations prohibit all paid work and any unpaid activities that may hinder recovery but introduces exceptions. These include medically recommended physical or recreational activities and, importantly, basic daily tasks such as buying food or medicine for individuals who lack support. Attending medical appointments or legal proceedings is also permitted if medically approved.

Given the confidentiality of medical records and the complexity of individual health conditions, the reform aims to reduce misunderstandings, such as assuming someone outside their home is violating medical leave and encourages employers to consult the applicable medical center before taking disciplinary action.

Key Updates to Occupational Risk Insurance

Important Action by Regulatory Agency
Author: Marco Arias, Partner – Littler

The National Insurance Institute (INS) has released a new 2025 Technical Standard for Mandatory Occupational Risk Insurance, replacing the 2023 version. Key updates include the removal of advance employee reporting—new hires are now added directly to payroll—automatic annual payroll calendars, default monthly frequency for unregistered special policies, a three-period window to correct omissions, and a new form for reactivating inactive policies. Employers are advised to update internal procedures and insurance policies to ensure compliance and avoid penalties.

Costa Rica's Opportunity to Lead on AI in the Workplace

Trend
Author: Marco Arias, Partner – Littler

Costa Rica has a historic opportunity to become a regional benchmark for the ethical and modern labor regulation of artificial intelligence (AI) in the workplace. As AI becomes increasingly integrated into employment processes—such as hiring, performance evaluation, and training—there is an urgent need for clear, agile, and balanced legislation that ensures transparency, fairness, and protection of workers' rights. Currently, a legal gap exists, with no specific rules governing algorithmic accountability, data protection, or informed consent.

While several bills have been introduced, they have been criticized for lacking technical rigor. To seize this opportunity, Costa Rica must develop intelligent, inclusive regulation that supports innovation while safeguarding human dignity, aiming to become a regional model for responsible AI adoption in labor contexts.

Croatia

Draft Amendments to the Whistleblower Protection Act

Proposed Bill or Initiative

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

In September 2025, the Draft Amendments to the Whistleblower Protection Act (Draft Amendments) passed the first legislative phase in the Croatian Parliament. The Draft Amendments aim to harmonize Croatian whistleblower legislation with the EU and the Organization for Economic Co-operation and Development (OECD) recommendations.

Among other things, the Draft Amendments grant whistleblower rights and protections to persons who report concerns directly to the police or State Attorney's Office, rather than through internal or external reporting channels. In addition, the Draft Amendments introduce shorter procedural deadlines for court proceedings initiated for purpose of protecting a whistleblower.

The Draft Amendments also significantly raise administrative fines for violations of the Whistleblower Protection Act. The new fines are generally two to five times higher than the currently applicable administrative fines.

Czech Republic

Employer's Unified Monthly Reporting Act Passed

New Legislation Enacted

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

Effective January 1, 2026, a new law introducing a unified monthly employer report will go into effect. This single report will replace multiple separate forms currently sent to government authorities, significantly reducing administrative workloads and minimizing the risk of errors. Employers will have to adjust internal procedures and ensure their payroll and HR systems are prepared to comply with the new format and deadlines.

Minimum Wage to Rise in 2026

New Legislation Enacted

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

Effective January 1, 2026, the gross minimum wage in the Czech Republic will increase to CZK 22,400 per month (approx. EUR 920). For a standard 40-hour workweek, the corresponding minimum gross hourly wage is CZK 134.40 (approx. EUR 5,50).

Workplace Injury Reporting: Transition to a Fully Digital System

New Legislation Enacted

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

Effective January 1, 2026, employers must submit workplace-injury reports exclusively via the State Labor Inspection Office (SUIP) online portal. The shift aims to streamline and accelerate reporting, reduce administrative burden, and modernize injury recordkeeping. The changes will require employers to update internal procedures and ensure they are prepared for fully digital communication with SUIP.

New Employer Obligation: Retirement Plan Contributions for High-Risk Employees

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

Effective January 1, 2026, employers will be required to contribute to retirement plans for employees performing Category 3 hazardous work, such as exposure to vibration, cold, heat, or general physical strain. The contribution rate is set at 4% of the employee's assessment base for social security. An employee qualifies for the contribution in any calendar month during which they perform at least three shifts of hazardous work.

Proposed New Restrictions on Agency Employment for Foreign Nationals

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

A proposed amendment to the Czech Employment Act would restrict the assignment of foreign nationals who have not completed secondary education. Under the draft law, such individuals could only be placed through employment agencies that have held a valid license for at least three years. The proposal also narrows the scope of prohibited work for foreign employees assigned to underground mining, eliminating the current list of restricted roles, potentially expanding opportunities for foreign labor in this sector.

If passed, the amendment will take effect on January 1, 2026.

Denmark

Court Clarifies Scope of Temporary Agency Work

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

On August 19, 2025, the Labor Court issued a ruling that clarified the definition of "temporary" under the Danish Temporary Agency Work Act. The case centered on whether a worker—whose contract had been extended four times —could still be considered a temporary agency worker and thus fall within the scope of the Act.

The Court concluded that the worker was indeed posted on a temporary basis, despite the repeated extensions. It emphasized that the nature of the company's operations, marked by significant fluctuations and unpredictability, justified the temporary classification. Notably, the worker had performed duties during the COVID-19 lockdown, a period that underscored the company's volatile activity levels.

Supreme Court: Employer Held Liable for Work Accident During Lifeboat Exercise

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

On September 26, 2025, the Supreme Court assessed whether an employee injured during a lifeboat drill on a drilling platform in the North Sea was eligible for additional compensation under the Danish Liability for Damages Act. The incident was recognized as a work-related accident under the Danish Workers' Compensation Act. The employee filed a claim against the company for additional compensation under the Danish Liability for Damages Act, arguing that the exercise had not been organized in a sufficiently safe manner.

The Supreme Court found that the employer had acted negligently, because the risks associated with the drill had not been sufficiently mitigated. Although the Supreme Court applied the general negligence standard, it assessed the employer's liability considering obligations under occupational health and safety legislation, including the requirement to minimize risks as much as it is reasonably practicable. The court emphasized that launching the lifeboat in free fall from a height of approximately 45 meters posed a clear risk of injury, and that the drill – which was not performed in an actual emergency – could have been carried out in

a less risky manner. It was also unnecessary for the employee to sit in the forward-facing captain's seat, which was more exposed. The Supreme Court ruled that the employer was liable for the injury and that the case could proceed in the district court regarding the calculation of the claim.

New Business Immigration Program Aims to Ease Labor Shortages

Proposed Bill or Initiative
Author: Bo Enevold Uhrenfeldt, Partner – Littler

On June 30, 2025, the Danish Government introduced a political agreement to implement a new business immigration program, aimed at facilitating the recruitment of qualified labor from selected non-EU countries by Danish enterprises. A central feature of the initiative is the adjustment of the statutory minimum salary that foreign nationals must be offered to obtain residence and work permits in Denmark. For employment arrangements covered by the new business program, the annual salary threshold will be decreased from DKK 514,000 to DKK 300,000. The program is geographically limited to workers from the following 16 non-EU countries: the United States, the United Kingdom, Singapore, China, Japan, Australia, Canada, India, Brazil, Malaysia, Montenegro, Serbia, North Macedonia, Albania, Ukraine, and Moldova.

The program has not yet been adopted or proposed and the actual wording of the legislation has not yet been determined. The Ministry of Employment has assumed that the program will take effect on October 1, 2026, but the proposed effective date may change when the bill is presented.

Egypt

Decree Designates Official Locations of Labor Courts

New Order or Decree
Authors: Alia Monieb, Partner and Head of Employment, and Rawan Roshdy, Attorney-at-Law – ADSERO - Ragy Soliman & Partners

On July 22, 2025, the Minister of Justice issued Decree No. 4621 of 2025, designating the official locations of labor courts within the jurisdiction of primary courts across Egypt. The decree aims to streamline the judicial framework by ensuring that labor courts are available within the scope of every primary court, improving access to justice for both employers and employees in labor disputes.

Employers should note that labor disputes will now be heard at designated courts aligned with the territorial jurisdiction of primary courts.

Egypt Eases Work Permit Procedures for Foreign Employees at Small Businesses

New Order or Decree
Authors: Alia Monieb, Partner and Head of Employment, and Rawan Roshdy, Associate – ADSERO - Ragy Soliman & Partners

On September 18, 2025, the Minister of Labor issued Decree No. 194 of 2025, granting a three-month grace period for foreign employees in small businesses—such as restaurants, shops, and sole proprietorships —to obtain work permits under simplified procedures. The decree and guidelines, issued shortly thereafter and discussed below, aim to facilitate procedures for foreign nationals who have recently relocated to Egypt, providing opportunity for them to be employed by small businesses.

Guidelines No. 2 of 2025, outlines required documents and confirms exemptions from some requirements during the grace period, including contracts, experience certificates, and residence permits. Work permits costing EGP 3,000 annually plus card fees, are valid for up to one year, and remain subject to security clearance, with cancellation possible for violations.

New Labor Legal Aid Offices to Support Dispute Resolution

New Order or Decree
Authors: Alia Monieb, Partner and Head of Employment, and Rawan Roshdy, Associate – ADSERO - Ragy Soliman & Partners

On July 27, 2025, the Minister of Justice issued Decree No. 4693 of 2025 establishing Labor Legal Aid Offices in each labor court. The offices will provide free legal assistance to both employees and employers in labor disputes, including guidance on jurisdiction, claim filing, documentation, and enforcement of judgments. Each office must maintain records, operate under the supervision of the General Department for Labor Court Affairs, and submit monthly statistical reports. This initiative is designed to expand access to justice and ensure consistent support in navigating the new Labor Law framework.

Procedures for Resignations and Mutual Settlements Clarified

New Order or Decree
Authors: Alia Monieb, Partner and Head of Employment, and Rawan Roshdy, Associate – ADSERO - Ragy Soliman & Partners

In September 2025, the Minister of Labor issued Decree No. 187 of 2025 clarifying the procedures for employee resignations and mutual terminations under the new Labor Law. Resignations must be submitted to the applicable Labor Office or Directorate and only take effect once stamped and approved. Employees must submit the ratified resignations to their employers.

An employee may withdraw their resignation within 10 days of employer acceptance and if approved by the applicable labor office the employee will be reinstated. The Ministry has also issued official templates for resignation and mutual termination agreements. The mutual termination agreements only require signatures of the parties without additional approval from the labor office.

El Salvador

New Average Cost of Early Childhood Care Centers (CAPI)

New Legislation Enacted
Authors: Manuel W. Rosa, Partner, and Jaime Solis Canjura, Partner – Littler

At the end of 2023, an amendment to the Growing Together Act (*Ley Crecer Juntos*) introduced a new means for employers to comply with their legal obligation to provide an Early Childhood Care Center (CAPI). The amendment provides that employers may comply by paying an average CAPI service fee equivalent to the monthly fee charged by the centers selected by employees for the care of their children.

The National Council for Early Childhood, Childhood, and Adolescence (*Consejo Nacional de la Primera Infancia, Niñez y Adolescencia* or CONAPINA) has recently updated the average CAPI service costs:

- **Enrollment Fee:** USD $76.52 (previously USD $72.70)
- **Monthly Fee:** USD $159.20 (previously USD $151.40)

Employers must ensure that the updated amounts are reflected in their internal regulations, which should also specify the conditions under which the benefit is granted.

Minimum Wage Adjustment: Key Considerations for Business Management

New Order or Decree
Authors: Noé A. Martínez, Partner, and Manuel W. Rosa, Partner – Littler

Effective June 1, 2025, the minimum wage in El Salvador increased 12%. This adjustment, aimed at improving the income of those who earn the base wage, also entails several legal, tax, and organizational changes. The approved adjustment raises the monthly minimum wage to USD 408.80 in the industry, commerce, and services sectors, and to USD 402.32 in the textile maquila sector. These new amounts seek to protect workers' purchasing power in the face of fluctuations in the cost of living.

The increases will require businesses, particularly those with tight salary structures or numerous employees earning the minimum wage or amounts close to it to conduct thorough review of their financial and operational planning.

ISSS Implements Digital Issuance of Medical Leave Certificates

Important Action by Regulatory Agency
Author: Jaime Solis Canjura, Partner – Littler

Effective September 1, 2025, the Salvadoran Social Security Institute (ISSS) implemented a digital system for issuing medical leave certificates to streamline the process for employers and employees. Certificates are now generated directly in the patient's electronic medical record and include a unique code and QR code. Leaves longer than three days require a medical certificate, and those exceeding 15 days need digital validation by the healthcare center director. Employees receive certificates via email or text, and employers also get electronic copies.

To process subsidies, workers must register on the ISSS portal. To comply with the new system, companies may need to update employee information and adjust internal procedures.

Finland

Co-operation Act Amendments: Higher Threshold, Shorter Negotiation Periods

New Legislation Enacted
Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd

The amendments to the Co-operation Act, approved by Parliament on April 23, 2025, went into effect on July 1, 2025. The amendments raised the scope of the Act from employers with at least 20 employees to those that regularly employ at least 50 employees. Additionally, the statutory negotiation periods were halved to seven or three weeks, depending on the subject of the negotiations.

Employers with 20 to 49 employees retain an obligation to continue workplace dialogue and conduct change negotiations if, within a 90-day period, they consider the dismissal, reduction to part-time employment or unilateral amendment of an essential term of the employment contracts of at least 20 employees on production-related or economic grounds under the Employment Contracts Act. As a new statutory provision, the amended Act introduced a 30-day standstill period for assessing public employment services, during which employment contracts may not be terminated.

Proposal to Amend the Grounds for Individual Terminations under the Employment Contracts Act Is Progressing

Proposed Bill or Initiative
Author: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd

The government has proposed legislative changes revising the threshold for termination on personal grounds. Currently, the grounds for such termination must be both proper and weighty, and the employer must assess whether termination could be avoided by offering the employee alternative work. Under the proposed amendment, termination would only require a proper reason, and the employer would no longer need to consider offering alternative work as an option, except in cases where the employee's ability to work has substantially changed, for example due to a long-term illness.

The draft bill has been through the consultation round, but its estimated presentation week has been repeatedly delayed. According to the latest information, the draft is scheduled to be presented in week 42 of the Government plenary session and is intended to go into effect on January 1, 2026.

France

French Supreme Court: Independent Contractor Status for App-Based Driver

Precedential Decision by Judiciary or Regulatory Agency
Author: Guillaume Desmoulin, Partner – Littler

In a decision issued on July 9, 2025 (Ref. Cass. soc. July 9, 2025, n°24-13 504), the French Court of Cassation upheld a Court of Appeal ruling that a car service driver was an independent contractor (IC), not an employee. The Court emphasized that the driver was not bound by a non-competition or exclusivity obligation and was free to work through other platforms.

The driver could develop a personal clientele, refuse ride requests, and choose the best way to get to a destination, without instructions from the platform. The Court also held that the platform's imposition of a maximum fare did not establish a subordinate relationship, reinforcing the driver's IC status.

An Employee Can Get Overtime Pay for a Week During Which They Took Paid Leave

Precedential Decision by Judiciary or Regulatory Agency
Author: Guillaume Desmoulin, Partner – Littler

Under French law, overtime pay only applies to "effective" working time. Accordingly, time on paid leave or sick leave are excluded from the calculation of overtime. Under European Union law, any measure that could dissuade an employee from taking paid leave is prohibited, for example, when taking paid leave creates a financial disadvantage.

In a landmark decision issued on September 10, 2025 (Ref. Cass. soc. September 10, 2025, n°23-14 455), the French Court of Cassation rejected the national rule excluding paid leave from overtime calculations, citing the primacy of EU law. The Court held that omitting paid leave from weekly overtime calculations creates a financial disincentive to rest, which is incompatible with EU law.

As a result, an employee who is subject to a weekly calculation of working hours may claim overtime pay for a week during which they have taken a day of paid leave and have therefore not engaged in 35 hours of "effective" work.

French Supreme Court Recognizes Right to Postpone Paid Leave Due to Illness

Precedential Decision by Judiciary or Regulatory Agency
Author: Guillaume Desmoulin, Partner – Littler

On September 10, 2025, the French Court of Cassation made a U-turn and, following the position of the European Court of Justice, ruled that an employee who gets sick during paid leave and notifies the employer, can postpone the paid leave for the time covered by sick leave.

The French high court thus aligns itself with EU jurisprudence, which already guaranteed this right based on respect for employees' rest periods under Article 31(2) of the Charter of Fundamental Rights of the European Union and Article 7(1) of Directive 2003/88/EC.

Court Rules Against Employer Based on Failure to Provide Full Reports After an Investigation

Precedential Decision by Judiciary or Regulatory Agency
Author: Guillaume Desmoulin, Partner – Littler

In a case challenging an employee's dismissal for misconduct, the Court of Appeal held that the employer had not provided sufficient probative evidence of the employee's misconduct. Although the employer and staff representatives carried out an internal investigation, interviewing 14 employees, only five reports of the interviews were produced during the court proceedings. The reports that were not produced may have been favorable to the employee, the court found.

In a June 18, 2025, decision (Ref. Cass. soc. June 18, 2025, n°23-19022), the French Court of Cassation upheld the appeal decision. Noting that it is up to trial judges to assess the probative value of an internal investigation by the employer in the dismissal of an employee for harassment, it agreed with the Court of Appeal that the reports of the internal investigation produced in the case did not corroborate the employer's accusations. In addition, the employer did not produce all the records of the investigation.

Germany

Increase of the Statutory Minimum Wage as of 2026

New Legislation Enacted
Author: Dr. Stefanie Reiche, Counsel – Littler

The German Minimum Wage Commission has decided on a gradual increase in the statutory minimum wage to EUR 13.90 per hour as of January 1, 2026, and to EUR 14.60 as of January 1, 2027, providing an initial increase of 8.42% followed by a further increase of 5.04%, totaling 13.88%.

Affecting approximately six million employees, it is the largest increase since the introduction of the minimum wage in Germany in 2015.

Failure to Appoint an Inclusion Officer May Indicate Discrimination of Severely Disabled Employee

Precedential Decision by Judiciary or Regulatory Agency
Author: Dr. Sabine Vianden, Senior Associate – Littler

Employers in Germany are obliged to appoint an Inclusion Officer in accordance with Sec. 181 of the Social Security Code IX (SGB IX). The duties of an Inclusion Officer include representing the employer in matters relating to severely disabled people and ensuring that the employer fulfills its obligations toward these employees. The Inclusion Officer is appointed in writing, and, if possible, should be severely disabled themselves.

In a verdict published on August 27, 2025, the German Federal Labor Court ruled that the employer's failure to appoint an Inclusion Officer may indicate a causal link between the employee's severe disability and discrimination within the meaning of Section 22 of the General Equal Treatment Act (AGG). This presumption, however, only applies, if the measure at issue affects the specific interests of severely disabled people. By contrast, if the measure affects all employees equally, the failure to appoint an inclusion officer does not justify the presumption of a causal link under Section 22 AGG.

No Enhanced Dismissal Protection for Employees Initiating Works Council Elections During the First Six Months of Employment

Precedential Decision by Judiciary or Regulatory Agency
Author: Philipp Schulte, Senior Associate – Littler

In a decision dated August 20, 2025, the Higher Regional Labor Court of Munich found that employees initiating works council elections during the first six months of their employment do not enjoy special dismissal protection under the German Dismissal Protection Act. After six months, employees initiating works council elections, running for works council office, and works council members are strongly protected.

Even though employers must not jeopardize works council elections, they are free to exercise their right to assess whether a newly hired employee is a good fit for a position and the company and can freely terminate the employee's employment unless the termination is discriminatory or arbitrary. This positive decision serves as a reminder that the first six months of employment offer an opportunity for the employer to determine whether employees are a good fit for the company – both personally and professionally.

Honduras

Telework Labor Law Proposal

Proposed Bill or Initiative
Authors: Karla Andonie, Partner, and Ángel Herrera, – Littler

To modernize its labor market and address the work-related challenges in the digital era, Honduras has given its second reading approval to the Law on the Telework Labor Regime, an innovative regulation that recognizes telework as a valid and protected form of employment. This law aligns with the recommendations of the International Labor Organization (ILO) and with the

practices of other Latin American countries that have adopted similar legal frameworks. Telework is defined as the performance of work activities outside the traditional workplace, using information and communication technologies. The law provides that its implementation must result from a free and express agreement between the employer and the employee, without affecting vested rights or fundamental employment conditions.

Teleworkers will enjoy all rights recognized under the Honduran Labor Code, including working hours, fair remuneration, vacation leave, social security, trade union organization, job stability, and decent working conditions. Furthermore, employers are required to provide the equipment and tools necessary for the performance of the work duties, as well as to ensure occupational health and safety conditions in the space where the work is performed. The legal framework also establishes mechanisms for performance supervision and control, which must respect the employee's privacy and avoid any form of intrusive surveillance or technological abuse. Likewise, it regulates the right to disconnect outside of working hours to preserve mental health and work-life balance.

IHSS Amnesty: Benefits, Requirements, and Procedure for Employers in Arrears

Important Action by Regulatory Agency
Authors: Marielos Acosta, Associate, and Ángel Herrera, Partner – Littler

The Honduran Social Security Institute (IHSS) has introduced a special amnesty regulation that allows public and private sector employers with overdue contributions to pay only the principal debt, while being exempt from surcharges and fines. This initiative aims to ease financial burdens, restore access to IHSS services for workers, and strengthen the social security system.

Employers can choose between lump-sum payments or long-term payment plans of up to 96 months. Eligibility extends to all employers in arrears, including those with ongoing legal proceedings prior to asset seizure. To apply, legal representatives must submit required documentation in person or through authorized agents. The regulation also permits IHSS to write off uncollectible accounts from closed or dissolved entities, enhancing financial transparency and recovery efforts.

Hungary

Subjective Perception Not Enough to Establish an Unlawful Threat

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

Hungary's Supreme Court has affirmed that a mutual termination agreement is valid unless the employee can establish they were under unlawful pressure when signing it. The employee's subjective perception does not constitute an unlawful threat or duress justifying the nullification of the agreement.

In this case an employee faced with evidence of misconduct was offered a mutual termination agreement. The employee believed that the employer would initiate a criminal case if the employee failed to sign the agreement. The Supreme Court held that the subjective perception of the contesting party and the duration of that perception, on their own, do not constitute an unlawful threat or a state of duress justifying the contestation of the agreement. According to long-standing, consistent judicial practice, the mere prospect, presented by the employer, of a lawful disciplinary procedure in response to a breach of obligations committed by the employee does not in itself amount to an unlawful threat.

Supreme Court Clarifies Validity of Employer Statements Made Without Formal Authority

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

The Supreme Court recently ruled that if the person authorized to exercise the employer's rights has approved the legal statement made by the unauthorized representative, the statement is not automatically invalid. Moreover, even in the absence of such approval, the statement remains valid if the employee could reasonably infer from the circumstances that the individual was authorized to act on behalf of the employer.

In the case at hand, the signatory's formal authority had been revoked, but the signatory remained in the position and exercised its rights towards the employees. The employee in question had an understanding that the signatory was still entitled to exercise such rights. Therefore, the Supreme Court upheld the validity of the ex-signatory's statement, although the new signatory refused to approve it.

This ruling reinforces the principle of apparent authority in Hungarian labor law, protecting employees who act in good faith based on the employer's conduct.

Obligation to Maintain Rights of a Collective Agreement

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

In a recent decision, the Supreme Court decided that the Labor Code does not provide for the transfer of rights and obligations under a collective agreement during a Transfer of Undertakings, Protection of Employment (TUPE), but the new employer is required to maintain the working conditions specified in the collective agreement for one year after the date of transfer.

India

Updates to Apprenticeship Rules Effective September 11, 2025

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

The Indian Ministry of Skill Development & Entrepreneurship has amended the Apprenticeship Rules, 1992 under the Apprentices Act, 1961. Key changes include:

- Introduces terms such as "degree apprenticeship," "institution," "contractual staff," and "person with benchmark disability"
- Degree apprentices cannot be engaged post-graduation without the approval from the Apprenticeship Adviser
- Employers must specify trade suitability and reserve training slots under the Rights of Persons with Disabilities Act, 2016
- Monthly pay now ranges from INR 6,800 to INR 12,300, with 10% and 15% increases in the second and third years, respectively
- Allows online, blended, or remote modes; working hours set between 8:00 A.M. and 6:00 P.M.
- Contracts must be registered online; institutions must co-sign for degree apprentices. Employers must submit quarterly reports.
- Apprentices may be placed at client sites domestically or abroad, with safeguards—minors excluded from offsite deployment

Employees' State Insurance Corporation (ESIC) Amnesty Scheme 2025

New Regulation or Official Guidance
Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

The Employees' State Insurance Corporation (ESIC), through a circular dated June 27, 2025, has introduced the "New Amnesty Scheme 2025" (Scheme) to facilitate out-of-court settlements and the withdrawal of both criminal and civil cases arising under the Employees' State Insurance Act, 1948 (ESI Act) for disputes pending as of March 31, 2025. The Scheme is operational from October 1, 2025, to September 30, 2026. Key aspects of the Scheme are as follows:

- Employers may resolve section 75 suits, section 82 appeals, and Article 226 writ petitions related to coverage and contribution by submitting relevant records and paying accepted employee and employer contributions with interest. No damages will be levied.
- One-time withdrawal of cases under sections 84, 85, 85A, and 85E is allowed upon payment of excess benefits (by insured persons) or outstanding contributions plus interest (by employers). No damages are imposed.
- Where contributions and interest have already been paid, disputes over damages may be settled by paying 10% of the assessed amount.
- For cases over 15 years old with outstanding contributions up to INR 25,000: Running units may settle by paying 30% of the contribution plus interest, while closed units with untraceable whereabouts may be eligible for unconditional withdrawal.

- Employers must submit a binding undertaking to comply with statutory obligations going forward; failure to do so will revoke amnesty benefits.
- Regional committees will oversee the process, with a mandatory six-month timeline for disposal of applications. ESIC officers and panel advocates will be incentivized to expedite case closures.

To avail relief, the employer or insured persons must submit the prescribed application, seek court permission for settlement, and, upon verification of compliance with all requirements, obtain formal approval from the Regional Director or Joint Director-in-Charge for withdrawal of proceedings.

Delhi Grants Exemption to Commercial Establishments from Key DSEA Provisions

New Regulation or Official Guidance
Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

The State Government of National Capital Territory of Delhi issued a notification dated August 7, 2025, granting exemption to all commercial establishments in Delhi from the application of sections 14 (prohibition on engagement of women at night), 15 (opening closing hours of shops and commercial establishments) and 16 (closing of establishments on certain days) of the Delhi Shops and Establishments Act, 1954 (DSEA).

The key conditions for exemption include:

- Employees may not work more than nine hours (including meal and rest breaks) per day and not more than 48 hours per week, and they may not work more than five continuous hours without a break
- Weekly time off is mandatory. Overtime must be paid at double the normal rate. Employees may not be forced to work night shift only. Women's consent is required before employing them in night shifts
- The employer must make suitable arrangements regarding safety, security and transportation, and install CCTV for videography, preserving footage for not less than one month. Employees working on national holidays are entitled to compensatory time off and overtime pay for working on these holidays
- All statutory benefits (e.g., minimum wages, PF, ESI, bonus, leave) must be provided and displayed on the employer's website. Wages must be paid electronically
- Every employer employing female employees must have an Internal Complaints Committee for claims of sexual harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

To obtain an exemption, employers must provide the labor authorities with establishment details including registration number, name, employer details, address, nature of business, number of employees along with an undertaking to comply with all notification conditions.

Certain other Indian states including Madhya Pradesh, Himachal Pradesh, Rajasthan, Odisha and Punjab, have also issued similar notifications permitting women employees to be employed on night shifts.

Exemption for Commercial Establishments under the "Ease of Doing Business" of the Telangana Shops and Establishments Act, 1988 (TSEA)

New Regulation or Official Guidance
Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

On July 5, 2025, the State Government of Telangana (which includes Hyderabad) issued notification granting an exemption, under the "Ease of Doing Business" initiative, to all commercial establishments, other than shops, in Telangana from sections 16 and 17 of the Telangana Shops and Establishments Act, 1988 (TSEA). The exemption allows 10 working hours daily subject to a weekly limit of 48 hours.

Key conditions include:

- Employees may not be required or allowed to work for more than six hours per day unless they have had a rest interval of at least 30 minutes and the working hours (including the rest intervals) do not exceed more than 12 hours on any day.
- Employees may be required or allowed to work in excess of 48 hours per week, subject to a maximum of 144 hours in any quarter year but must be paid overtime wages for those hours of work.
- If the above conditions are violated, the exemption orders issued to the employer may be revoked by the government at any time without prior notice.

Punjab Shops and Commercial Establishments (Amendment) Act, 2025 Revises Applicability Thresholds and Other Changes

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

Effective August 28, 2025, the State Government of Punjab enacted the Punjab Shops and Commercial Establishments (Amendment) Act, 2025 (Amendment Act).

Key provisions include:

- The Punjab Shops and Commercial Establishments Act, 1958 shall apply only to shops and establishments employing at least 20 workers. Establishments with less than 20 employees are exempt from most provisions, except for the newly introduced section 13-A, which requires a one-time business submission to the labor inspector.
- The maximum daily working hours are increased from nine to 10, while weekly limits remain capped at 48 hours.
- The daily maximum spread over hours, inclusive of rest intervals, are extended from 10 to 12 hours. The requirement for a minimum 30-minute rest break after every five hours of continuous work remains unchanged.
- The quarterly overtime cap has been raised from 50 to 144 hours, allowing greater operational flexibility, subject to applicable overtime wage payments.
- Registration must be completed within six months of business commencement, with the labor inspector required to issue a “Registration Certificate” within 24 hours of application receipt. The certificate must be displayed prominently, and any changes such as ownership, address, or employee count must be reported within 30 days. Closure of an establishment requires intimation within 30 days, prompting cancellation of the Registration Certificate.

Indonesia

Overhaul of Visa Framework with Key Labor and Employment Changes

New Order or Decree
Author: Stephen Igor Warokka, Partner – SSEK Law Firm

Effective June 2, 2025, a decree by Indonesia’s Minister of Immigration and Corrections overhauled the country’s visa classifications and introduced significant changes impacting immigrant work and study rights.

The decree consolidates sector-specific work permits into a single E23 general working visa, with a dedicated E23Y visa for digital-sector roles. Importantly, restrictions on receiving compensation have been lifted for student and family visa holders, broadening opportunities for foreign nationals. Employers and educational institutions must review policies to align with these changes.

Constitutional Court Ruling Clarifies Statute of Limitations for Termination Disputes

Precedential Decision by Judiciary or Regulatory Agency
Authors: Stephen Igor Warokka, Partner, and Indrawan Dwi Yuriutomo, Senior Associate – SSEK Law Firm

On September 17, 2025, Indonesia’s Constitutional Court issued Decision No. 132/PUU-XXIII/2025, reinterpreting the statute of limitations for termination of employment disputes. The Court ruled that the one-year filing period begins only after the mandatory pre-litigation stage, including mediation or conciliation, fails, rather than from the date of termination.

This change emphasizes the importance for employers to actively engage in pre-litigation dispute resolution, as the statute of limitations now runs only after those processes are completed.

Court Expands DPO Requirement Under Indonesia's PDP Law

Precedential Decision by Judiciary or Regulatory Agency
Authors: Winnie Yamashita Rolindrawan, Partner, and Laila Maghfira Andaretna, Associate – SSEK Law Firm

On July 16, 2025, Indonesia's Constitutional Court issued Decision No. 151/PUU-XXII/2024, lowering the threshold for when organizations must appoint a Data Protection Officer (DPO). Instead of meeting all three conditions under Article 53(1) of the Personal Data Protection Law (PDP Law), satisfying just one is now sufficient to trigger the obligation to appoint a DPO.

This ruling broadens compliance obligations for employers and businesses processing personal data, requiring closer oversight of data handling practices and stronger safeguards to protect employee and customer information.

Ireland

New Employment Regulation Order for the Security Industry Issued

New Regulation or Official Guidance
Authors: Niall Pelly, Partner, and Lisa Collins, Associate – Littler

A new Employment Regulation Order (ERO) for Ireland's security industry took effect on July 22, 2025. The ERO increased the minimum hourly rate for security operatives employed by a security firm to EUR 15.41; increased the unsocial hours premium, a payment for working hours outside of standard business hours, to EUR 20 per shift; and outlined other conditions for persons employed in the security industry sector.

Irish Revenue Commissioners Provide Disclosure Opportunity to Regularize Misclassification of Self-employment

New Regulation or Official Guidance
Authors: Niall Pelly, Partner and Head of Employment, and Lisa Collins, Associate – Littler

The Irish Revenue Commissioners (Revenue) have announced that employers can correct payroll tax issues for 2024 and 2025 arising from bona-fide classification errors, without the imposition of interest or penalties. Revenue encourages employers who acted in good faith relying on case law and guidance available prior to October 2023, but who may have misclassified employees as independent contractors, to take this opportunity to regularize their tax affairs.

Government Autumn Legislative Program Published

Proposed Bill or Initiative
Authors: Niall Pelly, Partner and Head of Employment, and Lisa Collins, Associate – Littler

The Government's Autumn legislative program has been published, which outlines the Government's legislative priorities for the upcoming parliamentary session. The program includes the following bills: Gender Pay Gap Information (Amendment) Bill, Equality and Family Leave (Miscellaneous Provisions) Bill, Pay Transparency Bill, Employment (Contractual Retirement Ages) Bill 2025, Protection of Employees (Employers' Insolvency) (Amendment) Bill 2025 and the Registration of Trade Unions Bill.

Israel

A CEO Can be Dismissed Due to a Change in Company Shareholders

Precedential Decision by Judiciary or Regulatory Agency
Author: Michal Feinberg Doron, Partner – N. Feinberg & Co.

In a new precedent, the National Labor Court held that a CEO may be lawfully dismissed due to a change in shareholders, among other reasons, based on the new shareholders' differing views regarding the company's management. In the case at hand, the dismissed CEO argued that the termination was based on irrelevant considerations, as the new shareholders did not know the CEO, and that the real reason for the dismissal was their desire to appoint another person—a senior employee previously employed by the shareholders—as CEO.

The Court ruled that the new shareholders were entitled to replace the CEO with an internal candidate who possesses relevant experience and familiarity with the company's organizational culture. Although the sole reason for the dismissal was the desire to appoint the internal candidate, the Court held that this decision falls within the company's managerial prerogative as part of its internal business considerations and does not constitute irrelevant or improper grounds for dismissal—especially in the context of a private company.

The ruling affirms an employer's managerial prerogative, following a change in control of the company, to determine the composition of senior management in accordance with its business discretion. There is no requirement to prove a specific cause for dismissal, such as business failure or professional dissatisfaction. However, the employer is still obligated to conduct a lawful hearing process and to provide the CEO with a proper and good faith opportunity to present their position prior to the final decision on the termination.

Mandatory Retirement Found to Be Tainted by Age and Gender Discrimination

Precedential Decision by Judiciary or Regulatory Agency
Author: Michal Feinberg Doron, Partner – N. Feinberg & Co.

A recent decision by the National Labor Court concerned a claim by a physician compelled to retire from work at a hospital at 67. The employee argued that the retirement requirement constituted discrimination based on gender and age. Although the Israeli Retirement Age Law permits the employer to terminate an employee's employment at the age of 67, case law provides that an employee has the right to submit a request for continued employment. Employers must consider such requests in good faith and conduct a thorough, substantive examination of all relevant circumstances, including the workplace needs, the employee's abilities, and their contributions.

In this case, the physician presented prima facie evidence that she was forced to retire while male physicians – some even older than she was – were permitted to continue working. Consequently, the burden of proof shifted to the hospital to show that its decision was not discriminatory. The hospital failed to satisfy this burden and did not prove why this physician was required to retire, while others were allowed to continue working. The procedure regarding the employee's request to remain employed was defective and was not given genuine, substantive consideration. Disparate impact data concerning the employment of male physicians beyond the retirement age also revealed a gender gap, thereby strengthening the employee's claim.

Based on these factors the court held that the hospital's decision was tainted by gender and age discrimination and the employee was awarded damages, but not reinstatement.

Italy

Law Regulating the Use of Artificial Intelligence in the Workplace

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

On September 23, 2025, the Italian Parliament enacted Law No. 132 regarding artificial intelligence (AI). The provisions regarding artificial intelligence in the workplace include the following:

- AI may be employed to improve working conditions, safeguard workers' physical and mental integrity, enhance the quality of work performance, and increase individual productivity, in accordance with European Union law. (Article 11).
- The use of AI in the workplace must be safe, reliable, transparent, not discriminatory and may not take place in a manner that is contrary to human dignity or in violation of personal data privacy or inalienable rights of workers. Employers are required to inform workers of the use of AI.
- A National Observatory on the Adoption of Artificial Intelligence Systems in the Workplace will be established to define strategic use of AI in the workplace, monitor its impact on the labor market, and identify the occupational sectors most affected by the advent of artificial intelligence. (Article 12).
- The use of AI systems in regulated (intellectual) professions shall be limited to the performance of instrumental and support activities, with the predominance of the intellectual contribution characterizing the professional service. (Article 13).

New Law to Protect Employment Rights of Workers with Serious Health Conditions

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

On July 18, 2025, the Italian Parliament published Law No. 106 in the Official Gazette, introducing new provisions to protect the employment rights of workers affected by oncological, chronic, or disabling illnesses. The law establishes the right to special leave of up to 24 months for employees suffering from such conditions, provided the illness results in a certified disability of 74% or higher.

Starting January 1, 2026, the law also grants an annual entitlement of ten hours of paid leave for medical visits, diagnostic tests, and treatments related to these conditions. This right is also extended to employees who have minor children suffering from oncological, chronic, or disabling illnesses with a recognized disability level of 74% or higher.

One of the law's most significant innovations is the right of priority access to smart working arrangements for workers who have taken the special leave. Once the leave period ends, these employees are entitled to be given priority access to remote work, provided it is compatible with the nature of their duties.

Kingdom of Saudi Arabia

Resolution Provides a Classification Guide for Work Permits for Non-Saudi Workers

New Legislation Enacted
Authors: Sara Khoja, Partner, and Sarit Thomas, Knowledge Management Counsel – Clyde & Co

The Ministry of Human Resources and Social Development has published Ministerial Resolution No. 4602, introducing a new Work Permit Classification Guide for non-Saudi workers. Under this Resolution, work permits are categorized into three skill levels: High skill; medium skill; and basic skill. Classification is based on five criteria:

- Academic qualifications
- Practical experience
- Technical/professional skills
- Wage level
- Age

Each worker is matched to a role within the Unified Saudi Occupational Classification System (Cabinet Decision No. 660). Workers may be reclassified to a higher skill category if they meet the required criteria.

Implementation timeline:

- July 5, 2025 – Applies to all existing non-Saudi workers
- August 3, 2025 – Applies to all new incoming foreign workers

Employers must ensure that data submitted on the Qiwa platform—such as qualifications, experience, and wage—is accurate.

Lebanon

Increase of the Minimum Wage for Private Sector Employees

New Order or Decree
Authors: Fadi Nader, Partner, and Maya Moughanni, Partner – Bridge Legal Group

Pursuant to Decree No. 699 issued by the Ministry of Labor on July 18, 2025, effective August 1, 2025, the minimum monthly wage for private sector employees is fixed at LBP 28,000,000 and the minimum daily wage is fixed at LBP 1,300,000.

Amendment of the Maximum Earning Limits for calculating NSSF Contributions (Sickness and Maternity Branch)

New Order or Decree
Authors: Fadi Nader, Partner, and Maya Moughanni, Partner – Bridge Legal Group

Pursuant to Decree No. 887 issued by the Council of Ministers on August 14, 2025, the maximum earnings limit, stipulated under Article 68, Section 2, of the National Social Security Law, for the calculation of the National Social Security Fund contributions related to the sickness and maternity branch, is set at LBP 120,000,000.

Malaysia

Gig Workers Bill 2025 Has Passed

New Legislation Enacted
Author: Adryenne Lim Sue Yee, Associate – Skrine

Passed by both houses of Parliament on August 15 and 28, the bill is awaiting royal assent. It introduces key protections and obligations for gig workers and contracting entities:

- Gig workers must be consulted on changes to service terms and cannot be terminated without just cause
- Mandatory deductions and contributions under the Self-Employment Social Security Act 2017
- Contracting entities must assess workplace risks and implement control measures
- A new tribunal will handle disputes

A “gig worker” is a Malaysian citizen or permanent resident who earns income through a service agreement with a contracting entity. Covered services include platform-based work and specified fields such as acting, music, translation, journalism, caregiving, and photography. A “contracting entity” includes individuals, registered organizations, or platform providers who engage gig workers for paid services.

Minimum Wage Increase

New Order or Decree
Author: Adryenne Lim Sue Yee, Associate – Skrine

The Minimum Wages Order 2024 has streamlined the minimum wage for all employees and increased the rate to RM 1700 per month or RM 8.72 per hour, effective August 1, 2025.

New Zealand

New Law Protecting Pay Transparency

New Legislation Enacted
Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

On August 25, 2026, the New Zealand Parliament passed the Employment Relations (Employee Remuneration Disclosure) Amendment Act 2025. The Act prohibits employers from restricting employees from discussing their remuneration and protects employees from dismissal or other adverse action for doing so.

Privacy Amendment Bill Receives Royal Assent and is Adopted

New Legislation Enacted
Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

The Privacy Amendment Act 2025 has received Royal Assent. The reform introduces new Information Privacy Principle 3A, requiring agencies that collect personal information from third-party sources to notify individuals of the collection, its purpose, and intended recipients.

To prepare for compliance, employers may find it helpful to determine which categories of personal information are being collected from third-party sources and update their privacy notices and policies, accordingly.

Proposed Corporate Modern Slavery Reporting Bills

Proposed Bill or Initiative
Authors: Naomi Seddon, Shareholder, and Michael Whitbread, Of Counsel – Littler

A private member's bill was released for parliamentary consultation in the New Zealand Parliament. If passed, it would require large entities operating in New Zealand to report annually on the origin of their goods and the steps taken to ensure those goods are not linked to modern slavery, including child and forced labor.

The proposed bill would apply to entities with annual total revenue exceeding NZD 50 million, including both New Zealand-formed entities and foreign entities conducting business in New Zealand. These entities would be required to publish an annual modern slavery statement detailing their supply chain structure, identified risks of modern slavery, actions taken to assess and address those risks, complaints received and remediation efforts, and training and consultation undertaken. The statement would need to be submitted to a public register, published on the entity's website, and signed by a director or equivalent. Civil and criminal penalties would apply for non-compliance, including director liability where directors knew or should have known of the non-compliance and failed to act.

Nigeria

Nigeria Tax Act 2025: New Standards for Payroll, Benefits, and Employee Tax Compliance

New Legislation Enacted

Authors: Ugonna Ogbuagu, Partner, and Miebi Abere, Associate – ǼLEX

In June 2025, the President signed the Nigeria Tax Act (NTA) 2025, consolidating multiple tax laws and reforming the framework for employment taxation. Effective January 1, 2026, the Act modernizes the Pay-As-You-Earn (PAYE) system and redefines the employer's role as a withholding agent. The NTA 2025 expressly includes all forms of remuneration within the PAYE base. The Act also introduces tax exemption for employees earning NGN 800,000 or less annually and applies progressive rates to higher income brackets. Severance and redundancy payments enjoy more favorable tax treatment, while social insurance contributions remain deductible.

For employers, the NTA 2025 strengthens accountability, imposing stiffer penalties for under-deduction or delayed remittance. Payroll systems must therefore be updated to reflect the expanded definition of taxable income and new reporting requirements.

Court Clarifies Fixed-Term Employment: Expiration Does Not Constitute Unlawful Termination

Precedential Decision by Judiciary or Regulatory Agency

Authors: Ugonna Ogbuagu, Partner, and Adejumoke Ademola, Senior Associate – ǼLEX

In *Mr. Constantine Alimonos v. Honeywell Flour Mills Plc* (NICN/LA/161/2023, July 28, 2025), the National Industrial Court of Nigeria (NICN) clarified that while an employer must ordinarily provide a valid reason, such as misconduct, poor performance, or organizational restructuring, to justify termination, this requirement does not apply to the expiration of a fixed-term contract.

The claimant in the case, whose employment was governed by a fixed-term employment agreement, challenged the non-renewal of the contract, alleging that the employer's decision amounted to termination without cause. The Court rejected this argument, holding that where an employment contract is for a fixed duration, the relationship ends automatically at the end of the contract and does not constitute a dismissal or termination without cause.

Although the NICN has consistently emphasized that termination must be based on fair and justifiable grounds, this decision introduces a clear exception and recognizes that termination of employment at the expiration of a fixed-term contract is not an adverse employment act. The ruling underscores the need for precise drafting of duration and renewal provisions in employment contracts. For employees, it clarifies that absent an express renewal clause, the conclusion of a fixed-term employment contract is lawful and final.

Guidelines on Personal Pension Plan

New Regulation or Official Guidance

Authors: Ugonna Ogbuagu, Partner, and Adejumoke Ademola, Senior Associate – ǼLEX

In September 2025, the National Pension Commission (PenCom) issued the Guidelines on the Personal Pension Plan (PPP), replacing the Micro Pension Plan and introducing a broader framework for voluntary pension participation.

Under the new PPP, both self-employed individuals, informal workers and employees already enrolled in the Contributory Pension Scheme (CPS) may now make additional voluntary contributions, while employers can remit such contributions on behalf of staff subject to their consent. Contributions under the PPP are split evenly between contingent and retirement savings, with access to the flexible portion permitted three months after the initial remittance.

Withdrawals before five years remain taxable, while contributions held beyond that period are tax-exempt. The framework also introduces incentives such as microinsurance coverage, access to financial literacy programs, and digital contribution channels managed through licensed Pension Fund Administrators (PFAs) and Accredited Pension Agents (APAs).

The PPP provides a structured platform for supporting voluntary staff savings beyond statutory requirements. For informal workers and freelancers, it offers a flexible, transparent, and regulated path to long-term pension security.

Guidelines on Foreign Currency Pension Contributions

New Regulation or Official Guidance

Authors: Ugonna Ogbuagu, Partner, and Adejumoke Ademola, Senior Associate – ǼLEX

In September 2025, the National Pension Commission (PenCom) issued the Guidelines on Foreign Currency Pension Contributions, creating a framework that now allows employers and employees to make pension contributions in U.S. dollars under the Contributory Pension Scheme (CPS). Prior to this regulation, the CPS only recognized contributions made in Naira, which excluded Nigerians earning abroad or locally in foreign currency, from fully participating in the scheme. Under the new Guidelines, employers may now remit pension deductions in foreign currency directly into contributors' Retirement Savings Accounts (RSAs), while employees earning in dollars can build pension savings without conversion losses.

The Guidelines outline eligibility, documentation, and Know Your Customer (KYC) requirements for both employers and contributors and introduce operational safeguards such as 24-hour confirmation of remittances, tax rules on early withdrawals, and strict anti-money laundering compliance. Pension contributions remitted in foreign currency are to be managed within a dedicated Foreign Currency Dollar Fund (FCDF), with 60% of funds accessible before retirement after a six-month holding period and 40% preserved exclusively for pension income. For employers, this marks the first opportunity to make compliant, currency-matched pension remittances for foreign-paid staff, while employees benefit from a secure and transparent structure for dollar-denominated savings. Overall, the initiative significantly expands CPS coverage and provides a more flexible, globally aligned pension framework for the modern workforce.

Norway

New Rules for the Labor Inspection Authority

New Legislation Enacted

Authors: Nina Thjømøe, Partner, and Marit Aasbø, Attorney-at-Law – Littler

As of July 1, 2025, the Labor Inspection Authority has been granted additional tools to detect and follow up on breaches of the Working Environment Act. The Authority can now request information not only from the company under inspection but also from other businesses, obtain evidence with a court order, and, if necessary, access locations covered by the Act.

Furthermore, the Authority may impose fines on individuals managing a company if they intentionally, or through gross negligence, violate certain provisions of the Act. While the primary responsibility for compliance remains with the company, personal liability for managers may be appropriate if the Authority has reasonable grounds to believe that sanctions against the company alone would be insufficient.

Clarification of Requirements for the Psychosocial Work Environment

New Legislation Enacted

Authors: Nina Thjømøe, Partner, and Marit Aasbø, Attorney-at-Law – Littler

Parliament has enacted amendments to the rules in the Working Environment Act regarding the psychosocial work environment. The amendments are not intended to change existing law but rather to clarify and specify the psychosocial work environment factors that will now be stipulated in the Act. These factors include, for example, unclear or conflicting demands and expectations in the workplace, as well as workload and time pressure that create an imbalance between tasks to be performed and the time available. These amendments will take effect on January 1, 2026.

Ruling by the Supreme Court on the Duty to Consider Reassignment in Summary Dismissal Cases

Precedential Decision by Judiciary or Regulatory Agency
Authors: Nina Thjømøe, Partner, and Marit Aasbø, Attorney-at-Law – Littler

The Supreme Court recently addressed whether an employer is obligated to consider reassigning an employee in cases of summary dismissal. The employee in question, a nurse, struck a person with a developmental disability in the face with an open palm. The Court emphasized that summary dismissal is a response to serious breaches of duty by the employee, which typically result in the employer losing trust and justify immediate termination of employment.

A unanimous Supreme Court held that there is no obligation to consider reassignment in such cases.

Panama

New Rules for Certified Medical Leaves: Employers May Verify Authenticity Starting in October

New Order or Decree
Authors: Yeris M. Nielsen, Partner, and Ericka Muñoz, Associate – Littler

Starting October 12, 2025, Panama will implement Executive Decree No. 17, establishing a formal process for employers to verify the authenticity of certified medical leave documents. To be valid, certificates must meet specific legal criteria, including issuance by a licensed physician and registration with the General Health Office.

Employers suspecting fraudulent leave can submit verification requests to the Ministry of Health, which will investigate through inspections and document reviews. The decree also addresses the commercialization of false certificates and introduces penalties for fraudulent practices, aiming to protect businesses while preserving employees' legitimate rights to rest and medical care.

Peru

New Law to Strengthen the Protection of Labor Rights of Employees Diagnosed with Cancer

New Legislation Enacted
Author: César Gonzáles Hunt, Partner, and Amable Vasquez Baiocchi, Associate – Philippi Prietocarrizosa Ferrero DU & Uría

On September 4, 2025, Law No. 32431 was published, amending provisions of major labor laws in the private and public sectors—including Legislative Decree No. 728, Legislative Decree No. 276, and Law No. 30057—with the aim of strengthening the protection of the labor rights of workers diagnosed with cancer.

The law establishes that dismissal or termination of employment based on a cancer diagnosis, its treatment, or its effects shall be null and void, even in special situations such as:

- When the employee works fewer than four hours per day
- During the probationary period
- In positions of trust

New Law Authorizes Partial Withdrawal from Private Pension Funds

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

Law No. 32445, published on September 20, 2025, authorizes the withdrawal of up to four Tax Units from the funds accumulated in the individual capitalization accounts of members of the Private Pension System (SPP, in Spanish). The withdrawn funds cannot be subject to deduction, compensation, seizure, withholding, or any other encumbrance, except for alimony debts, up to a maximum of 30% of the amount withdrawn. To make a withdrawal, the procedure established by law must be followed.

The withdrawal of funds will not affect a member's right to a minimum pension, provided they have met the minimum contribution period required by law. The new law also establishes that contributions by independent employees are once again voluntary, and the previously planned progressive contribution scale has been eliminated.

Supreme Court Rules on Granting of a Compensable Termination Payment

Precedential Decision by Judiciary or Regulatory Agency

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

On July 4, 2025, the Second Chamber of Constitutional and Transitional Social Law of the Supreme Court issued Labor Cassation No. 20632-2019 LA LIBERTAD. The Supreme Court held that, for a payment to an employee at the time of termination or thereafter to be considered compensable, it must comply with four requirements:

1. The payment must be unconditional
2. It must be documented with a certified date
3. It must be an expression of generosity from the employer
4. It must have judicial authorization

Supreme Court Rules on Protection of Union Immunity

Precedential Decision by Judiciary or Regulatory Agency

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

On July 8, 2025, the Second Chamber of Constitutional and Transitional Social Law of the Supreme Court, through Labor Cassation No. 710-2024 PUNO, held that, when interpreting Articles 30 and 31 of the Consolidated Text of the Collective Labor Relations Act, judges must adhere to the following rules: (1) application of the doctrine of broad union immunity, (2) protection of employees against dismissal and acts of hostility, (3) restrictions on transfer of employees without consent, and (4) recognition of union privileges applicable to individuals formerly or currently holding union positions.

Philippines

Updated Rules Clarify Employment of Foreign Nationals and Arbitration Procedures

New Regulation or Official Guidance

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

Various procedural rules have been updated to clarify requirements for the employment of foreign nationals in the Philippines and voluntary arbitration. Regarding the employment of foreign nationals, the Department of Labor and Employment (DOLE) issued Department Order No. 248-A-25, which, among other provisions, encourages employers to post job vacancies in the PhilJobNet online portal and with the Public Employment Service Office (PESO)/Job Placement Office (JPO). Posting in the PhilJobNet and with the PESO/JPO is not a precondition to the filing of the Philippines Alien Employment Permit (AEP) application.

With respect to voluntary arbitration, the rules of procedure have been updated by DOLE Department Order No. 255-25 to include issues processed through Labor Management Councils as grievable matters and to provide for service of summons and notices via electronic mail.

Suspension of SEBA Certifications as of August 1, 2025

Important Action by Regulatory Agency

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

The Department of Labor and Employment issued Labor Advisory 10-2025, which directed the suspension of processing of requests for sole and exclusive bargaining (SEBA) certification under Rule VII of Department Order No. 40-03 as amended. The suspension

was made pursuant to a decision of the Court of Appeals which declared the Department Order invalid and ultra vires. The suspension was effective as of August 1, 2025, and any requests for SEBA certification after that date will be treated as petitions for certification election. Requests for SEBA certification made prior to that date shall continue to be processed in accordance with the existing rules.

Poland

Poland Takes a First Step to Implement EU Pay Transparency Directive

New Legislation Enacted
Authors: Jaroslaw Karlikowski, Counsel, and Krzysztof Jajor, Associate – Wardynski & Partners

Poland has adopted legislation implementing Article 5 of EU Directive 2023/970 on pay transparency. The act was published in the official journal and will take effect on December 24, 2025.

Key measures include:

- Employers must inform candidates of the proposed starting salary or salary range before the job interview, and no later than before establishing the employment relationship—particularly when no job announcement was published, or the announcement lacked salary details.
- Employers must also provide candidates with relevant provisions from applicable collective bargaining agreements or salary regulations.
- Employers are prohibited from asking candidates about their current or previous salary.

Draft Amendment to Strengthen Poland's Labor Inspectorate

Proposed Bill or Initiative
Authors: Jaroslaw Karlikowski, Counsel, and Krzysztof Jajor, Associate – Wardynski & Partners

The Labor Ministry has published a draft amendment to the Act on the State Labor Inspectorate (PIP), aimed at streamlining operations and enhancing enforcement of labor law. The new act is scheduled to take effect on January 1, 2026, though this timeline depends on the pace of legislative progress.

Key elements of the amendment include:

- Regional labor inspectors will be empowered to reclassify civil law contracts as employment contracts when the conditions outlined in the Labor Code are met—particularly where there is employer control over the manner, place, and time of work. These decisions will be immediately enforceable, though subject to appeal by both employers and employees.
- Fines for labor law violations will double. Inspectors will be authorized to issue fines of up to PLN 5,000 (an increase of PLN 3,000), and up to PLN 10,000 (an increase of PLN 5,000) for repeated offenses.
- PIP inspections may now be conducted remotely, including interviews and workstation reviews via camera, or through correspondence by post or email.

Government Launches Pilot Program to Test Reduced Working Hours

Proposed Bill or Initiative
Authors: Jaroslaw Karlikowski, Counsel, and Krzysztof Jajor, Associate – Wardynski & Partners

The Labor Ministry has introduced a government pilot program to explore models of reduced working time. Selected employers will be eligible for financial support of up to PLN 1 million, which may be used for technical assistance or to subsidize employee salaries during the trial period.

The program will test various approaches to shorter working hours, including:

- Reducing the number of working days per week
- Shortening daily working hours

- Providing additional days off each month
- Granting extra leave in the form of holiday time

The pilot will run from January 1 to December 31, 2026. Insights gained may inform future changes to Poland's working time regulations.

Portugal

Employee's Dismissal Unlawful After Expiration of the Disciplinary Dismissal Deadline

Precedential Decision by Judiciary or Regulatory Agency

Authors: David Carvalho Martins, Partner and Head of Employment – Littler

In September 2025, the Lisbon Court of Appeal upheld a ruling declaring an employee's dismissal unlawful due to the expiration of the disciplinary dismissal deadline. The employee received a notice of charges on June 7, 2024, with the response period ending on June 24, 2024. Under Article 357, no. 1, of the Labor Code, the employer's final decision must be issued within 30 days from that date, meaning by July 25, 2024. The employer, who acquired the business on July 1, 2024, argued that the deadline should only begin from the acquisition date.

The Court rejected this argument, clarifying that disciplinary powers transferred with the acquisition but did not reset or suspend statutory deadlines. The dismissal communicated on July 31, 2024, was therefore time-barred, and the employee was entitled to reinstatement and back pay, with interest.

Working Time Under Review: Key Measures in the Draft Labor Law

Proposed Bill or Initiative

Authors: David Carvalho Martins, Partner and Head of Employment – Littler

The Government has submitted Draft Bill 2025 (DB2025) to amend the Labor Law framework, which is now under public discussion. The bill aims to provide greater working time flexibility and better adaptation to company needs, seeking to balance organizational flexibility with employee protection in an evolving market. Three aspects of the bill that specifically stand out involve working time: (1) the reintroduction of the individual hour bank, (2) the extension of the exemption from working hours limitations to other types of employees, and (3) new rules on overtime.

DB2025 revives the individual working time account, allowing, among other things, normal working hours to be extended by up to two hours per day and fifty hours per week, with a limit of 150 hours per year. The bill also provides that the exemption from working hours limitations may now apply to positions involving technical complexity as well as other specialized roles. Finally, DB2025 introduces greater flexibility regarding overtime, expressly allowing, among other things, collective bargaining agreements to set alternative overtime pay rules. DB2025 remains under discussion and has not yet gone into effect.

Labor Law Reform Under Discussion: Terminations, Disciplinary Procedures, and Outsourcing

Proposed Bill or Initiative

Authors: David Carvalho Martins, Partner and Head of Employment – Littler

Draft Bill 2025 (DB2025) also introduces important changes to grounds for dismissal, disciplinary procedures, and outsourcing to provide greater flexibility to employers while adapting to the realities of work in the 21st century. DB2025 remains under discussion and has not yet gone into effect.

The bill provides that the fraudulent use of self-declarations of illness (*auto-declarações de doença*) is expressly recognized as grounds for dismissal. Moreover, the presumption that the employee accepts the dismissal by accepting the full amount of compensation paid by the employer is abolished. Instead, employees seeking reinstatement must pay a security deposit to the court. Employers may oppose reinstatement whenever the employee's return could seriously disrupt the company. The bill also adjusts disciplinary procedures for micro, small, and medium-sized enterprises, reducing formalities while maintaining core safeguards. Lastly, the bill abolishes the prohibition on outsourcing employees who were dismissed within the preceding twelve months.

Labor Law Reform Under Discussion: Parental Leave

Proposed Bill or Initiative
Authors: David Carvalho Martins, Partner and Head of Employment – Littler

Draft Bill 2025 (DB2025) provides a new, more comprehensive framework on parental rights and absences. DB2025 abolishes leave for gestational grief but provides up to 15 days per year to offer essential and urgent care to a spouse or partner in a de facto union in cases of illness, accident, or pregnancy termination.

The draft bill proposes an extension of parental leave following childbirth to a maximum of 180 days, reflecting a strengthened commitment to parental support. DB2025 also introduces a defined limit for breastfeeding leave until the child reaches two years of age. The employee must present a medical certificate at the commencement of the leave and renew it every six months to substantiate the ongoing breastfeeding status.

Collective Bargaining and Strikes in Transition

Proposed Bill or Initiative
Authors: David Carvalho Martins, Partner and Head of Employment – Littler

Another proposal in Draft Bill 2025 (DB2025) involves labor law. Under the draft legislation, non-unionized employees will no longer be able to choose the applicable collective labor agreement. Instead, the bill allows employers to apply a collective bargaining agreement to all employees if it already covers more than half of the workforce, unless a non-unionized employee or the union objects in writing within fifteen days.

The new rules also clarify that collective bargaining agreements (CBAs) may be concluded for a fixed term or indefinitely, with a minimum duration of two years unless otherwise agreed, and salary tables must remain valid for at least one year. In the absence of specific terms, CBAs are automatically renewed annually. In times of business crisis due to market, structural, or technological reasons, or serious disruptions, collective bargaining agreements may be modified or temporarily suspended to ensure the viability of the company and preserve jobs. Such changes must be justified, specify their duration and effects, and if no agreement is reached within three months, mandatory arbitration will apply.

Finally, concerning strikes, the definition of companies or establishments that meet essential social needs has been broadened. In terms of meeting minimum services, it now includes the following new sectors: (i) food supply; (ii) care services for children, the elderly, the sick, and people with disabilities; (iii) private security services for essential goods or equipment.

Puerto Rico

Puerto Rico Prohibits Discrimination Against Breastfeeding Mothers in the Workplace

New Legislation Enacted
Author: Jeylimar Fuentes Rivera, Associate – Littler

Puerto Rico Governor Jennifer González has signed Act No. 29-2025 into law, modifying the Act to Regulate the Breastfeeding or Breast Milk Extraction Period, as amended (Act 427-2000). Act No. 29-2025 prohibits employers from using breastfeeding or breast pumping time as a factor in evaluating employee productivity or performance. The law bans adverse actions such as reduced hours, reclassification, suspension, or dismissal based on lactation-related activities. Employers are also barred from considering this time when making decisions about raises, promotions, or bonuses. Any form of discrimination against employees exercising their right to lactation breaks is strictly prohibited.

Puerto Rico Enacts New Lactation Code

New Legislation Enacted
Author: Alberto Tabales-Maldonado, Counsel – Littler

The Puerto Rico Lactation Code (Code or Act 87-2025) signed on August 1, 2025, consolidates all prior breastfeeding laws while at the same time repealing some sections and creating new employer obligations. The Code mandates that both public and private employers provide hygienic, private lactation rooms with specific amenities, excluding restrooms. Furthermore, nursing employees are entitled to at least one paid hour daily for breastfeeding or pumping for up to 12 months post-maternity leave, without needing a medical certificate.

The Code prohibits discrimination or retaliation based on lactation activities and offers private-sector employers a tax exemption equal to one month's salary for each employee who uses the leave. Employers must notify staff of these rights, and violations may lead to investigations and penalties by the Department of Labor or the Women's Advocate Office.

Supreme Court of Puerto Rico Addressed the Legal Framework of Deference to Administrative Agencies

Precedential Decision by Judiciary or Regulatory Agency
Author: Verónica M. Torres-Torres, Counsel – Littler

On May 21, 2025, in *Vázquez v. Consejo de Titulares*, 215 D.P.R. ___, 2025 TSPR 56 (2025), the Puerto Rico Supreme Court held that courts may review agencies' conclusions of law in all respects and are no longer required to give automatic deference to prior agency decisions. The Court based its determination on the United States Supreme Court's opinion in *Loper Bright Enterprises v. Raimondo*, 144 S. Ct. 2244, 219 L. Ed. 2d 832 (2024), which overruled the Chevron deference doctrine. That doctrine generally required courts to accept the interpretations made by administrative agencies when the statute the agency administered was ambiguous and the agency's interpretation was deemed reasonable.

The case involved a dispute over the classification of a condominium administrator. The Department of Consumer Affairs (DACO) had treated the role as a contractor rather than a manager, requiring competitive proposals. The Court of Appeals reversed DACO's decision, and the Supreme Court affirmed, stating that Article 58 of the Puerto Rico Condominium Act, Act No. 129 of August 16, 2020, as amended, did not apply in the case of representatives/managers, but only in cases where a person was contracted in exchange for a service. This ruling reinforces that Puerto Rican courts must independently interpret laws, even when administrative agencies assert expertise.

Puerto Rico Supreme Court: State Courts Lack Jurisdiction Over Labor Cases Governed by the NLRA

Precedential Decision by Judiciary or Regulatory Agency
Author: Verónica M. Torres-Torres, Counsel, and Glorimar Irene Abel, Associate – Littler

On July 1, 2025, in *Rodríguez Vázquez and Santana Marrero v. Hospital Español Auxilio Mutuo*, 215 D.P.R. ___, 2025 TSPR 55, the Puerto Rico Supreme Court held that Puerto Rico courts lack jurisdiction over labor disputes governed by the National Labor Relations Act (NLRA). The case involved two unionized nurses who claimed wrongful discharge and retaliation for participating in a union-related administrative complaint. Despite invoking Puerto Rico labor laws, the Court found that the conduct fell under NLRA protections, making it a federal matter.

The Court emphasized that jurisdiction depends on the nature of the conduct, not the remedies or statutes cited. Consequently, the Court dismissed the case, affirming that only the National Labor Relations Board (NLRB) can adjudicate such claims.

Puerto Rico Supreme Court Clarifies Limits for Unjustified Dismissal Under the Workers' Compensation Act

Precedential Decision by Judiciary or Regulatory Agency
Author: Jeylimar Fuentes Rivera, Associate – Littler

On June 26, 2025, in *Méndez Ruiz v. Techno Plastics Industries, Inc.*, 216 D.P.R. ___, 2025 TSPR 68 (2025), the Puerto Rico Supreme Court considered whether the employer had just cause to terminate an employee under Puerto Rico's Unjustified Dismissal Act, Act No. 80 of May 30, 1976, as amended (Act 80). The employee in the case suffered a relapse of a medical condition that required returning to the State Insurance Fund Corporation (CFSE) for additional medical treatment after the expiration of the job reserve period.

The Court held that since the plaintiff was previously reinstated by the company prior to the expiration of the job reserve and worked actively and uninterruptedly for the following two years, the company could not invoke Article 5-A of the Workers' Compensation Act, Act No. 45 of April 18, 1935, as amended (Act 45), to justify termination because the employee suffered a relapse after the job reserve expired. The Court stated that, although not all cases are the same and at times the facts demand a different approach, given the totality of the circumstances and the public policy at the time, reporting back to the CFSE for additional medical treatment due to a relapse after the expiration of the job reserve, by itself, does not constitute just cause for dismissal.

Romania

Reduced Medical Leave Allowances under the New Fiscal Reform

New Legislation Enacted
Author: Corina Radu, Partner – SCA Magda Voloncia & Associates

Effective August 1, 2025, the medical leave allowance for employees will be reduced as part of the new fiscal-budgetary reform. The allowance will now be adjusted based on the length of the leave, replacing the previously uniform rate of 75% of the calculation base. The government justified the measure by citing an increase in medical leave requests, budgetary pressure on the healthcare system, and a desire to encourage more responsible use of medical leave. The monthly gross amount of the allowance for temporary incapacity to work due to common illnesses or non-occupational accidents will be determined individually for each medical episode, according to the following percentage rates applied to the calculation base:

- 55% for medical leave certified for a period of up to seven calendar days
- 65% for leave certified for a duration ranging from eight to 14 calendar days
- 75% for medical leave exceeding 15 calendar days

The first five days of medical leave are paid by the employer, in accordance with the applicable legislation.

Key exemptions:

- Cardiovascular patients will maintain a benefit level of 75%, regardless of the length of their medical leave.
- Individuals diagnosed with serious medical conditions such as AIDS, tuberculosis, and cancer continue to be entitled to a 100% allowance, as stipulated under prior legislation.

REGES-ONLINE Compliance Update: Transition Deadline Extended

New Order or Decree
Author: Corina Radu, Partner – SCA Magda Voloncia & Associates

On September 18, 2025, the Government of Romania approved the extension of the transition period from the REVISAL system to the REGES-ONLINE platform, with the new deadline set for December 31, 2025. Although initial compliance with REGES-ONLINE was required by September 30, 2025, the Government has officially postponed the transition deadline. This measure is intended to support employers facing challenges in the migration process and to ensure a smoother transition to the new digital infrastructure.

The platform is mandatory for all employers and will replace the existing REVISAL system. REGES-ONLINE is a centralized digital platform for managing employment-related data in compliance with the General Data Protection Regulation. It enables the completion, transmission, consultation, and processing of employee records online.

South Africa

New Code of Good Practice on Dismissal

New Regulation or Official Guidance
Author: Tracy van der Colff, Partner and Head of Employment – OWP Partners

The Minister of Employment and Labor published the new Code of Good Practice on Dismissal (the Code) on September 4, 2025. The Code repeals both the previous Schedule 8 Code of Good Practice on Dismissal and the Code of Good Practice: Dismissals Based on Operational Requirements. It provides guidance to employers, employees, and trade unions on how dismissals should be handled in practice. The Code covers dismissals for misconduct, incapacity, and operational requirements.

Spain

Increase in Maternity and Paternity Leave in Spain

New Legislation Enacted
Author: Maria Luisa Riu, Associate – Littler

Royal Decree-Law 9/2025, of July 29, increased the statutory birth and childcare leave. All weeks of leave are paid by Spanish Social Security at 100% of the employee's contribution base. As of July 31, 2025, birth and childcare leave totals 19 weeks: six weeks must be taken immediately after birth, on a full-time and uninterrupted basis, and 11 weeks can be taken at any time—in one block or in separate periods, and even on a part-time basis—until the child is 12 months old, subject to agreement with the employer. Two additional weeks, in weekly blocks, either consecutively or non-consecutively, can be taken at any time until the child is eight years old. This leave is retroactive for children born (or adopted) on or after August 2, 2024. However, these two weeks cannot be requested before January 1, 2026.

It is important to note that this paid entitlement is separate from, and in addition to, the eight-week unpaid parental leave under Article 48 bis of the Workers' Statute. The unpaid parental leave remains unchanged and can still be taken, continuously or discontinuously, until the child turns eight years old.

Special rules for single-parent families: Following a Constitutional Court decision, the Royal Decree-Law extends birth and childcare leave in single-parent families to 28 weeks: six weeks of mandatory leave after birth and 11 weeks of leave until the child is 12 months old. In addition, the law provides four weeks of paid parental leave (instead of two), giving a total of 32 paid weeks covered by Social Security.

Ukraine

New Category of Employers Entitled to Exemption from Conscription of All Military Eligible Employees

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

Effective August 13, 2025, employers that applied for and received the status of critical importance to the Ukrainian economy, and are registered and operating in frontline areas, are exempt from conscription of 100% of their military-eligible employees, compared to the standard exemption of 50%. This change aims to support employers that are vital to Ukraine's economy and to ensure they can maintain business continuity during active hostilities.

Draft Law Defining Employment Relationship Criteria

Proposed Bill or Initiative
Authors: Oleksiy Demyanenko, Partner, and Inesa Letych, Counsel – Asters

On July 18, 2025, a draft law was registered in the Ukrainian Parliament proposing to amend the Labor Code to introduce a list of nine indicators of a de facto employment relationship. Under its provisions, for a relationship to be recognized as employment, at least seven of the nine indicators must be present simultaneously. If this requirement is satisfied, non-employment contracts between the enterprise and the individual service provider may be reclassified by a court as an employment relationship.

The proposed employment indicators include:

- Personal performance of work or services without the possibility of delegation to third parties
- Subordination to internal workplace rules
- Integration into the company's organizational structure
- Reimbursement of production costs
- Training financing
- Entitlement to paid leave
- Receipt of regular remuneration, which constitutes at least 80% of the contractor's total income over a 24-month period

The draft law remains under parliamentary review and is subject to further revisions.

United Kingdom

Potential Reform of Non-Compete Clauses

Proposed Bill or Initiative
Author: Natasha Somi, Associate – Littler

The UK Government has signaled a renewed focus on reforming non-compete clauses in employment contracts due to concerns about their impact on worker mobility and economic competition. On July 21, 2025, during public debates, it was confirmed that a consultation on potential reforms will be conducted "in due course."

Details of the consultation have yet to be released, but its outcome could lead to changes in the regulation of non-compete clauses in the UK.

Government Announces Review of Parental Leave and Pay

Proposed Bill or Initiative
Author: Ben Rouse, Associate – Littler

In July 2025, the UK Government launched a review of all current and upcoming statutory parental leave and pay in Great Britain. The Government's current stated objectives for the parental leave and pay system are to: (a) support the maternal health of women during pregnancy and post-partum; (b) support economic growth through labor market participation; (c) ensure adequate resources and leave for parents to facilitate the best start in life for babies and young children; and (d) support parents to make balanced childcare choices.

The request for information closed on August 25, 2025, however the review is expected to run for 18 months until the end of 2026. We therefore do not expect to know the details of any concrete changes until 2027.

Employment Rights Bill Moves Closer to Becoming Law; Implementation Timeline Published

Proposed Bill or Initiative
Author: Ben Smith, Senior Associate – Littler

The Employment Rights Bill, setting out significant changes to UK employment law, is expected to become law in November 2025. The government's roadmap to implementing the Bill, published in July, indicates that changes to the bill are expected to go into effect in stages in April 2026, October 2026, and 2027, with many of the more significant changes not expected until 2027, including the introduction of protection from unfair dismissal from the first day of employment and restrictions on the use of zero-hour contracts. Some changes to union laws will go into effect immediately once the Bill receives Royal Assent, or within two months thereafter.

The government is expected to consult on regulations and guidance that will add further detail to the Bill's reforms over the next 12 to 18 months.

Non-financial Misconduct Rules Updated by the Financial Services Regulator

Important Action by Regulatory Agency
Author: Caroline Baker, Partner – Littler

In the summer, one of the UK's financial services regulators, the Financial Conduct Authority (FCA) consulted on its proposed changes to its handbook and guidance to help better address non-financial misconduct (NFM) in financial services, including the introduction of a new anti-harassment rule. The consultation is now closed, with final rules expected to be published later this year.

The new rules and guidance are expected to apply to financial services businesses other than banks beginning September 1, 2026. Financial services firms affected by the new NFM rules, will likely need to review contracts and policies and train staff on the final rules ahead of implementation. The rules will also impact employment investigations and decisions and therefore it will become even more important to think through all potential regulatory angles when making employment decisions that potentially touch on NFM.

Two Key Compliance Dates: New Corporate Offense of Failure to Prevent Fraud and New Restrictions on Non-Disclosure Agreements

Legal Compliance
Author: Dilshen Dahanayake, Associate – Littler

On September 1, 2025, the new corporate criminal offense of "failure to prevent fraud" went into effect under the Economic Crime and Corporate Transparency Act 2023. The rules are complex in application, but there is a defense if the organization can demonstrate it had reasonable fraud prevention procedures in place. Although largely a compliance matter, HR policies and procedures may be impacted. The government has published guidance to help organizations.

On October 1, 2025, Section 17 of the Victims and Prisoners Act 2024 went into effect. As a result, any provision in an agreement—such as non-disclosure clauses or agreements—that seeks to prevent a victim, or someone who reasonably believes they are a victim, from disclosing information about criminal conduct to certain persons, including law enforcement, lawyers, and certain family members, is void. Employers may wish to review their NDA drafting and practices. The government has also published non-statutory guidance.

United States

White House Proclamation Imposes $100,000 H-1B Fee

New Order or Decree

Authors: Deepti Orekondy, Associate, and Jorge Lopez, Shareholder – Littler

On September 19, 2025, President Donald Trump issued a proclamation titled Restriction on Entry of Certain Nonimmigrant Workers, which introduces a significant change to the H-1B visa program. The proclamation imposes a $100,000 fee on H-1B petitions for foreign workers currently outside the United States and H-1B workers seeking entry to the United States, marking a dramatic shift in how U.S. companies can access global talent. The proclamation will be effective as of 12:01 am ET Sunday, September 21, 2025. The stated goal is to curb what the administration describes as systemic abuse of the H-1B program, which it claims has displaced American workers and depressed wages in critical sectors like technology and engineering.

The U.S. Citizenship and Immigration Services clarified that the proclamation applies only to H-1B petitions filed on or after September 21, 2025. It does not apply to individuals who are the beneficiaries of petitions filed prior to the effective date of the proclamation, are the beneficiaries of currently approved petitions, or are in possession of validly issued H-1B non-immigrant visas.

For further details, including immediate action items, please refer to this article and an FAQ regarding this proclamation.

Treasury Department Issues Proposed Regulation on “No Tax on Tips”

Important Action by Regulatory Agency

Authors: Daniel B. Boatright, Shareholder, and Robert W. Pritchard, Shareholder – Littler

As we have previously reported, the “One Big Beautiful Bill Act” (OBBBA) provides an above-the-line tax deduction for certain “qualified tips.” To qualify for the deduction, the tips must (among other conditions) be “cash tips” received by an individual engaged in an occupation that “customarily and regularly received tips” on or before December 31, 2024. The Treasury Department has now issued a proposed regulation on the meaning of “cash tips” and defined the occupations that may be entitled to claim the “no tax on tips” deduction.

With respect to occupations that qualify for the tax deduction, the Treasury Department previously released a “preliminary list” of occupations that “customarily and regularly received tips.” The preliminary list consisted of 68 occupations spread across eight industries. The proposed regulation retains that list. The proposed regulation also contains special rules for certain specified service trade or business, and on employees participating in TRDA and GITCA tip-reporting programs.

For additional details, please review this article.

No More Willy-Nilly: The FTC’s New Noncompete

Important Action by Regulatory Agency

Authors: Scott McDonald, Shareholder, and Anna Bookout, Associate – Littler

The FTC has now withdrawn its appeal of the federal court decision in *Ryan, LLC v. FTC*. The FTC’s ill-fated attempt to completely ban noncompete agreements by administrative rule is history, but that does not mean the federal government’s attempt to regulate this normally state-law-oriented subject is over. FTC Chairman Ferguson warned employers this past week that “[t]he failure of the Biden Commission’s rule does not mean that employers are free to impose noncompete agreements willy-nilly.”

Please review this article for a discussion on how an employer might pass the “willy-nilly” test and avoid being characterized as an employer that abuses the use of noncompete restrictions. This article also provides basic guidelines to reduce risk of FTC scrutiny.

Citing Legal Challenges, the DOL to Overturn Biden-Era Independent Contractor Rule; Will Consider Next Steps for a New Rule

Important Action by Regulatory Agency

Authors: Robert W. Pritchard, Shareholder, and Alex MacDonald, Shareholder – Littler

The U.S. Department of Labor (DOL) announced its intention to rescind its own 2024 final rule, which provided an analysis for determining independent contractor status under the Fair Labor Standards Act (FLSA) (2024 IC Rule). This follows its earlier decision to stop enforcing the rule and instead rely on older guidance, including Fact Sheet #13 (from July 2008) and the reinstated Opinion Letter FLSA2019-6, which addresses classification in the context of virtual marketplace platforms.

Until a new independent contractor rule comes into effect, companies should reacquaint themselves with Fact Sheet #13 (from July 2008) and reinstated Opinion Letter FLSA2019-6 that the DOL now considers controlling. Moreover, companies should also review and evaluate potential differences in state law tests for determining independent contractor classification under wage (and various other) laws. Companies should also keep in mind that the various U.S. circuit courts have their own versions of the test, which they may continue to apply in any litigation. Companies with questions about those tests should work with experienced counsel.

Diverging DEI Requirements?

Legal Compliance

Authors: Lavanga Wijekoon, Shareholder, and Donald C. Dowling, Shareholder – Littler

On March 4, 2025, standing before the U.S. Congress, President Trump proclaimed that his administration had “ended the tyranny of so-called diversity, equity, and inclusion policies all across the entire federal government and indeed the private sector and our military.” He was referring to multiple executive orders on diversity, equity, and inclusion (DEI) issued during his first two days in office, including one instructing all government agencies to “enforce our longstanding civil rights laws and to combat illegal private sector DEI preferences, mandates, policies, programs, and activities.” As a result, spring 2025 saw a flurry of activity as U.S. employers reviewed and, in some cases, recalibrated their DEI practices.

But what does this recalibration mean for U.S. employers with workers outside the United States? This is a particularly thorny issue because, while U.S. government policy is pulling employers away from DEI, governmental policies in non-U.S. jurisdictions—including in Europe—are pushing employers toward DEI through pay transparency and inclusive hiring requirements.

Please review this article, which explores how employers with U.S. and non-U.S. workers can navigate these push-pull factors across global jurisdictions.

Venezuela

Nicolas Maduro Signed Decree of External Commotion

New Order or Decree

Author: Gabriela Arevalo, Associate – Estrategia Legal

On September 29, 2025, President Nicolas Maduro announced that he has signed a Decree of External Commotion that would be applied in the event of United States intervention in Venezuela. The decree would grant the president of Venezuela extraordinary powers to take economic and political measures, restrict constitutional guarantees, and mobilize the armed forces. The President also called for a consultation process on the Decree, which has not yet been published in the official gazette.

The Political Chamber of the Supreme Court Ratifies its Jurisdiction to Decide on Food Benefit Claims

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

In Decision No. 667, issued on July 31, 2025, the Political Chamber of the Supreme Court held that the judiciary has jurisdiction to decide claims relating to the amount employers must pay for the food benefit (*Cestaticket socialista*). The employees in the case claimed they had the right to be paid an indexed amount for the *Cestaticket socialista* benefit, equivalent to $40 per month, which the employer was not paying. The employer argued that the claim must be heard by the Labor Inspectorate, not the judiciary. The Supreme Court held that courts have jurisdiction to hear and decide these types of cases.

The Supreme Court Reiterates its Criteria for Compensation for Work-related Accidents

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

In Decision No. 1250 of July 28, 2025, the Constitutional Chamber of the Supreme Court confirmed that compensation under Article 130 of the Organic Law on Prevention, Conditions, and Work Environment (LOPCYMAT) requires proof of a direct causal link between the employer's lack of workplace safety measures—such as the absence of safety committees, prevention delegates, safety programs, or safe work procedures—and a workplace accident.

The Court clarified that the mere existence of regulatory noncompliance by the employer does not automatically generate liability for compensation. Rather, the claimant must prove that the noncompliance caused the accident. Since this causal link was not proven, the Court upheld the denial of compensation for the accident.

By October 31, 2025, Employment Entities Must Comply with New Mandatory Data Update Process

Important Action by Regulatory Agency
Author: Daniela Arevalo, Associate – Estrategia Legal

The National Institute for Training and Socialist Education (INCES) issued a statement on September 1, 2025, announcing a new data update process for employment entities in accordance with Administrative Order No. OA-2016-12-545 of December 16, 2016, published in Official Gazette No. 41,054 on the same date.

The new data update process applies to all employment entities, both public and private, registered with the National Registry of Parafiscal Contributions (RNCP). These entities have from September 1 to October 31, 2025, to ratify and/or update their data in connection with the implementation of the new platform (inces.sigat.net) to avoid being subject to sanctions.

SENIAT Updates Platform Rules for Pensions Law Compliance

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

In August 2025, the National Integrated Service of Customs and Tax Administration (SENIAT) adjusted its online platform for declaring and determining the amount of the special contribution required under the Social Security Pensions Protection Law Against Imperialist Blockade (Pensions Law). Compliance with the SENIAT adjustments requires that:
(i) the taxable base—or the total salary and non-salary bonuses declared for each employee—is not less than the Monthly Minimum Income communicated through presidential addresses and/or press releases; and (ii) the minimum number of employees declared must be equal to or greater than one.

According to the official announcement of April 30, 2025, the Monthly Minimum Income is USD 160, indexed according to the exchange rate published by the Banco Central de Venezuela. It is composed of the economic war income (formerly economic war bonus) amounting to USD 120, and the required "Socialist Cestaticket" benefit in the amount of USD 40. These amounts and the adjustment parameter have not been established by decree or published in the official gazette.

The platform does not allow a declaration of zero employees. If an organization does not have employees for any reason, it must notify SENIAT through an explanatory letter to avoid fines for omission in the declaration.

Vietnam

Official Promulgation of Law on Personal Data Protection

New Legislation Enacted

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

Law No. 91/2025/QH15 on Personal Data Protection (PDPL) was officially promulgated on June 26, 2025, marking a shift from the earlier Decree No. 13/2023/ND-CP on Personal Data Protection to a fully-fledged statutory regime with enhancements in consent, cross-border data transfers, impact assessments, and enforcement. The PDPL outlines clear obligations for employers during the recruitment and management of employees. Employee consent remains the cornerstone of lawful personal data processing under the PDPL, continuing the model introduced in Decree 13.

Employers are required to:

- Inform employees in advance of the intended purposes of any data collection before requesting the information
- Use the provided information for employment purposes or as agreed upon with the employees
- Process personal data in accordance with applicable laws
- Delete or destroy information provided by job applicants who are not hired, or by employees upon termination of labor contracts, unless otherwise agreed

Non-compliance with the PDPL may subject employers to administrative sanctions, criminal prosecution, and liability for damages. Under the PDPL, employers may face administrative fines of up to VND 3 billion (approximately USD 115,000), or up to 5% of their global annual revenue for breaches related to cross-border data transfers. The PDPL will take effect on January 1, 2026.

New Employment Law: Expanded UI Coverage and Employer Obligations

New Legislation Enacted

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

On June 16, 2025, the National Assembly passed Employment Law No. 74/2025/QH15, replacing the 2013 law. Effective January 1, 2026, the new law updates provisions on job creation, labor registration, market data systems, skills development, and unemployment insurance (UI).

UI coverage now includes employees with contracts of at least one month and part-time workers earning at least the minimum wage. Employee and employer contributions are each capped at 1% of monthly salary, replacing the previous fixed rate. Certain groups—such as pensioners, probationary workers, and those receiving monthly allowances—are exempt from UI contributions. Additionally, employers must pay UI contributions fully and on time. If they fail to do so, they must compensate employees directly for the benefits they would have received.

Employment Law 2025 will take effect on January 1, 2026. Further guidance on its implementation will be issued by the Government.

New Decree Provides Guidance on the Implementation of the Health Insurance Law

New Regulation or Official Guidance

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

On July 1, 2025, the Government of Vietnam issued Decree No. 188/2025/ND-CP (Decree 188), providing detailed guidance on the implementation of the Law on Health Insurance. The decree covers contracts, procedures, and payment methods for insured medical examinations and treatment, as well as regulations on participant eligibility, contribution levels, and premium payments.

Decree 188 also clarifies that failure to contribute to health insurance is not considered evasion if caused by force majeure events such as natural disasters, emergencies, civil defense, or epidemic control. These provisions protect employers from administrative penalties when contributions cannot be made due to such circumstances.

Decree 188 took effect on August 15, 2025, although certain provisions were effective from July 1, 2025, or apply during the transitional period from July 1 to December 31, 2025.

New Decree Streamlines Rules for Foreigners Working in Vietnam

New Regulation or Official Guidance

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

On August 7, 2025, the Government of Vietnam issued Decree No. 219/2025/ND-CP (Decree 219) on foreign employees working in Vietnam, which took effect on the same date. The decree is broader than previous regulations, covering specific job positions such as managers, managing directors, experts, and technical workers.

Decree 219 streamlines procedures for work permit exemption certificates (WPECs) and work permits (WPs), enhancing flexibility and convenience by (i) enabling online submission and (ii) simplifying the processes for issuance, re-issuance, and renewal. It also expands the list of positions exempt from WPs, including: (i) foreign managers, experts, and technical workers entering Vietnam to work for a total period of less than 90 days in a calendar year; and
(ii) foreign employees working in sectors such as finance, science, technology, innovation, national digital transformation, or other priority areas for socio-economic development, as certified by relevant authorities.

Effective August 7, 2025, foreign employees holding a WP may work in multiple provinces or cities for the same employer, provided the employer informs the relevant local authority at least three days in advance.

Decree 219 replaces Decree No. 152/2020/ND-CP, as amended by Decree No. 70/2023/ND-CP.

Zambia

Court of Appeal Rules on Sham Redundancy and Corporate Structures

Precedential Decision by Judiciary or Regulatory Agency

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

On August 19, 2025, in *First Quantum Mining and Operations Limited v. Sydney Mulenga and 43 Others* (Appeal No. 172/2023), the Court of Appeal clarified the legal standards for redundancy. It held that redundancy is lawful only when a position genuinely ceases to exist due to restructuring or business closure, and not as a pretext for dismissal. Employers must follow any statutory or contractual procedures governing redundancy. In this case, the Court found that the alleged closure of the maintenance department was a sham—roles remained necessary, some employees were rehired under different entities on reduced terms, and others were excluded despite ongoing need.

The Court emphasized that when affiliated entities operate as a single employer for HR purposes, it may pierce the corporate veil to prevent evasion of legal obligations. The redundancies were deemed not in good faith and therefore unlawful. Employers considering restructurings must ensure genuine role elimination, compliance with redundancy procedures, and that rehiring or transfers are not used to circumvent existing employment terms. Courts will prioritize substance over form and may treat related entities as a single employer where obligations are being concealed.

Court of Appeal Clarifies Standards for Termination on Operational Grounds

Precedential Decision by Judiciary or Regulatory Agency

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

On September 2, 2025, in *One Life Assurance Zambia Ltd v. Wankumbu Sichivula and Mutale Mwango* (Appeal No. 111/2023), the Court of Appeal reaffirmed the standards for lawful termination on operational grounds. The Court held that it is not sufficient for an employer to merely cite operational reasons; the employer must demonstrate the necessity of the termination.

Specifically, the Court outlined four requirements: (i) a valid, commercially justifiable reason; (ii) supporting evidence; (iii) proof that the decision was not arbitrary or a pretext; and (iv) where applicable, a fair process including consultation with the employee. Applying these principles, the Court found that changes in a company's shareholding structure alone do not justify termination on operational grounds. Because the employer failed to meet the outlined requirements, the termination was deemed unfair and wrongful.

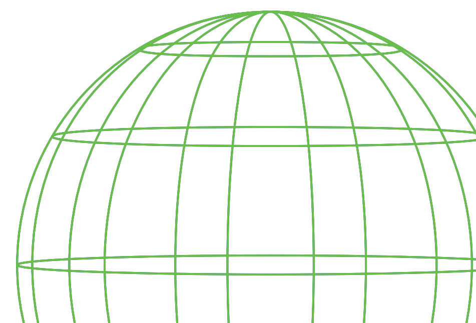
Dismissal of Employees on Account of Non-Performance Due to Institutional Failures or Defective Tools Is Wrongful and Unfair

Precedential Decision by Judiciary or Regulatory Agency

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

In August 2025, in *Multichoice Zambia Limited v. Tutu Zulu* (Appeal No. 157 of 2023), the Court of Appeal addressed termination of employment based on poor performance. The Court held that an employee cannot be dismissed for poor performance when that performance is the result of institutional failures or defective tools. In this case, the employer had introduced a software system that significantly impaired the employee's ability to perform his duties. The Court found that the employer failed to distinguish between deficiencies attributable to the employee and those caused by internal inefficiencies, making it unreasonable to cite the employee for non-performance.

The Court concluded that the dismissal was wrongful and unfair, as the employer had not addressed the systemic barriers to performance before proceeding with termination. It awarded the employee damages equivalent to 36 months' salary, reflecting the employer's conduct and the difficulty of securing comparable employment.



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