



GLOBEX UPDATE

HEALTH & BENEFITS

Volume 209

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July 2018

Events, developments, and opportunities in the international marketplace

DUTCH GOVERNMENT LOOKS TO SHRINK TAX BENEFITS FOR EXPATS

The Dutch government currently has in place legislation known as the “30-percent rule,” which exempts 30 percent of the salary from income tax for eight years for expatriate employees. New legislation has been proposed to limit the exemption from eight years to five years, retroactively, which will drastically change how expats work/live in Amsterdam. For employers that rely on foreign talent, this will have major consequences as their ability to recruit will be handicapped by this legislation. The Dutch Parliament is expected to make the proposal effective by the end of 2018, which also includes complete removal of the dividend tax, lowering corporate taxes and raising the lower VAT, with the expectation that these efforts will save almost 300 million Euro per year through 2021. However, skeptics of the proposal state that these savings assume that expatriate employees will continue to stay in the Netherlands and pay the increases, and many expect those employees to leave due to the new legislation. For those expat workers who plan to stay, they will have to make some major life changes, such as possibly selling their homes at a loss, cut back on daycare or default on loans.

VIETNAM SEES YOUNGER EMPLOYEES TAKING EARLY RETIREMENT

Due to an increase of layoffs by firms seeking to save wages and social insurance costs, more and more younger employees, averaging between ages 30-35 have been seeking retirement benefits which can lead to a major strain on the government’s welfare system. A recent survey that analyzed the reasons for the termination of labor contracts showed that approximately 40 percent of employees quit or were terminated due to forced overtime or failure to meet high company targets, while 15 percent were let go due to being “physically unfit for the job” and another 13 percent were terminated without reason. The layoffs are beginning to have a negative impact on Vietnam’s welfare system due to the amount of employees claiming lump-sum social security payments. In the first five months of 2018, there were approximately 300,000 claims, a large number of them from people ages 35-40. The rise in the number of employees seeking early retirement can lead to an imbalance of the pension fund. In order combat this problem, the government is hoping to adopt a social security reform plan which proposes to reduce the compulsory time to pay for social security from 20 years to 15 years, with plans for a further reduction to 10 years.

Success Stories

- Provided advice and assistance to client evaluating potential benefits enhancement for key employees in Peru
- Helped multinational Partner Desk client implement multiple plan design changes in order to enhance competitiveness in several Latin American locations
- Assisted with setting up and implementing local benefit packages in Poland for large software company

NEW HR INITIATIVES FOR EMPLOYEES TO BE INTRODUCED IN ROMANIA

Romania has proposed new legislation which would allow employers to dispense “cultural tickets” to employees as a benefit incentive. As employers look to find new ways to attract and retain talent, this could be a way for employers to set themselves apart from competitors. Employees would be able to use the vouchers to engage in a number of cultural activities, from attending films and concerts to acquiring books, music and movies. Romania also provides tax-free vacation vouchers and meal vouchers with the cultural ticket voucher being just another way employers will be able to provide incentives for employees outside of traditional benefit offerings.

Recruiting and retaining key talent around the world remains a formidable challenge for HR management. More and more, a company’s success depends on the ability to offer a competitive benefits package while remaining within budget. Globex Partner Brokers can offer their clients access to a range of products, capabilities and resources custom-tailored to helping multinationals optimize their employee benefits around the world. Contact any member of the Globex Health & Benefits Team to learn more.

PLEASE NOTE OUR NEW TELEPHONE AND FAX NUMBERS



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