



GLOBEX UPDATE

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VIETNAM MAKES CHANGES TO SOCIAL SECURITY FOR EXPAT WORKERS

Vietnam has implemented new regulations for expatriate workers that will affect payroll and taxation. Currently, employers and employees are responsible for contributions to the social security scheme in Vietnam which covers pension, sickness, maternity, labor and occupational accidents, and retirement. Under the current structure, the contribution rates are applied equally for both expatriate and Vietnamese employees at a rate of 8 percent, while the employers' rate is set at 17.5 percent. With the change, employers must make contributions for foreign employees at 3.5 percent of their monthly salary between December 1, 2018, and December 31, 2021. However, effective January 1, 2022, the rate will increase to 17.5 percent, with 14 percent to retirement and survivorship, 3 percent to sickness and maternity funds, and 0.5 percent to occupational disease and accident funds. Employees will be subject to make contributions of 8 percent which will fund retirement and survivorship. Small and medium firms that require foreign workers will need to make additional payment contributions for foreign employees, which will likely hinder the number of foreign workers hired. The new law is believed to ensure fairness between companies that employ local people and those that hire foreigners.

HONG KONG CONSIDERS SUBSIDIES TO OFFSET MATERNITY COSTS

Expert economists have speculated that employers could be discouraged from hiring women given the rising costs of maternity in Hong Kong, which could cost an extra HK\$800 million a year. Coupled with higher costs, employers will also need to pay the mothers on leave, as well as hire part-timers employees to replace the loss in productivity. However, there is consideration that the Hong Kong government could look to subsidize employers for the cost of maternity. The government is studying whether to extend statutory maternity leave from 10 weeks to 14, to meet the current standards of the International Labour Organisation. Based on figures from 2017, the average monthly pay was HK\$18,000 for maternity benefits, with experts projecting the total extra cost of allowing female workers four more weeks' maternity leave would be about HK\$800 million a year with the cost per employee being a little more than HK\$19,000 a year which is approximately, 0.03 percent of Hong Kong's GDP. The Hong Kong government is exploring subsidizing employers for the additional costs should they look to implement an increase to the maternity benefits. Skeptics believe that even if the government provided subsidies for maternity, small and medium-sized enterprises will be the hardest hit, given that they would still have to cover the costs of productivity for the extra four weeks that employed mothers would be on leave.

Success Stories

- Implemented local medical policy for international management software firm in Poland
- Implemented local group policy for large manufacturing company in Canada
- Secured BOR in India for local group benefits package

VISA REGULATIONS IN UAE TAKE EFFECT

As of October 21, 2018, new visa regulations in the UAE have been implemented, which include the extension of entry permits for visitors and visas for women. The UAE government will begin extending the residency visa for widows and divorced women and their children for a year without a sponsor while also renewing the residency visas of students sponsored by the parents. As for foreigners in the UAE whose entry permits will expire, they will get an extension of 30 days without leaving the country at a cost of Dh600. According to the UAE tourism experts and those in the HR industry, they have found the new regulations a welcome site as it will enable foreigners, especially jobseekers to extend their stay in the UAE.

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.

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