

Global Benefits Compliance News

Lockton Benefit Group



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Global Benefits Compliance News provides you with the latest insights on international benefits issues affecting you and your business. Our experts focus on legislation affecting social insurance and employee benefits around the world, including life, disability, accident insurance, health insurance, retirement, leave and perquisites.

Australia

Family and Domestic Violence Leave

On 6 December 2018, the Australian Parliament passed the Fair Work Amendment Bill 2018, which is currently awaiting Royal Assent. The new bill introduces a five-day, unpaid family and domestic violence leave within a 12-month period. The new leave is available in full at the beginning of each year to all types of employees. Employers can apply supplemental domestic and family leave policies.

Catastrophic Injury Regulations

The Australian federal government amended the Safety, Rehabilitation and Compensation Rules 2018 by introducing a new definition of "catastrophic injuries" at the workplace, which may affect workers' compensation claims. The definition now includes spinal cord, brain, amputation, burn and blindness injuries.

Canada

Ontario Pay Transparency Act

On 6 December 2018, the Canadian government passed Bill 57. The bill postpones the implementation of Bill 203, the Ontario Pay Transparency Act, 2018, from 1 January 2019, to a later date to be named by the Lieutenant Governor. The content of the Act has not been changed by the new bill. (See also [July 2018 alert](#).)

Terminating employee benefits at age 65 ruled unconstitutional

Ontario has prohibited the application of a mandatory retirement age since the Human Rights Code was amended in 2006, but the code permits employers to rely on the Ontario Employment Standards as a rationale to cease employee benefits coverage at age 65. A recent decision of the Human Rights Tribunal of Ontario (2018 HRT0 680) found the exception permitting employers to end employee benefits coverage at age 65 to be unconstitutional.

The Tribunal determined that age alone was not an adequate reason to terminate coverage, but that other financial and actuarial factors could potentially be a valid consideration if coverage for employees age 65 and older created an undue hardship for the employer. It remains to be seen whether this decision will have a broader impact on employer-sponsored plans. The Tribunal's decision did not invalidate the exception in the Human Rights Code and the challenge was limited to group health, dental and life insurance benefits plans. It did not address long-term disability insurance and pension plans. The decision will likely be subject to judicial review.

Quebec Voluntary Retirement Savings Plan contribution rate increase

The default mandatory employee contribution rate to Quebec Voluntary Retirement Savings Plans (VRSP) will increase from 3 percent to 4 percent on 1 January 2019. Employers who do not have a corporate retirement plan are required to enroll their staff working in Quebec in a VRSP funded by employee contributions.

The VRSP requirement has been phased in according to the number of employees working in Quebec and currently applies to employers with 10 or more eligible employees. The implementation date for employers with five to nine eligible employees has yet to be announced. Employer contributions are not required. Eligible employees are automatically enrolled in a VRSP and will be able to opt out, reduce or stop their contributions. The employer

must offer to eligible noncontributors the opportunity to join the plan or resume contributions every two years following the date the eligible employee had opted out, reduced or stopped contributions to the plan.

Federal pay equity legislation enacted

Bill C-86 passed the Canadian Parliament on 3 December 2018, and is awaiting Royal Assent. The bill enacts the Pay Equity Act, which requires federal public and private sector employers that have 10 or more employees to establish and maintain a pay equity plan within set time frames to identify and correct differences in compensation between predominantly female and predominantly male job classes for which the work performed is of equal value. The new Act provides for the powers, duties and functions of a Pay Equity Commissioner, which include facilitating the resolution of disputes, conducting compliance audits and investigating disputes, objections and complaints, as well as making orders and imposing administrative monetary penalties for violations of that Act. Although the Act only applies to federally regulated employers, it will likely be a model for provincial legislation. Pay equity legislation is currently in force in Ontario and Quebec.

China

Social insurance taxes

Starting 1 January 2019, social security contributions will be levied by the tax authorities rather than social insurance administrative authorities. This change is part of the government's ongoing efforts to increase compliance with social insurance contribution requirements while standardizing, and in many instances reducing, the contribution rates across regions. Employers should take steps to ensure that they are in full compliance with payroll tax requirements as the tax authorities are tasked with ensuring that contribution amounts are accurate. Noncompliant practices that have been prevalent in the past include paying taxes to a city where the company has a business registration that is different from the city where the employee actually works, not paying contributions for low-earning or dispatched employees and agreeing with the employee to pay social insurance contributions on a reported salary that is lower than the actual salary.

Kenya

National Housing Development Fund

The Kenyan government passed the Finance Act, 2018 creating a national housing development fund to help employees earning up to KES 100,000 per month to finance the purchase of their first home via government sponsored housing plans. Starting from 1 January 2019, employers and employees will have to contribute 3 percent (1.5 percent each) to the monthly gross pay, capped at KES 166,000 per month. Employees have the option to contribute more than 1.5 percent of the monthly gross pay and employers should contribute within nine days after each month or will be subject to a penalty of 5 percent of the amount due. A minimum of five years of contribution is required to access the fund.

Mexico

International Labour Organization Agreement

On 20 September 2018, the Mexican senate ratified the International Labour Organization (ILO) agreement 98 on labor union freedom and collective bargaining. The Mexican government is expected to amend the Mexican Federal Labor Law by January 2019 to ensure the freedom of association, the right to collective bargaining and the elimination of child labor, forced labor and all forms of discrimination.

Russia

Unused holidays

On 25 October 2018, the Russian Federation's Constitutional Court ruled that employers must pay compensation for all unused holidays to the employee upon termination of employment. The payment should be made regardless of when the employment is terminated.

Slovakia

Recreation benefit

Starting from 1 January 2019, employers with at least 50 employees will be required to pay up to 55 percent of eligible recreation costs. The employer shall reimburse a maximum of EUR 275 per year (tax-free) when employees spend up to EUR 500 on recreation. The new benefit applies only to employees with at least 24 months of service. Eligible expenses should be in

relation to tourism services in Slovakia and can also cover family members. The contribution can be provided in the form of a special recreation voucher or paid directly to the employee by the employer.

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