Alliant

Alliant Global Services

Global Knowledge Center – Legal & Regulatory Updates

August 2024

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August 2024

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Argentina

Drawing on maternity leave made more flexible as part of labor reforms

Published 10 August 2024

Effective 9 July 2024, new labor reform legislation introduces flexibility in drawing on maternity leave entitlements.

Enhanced flexibility

Effective 9 July 2024, pregnant employees can make greater modifications to the standard drawing of their maternity leave entitlement i.e. 45 calendar days leave before the expected date of birth and 45 calendar days leave after the expected date of birth.

The Law now allows pregnant employees to reduce the duration of their pre-birth leave to a minimum of 10 calendar days before the expected date of birth, with the remainder of their maternity leave entitlement (up to a maximum of 80 calendar days) added to the post-birth leave. The total entitlement to maternity leave remains unchanged at 90 calendar days.

Previously, pregnant employees could reduce their pre-birth leave to a minimum of 30 calendar days before the expected date of birth, with the remaining period (up to a maximum of 60 calendar days) added to the post-birth leave entitlement, for a total entitlement of 90 days.

Employer Actions

Effective 9 July 2024, employers must grant employees more flexibility in drawing on their maternity leave entitlements, allowing them to draw a minimum of 10 calendar days before the expected date of birth (down from previously 30 calendar days), and to draw a maximum of 80 calendar days after the birth (up from previously 60 calendar days), when an employee so requests.

Employers will need to revise their maternity leave policies, procedures, to reflect the increased maternity leave flexibility afforded to their pregnant employees.

Employers are advised to update any employee handbooks or other related employee communication materials and media, as the added flexibility in drawing on maternity leave entitlements is granted upon an employee's explicit request.

Underlying legislation

The enhanced flexibility on the drawing of maternity leave was introduced by Law 27742 Law of Bases and Starting Points for the Freedom of Argentines (*Ley de Bases y Puntos de Partida para la Libertad de los*

Argentinos) which was published in the Official Gazette (*Boletín Oficial de la República Argentina*) which was published on 8 July 2024.

The Law amends Article 177 of Law 20744 Labor Contract Law (*Ley de Contrato de Trabajo*) which provides employees with a right to job-protected maternity leave.

Canada

Ontario releases draft regulatory framework for target benefit pension plans

Published 26 August 2024

On 26 June 2024, as part of materials issued for public consultations that ended on 12 August 2024, the Ontario Ministry of Finance posted the draft regulation on A Permanent Framework for Target Benefits, with a planned effective date of 1 January 2025.

The draft Regulation would incorporate target-benefit pension plans (TBPs) as a new model in Ontario by implementing a comprehensive legislative and regulatory framework. TBPs would offer retired members a monthly income stream at a predictable cost for employers.

The draft Regulation would allow certain Specified Ontario Multi-Employer Pension Plans (SOMEPPs) and Multi-Employer Pension Plans (MEPPs) to convert into TBPs.

The conversion of existing plans into a TBP would initiate expenses for developing policies related to funding and benefits, governance, and disclosures to members, and for filing them with the Financial Services Regulatory Authority of Ontario (FSRA).

Concerned plans

The draft Regulation would replace the existing temporary funding measures for SOMEPPs, which are set to expire on the earlier of 1 January 2025. This date coincides with the Regulation's intended entry into effect date.

SOMEPPs are a category of MEPP which are exempt from certain solvency requirements that other MEPPs must adhere to. Under the draft Regulation, both qualifying SOMEPP and MEPP would be able to convert to TBPs.

For SOMEPPs that choose not to convert to TBPs, the general funding rules currently applicable to defined benefit Multi-Employer Pension Plans (MEPPs) would apply upon the draft Regulation's entry into effect, or on 1 January 2025, whichever is earlier, unless the existing temporary funding measures for SOMEPPs are extended (as they have already been in the past),

MEPPs and SOMEPPs to TBP conversion criteria

The draft regulation specifies that conversion to a TBP from an existing MEPP or SOMEPP would only be permitted if:

- The plan is not a jointly sponsored pension plan (JSPP);
- Employer contributions exceed or are equal to employee contributions;

- No more than 95% of the members were employed by one employer at the end of one of the plan's previous three fiscal years; and
- In the plan's past fiscal year, either at least 15 employers contributed to the MEPP, or at least 10% of its members were employed by two or more employers.

Multi-jurisdictional MEPPs where more than 10% of plan members are in jurisdictions which do not permit benefit reductions would not be permitted to convert to TBPs.

Minimum standards for funding and benefits policies

Under the draft regulation, TBP administrators would be required to develop, regularly review, and file with the Financial Services Regulatory Authority (FRSA) a comprehensive funding and benefits policy which must:

- Outline the plan's objectives concerning the benefits provided, the stability of those benefits, and the stability of required contributions;
- List the processes and metrics used to assess if the achievement of the plan's objectives over both short and long terms;
- Specify the frequency and circumstances necessitating the assessments;
- Identify and address material risks that could lead to reductions in accrued benefits and describe methods for creating mitigation measures for such risks;
- Establish procedures for deciding and implementing necessary benefit reductions or improvements; and
- State the circumstances that would require the policy's review or amendment.

Minimum standards for governance policies

TBP administrators would be required to create, regularly review, and file with FRSA a comprehensive governance policy which must include:

- detailed information on the roles, responsibilities, and reporting relationships of individuals involved in administering the pension plan or fund;
- measures to monitor, review, and assess the performance of the administrators;
- strategies to identify and manage material risks;
- processes for determining necessary changes based on stress testing or other relevant analyses; and
- a code of conduct for addressing conflicts of interest.

Member disclosure requirements

The draft regulation would require TBP administrators to provide members with various disclosures, including:

- An explanation of how benefits are funded, including a statement that contributions are fixed and that benefits may be reduced;
- A summary of the plan's funding and benefits objectives, as outlined in the funding policy;
- The plan's going concern funded ratio, as of the most recent valuation report;

- Information on the fund or plan's ability to cover projected liabilities in the long term and sustain members over time;
- Information about any adjustments made to pensions over the past 10 years; and
- Information on any plan amendments or proposed actions if contributions are not sufficient to meet the plan's funding requirements.

Application procedure for conversion

MEPPs which meet the criteria would be required to apply for consent from the FRSA to convert into a TBP. Among other requirements, an application to the FRSA would be required to include:

- A copy of the planned amendments to the existing plan that are related to conversion; and
- A statement by the plan administrator certifying that all the plan's benefits, excluding defined contribution (DB) benefits, are proposed to be converted.

Upon FRSA's approval, the plan would need to be converted into a TBP within twelve months.

Resources

- The Pension Benefits Act
- A Permanent Framework for Target Benefits Consultation Document
- A Permanent Framework for Target Benefits Draft Regulation

Colombia

Proposed labor reforms to increase paternity leave duration and to extend eligibility for adoption-related maternity and paternity leaves to same-sex couples

Published 28 August 2024

On 18 July 2024 a proposed labor reform bill would extend the duration of paternity leave and expand the scope of existing adoption-related maternity leave and paternity leave provisions to also entitle same-sex couples to the leaves.

Paternity leave progressively extended

The bill would amend the Substantive Labor Code (*Código Sustantivo del Trabajo*) to progressively increase the duration of paternity leave (which currently stands at two weeks) until it reaches 12 weeks in 2026. The increases would be phased over time as follows:

- eight weeks in 2024,
- 10 weeks in 2025, and
- 12 weeks in 2026.

As a reminder, paternity leave entitlements already apply for both the births and adoptions.

Maternity and paternity leave for same-sex adoptive parents

The bill would add provisions to the Substantive Labor Code to allow adoptive same-sex couples to enjoy the same maternity and paternity leaves as non-same-sex couples (*familias heteroparentales*).

Specifically, the adoptive parents would be allowed to elect which among them would be entitled to paternity leave, with the other being entitled to maternity leave.

Currently, legislation does not provide for maternity or paternity leave for same-sex couples.

As a reminder, maternity leave in the case of birth or adoption entitles an employee to a total of 18 weeks of employment-protected leave, or 20 weeks in cases of a child with a disability or of multiple births (unchanged). To take their maternity or paternity leave an employee must present their employer with a medical certificate indicating:

- the pregnancy status or the documents proving the adoption;
- the probable date of delivery, or the date of official delivery of the child to be adopted; and
- the likely start date, which varies according to individual medical recommendation and is typically two weeks before birth.

Legislative process

Proyecto de Ley 166 de 2023 "*Por medio de la cual se adopta una reforma laboral para el trabajo digno y decente en Colombia*" was introduced to Parliament in 2023 in an effort to build a sustainable and socially just economy with regards to equity, inclusion, and labor rights.

The Proposed Law has passed the House of Representatives and has received approval after its first of three readings in the Senate.

Hong Kong

Employers must take precautions against employee heat strokes

Published 14 August 2024

On 13 August 2024, the Labour Department issued a reminder to employers to take heat stroke preventive measures in times of Heat Stress at Work Warning.

The government's reminder stresses the fact that employees who work in non-air-conditioned environments face high levels of heat stress and are at a relatively higher risk of heat stroke.

Employers must assess heat stress risk factors and based on identified risk, take necessary preventive and control measures, including:

- Rescheduling employees' working time;
- ensuring proper ventilation and heat dissipation equipment; and
- Reminding employees to drink water, and to the extent feasible, to take hourly rest breaks.

Heat Stress at Work Warnings

The Labour Department sets the Heat Stress at Work Warning based on the Hong Kong Heat Index. Warnings are made available online by the Occupational Safety and Health Council (OHSC).

There are three levels of the warning: Amber, Red and Black, intended to support employers to better understand the level of heat stress and assess heat stroke risks.

When the Labour Department issues the Heat Stress at Work Warning, employers must refer to the criteria and recommendations provided in the Labour Department's Guidance Notes on Prevention of Heat Stroke at Work to carry out risk assessments.

To reduce employees' risk of heat stroke, appropriate rest breaks should be arranged every hour, to the extent it is reasonably practicable.

The Guidance Notes on Prevention of Heat Stroke at Work detail various risk factors that employers must consider when assessing heat stress risks and implementing mitigation measures for identified risk factors.

Resources

- Workplace Heat Stress Risk Assessment Form
- Rest Time Calculator

Israel

Employer payments during sick leave no longer require a medical certificate

Published 11 August 2024

Effective 1 September 2024, the Amendment to the Sickness Benefit Regulations (Procedures for Paying Sickness Benefit), 1976-1977 (*תיקון לתקנות דמי מחלה (נהלים לתשלום דמי מחלה), התשל"ז-1976-1977*) introduces new options for obtaining a certificate of absence due to illness, simplifying employer payments to employees during sick leave.

Currently, in order to receive payment during sick leave the employee has to provide their employer a physician-signed medical certificate justifying their absence from work.

New options available to employees

The amendment allows employees to provide their employer a "short sick certificate" without a visit to a physician, or a physician's signature. These options are detailed below.

Short sick certificate without physician's signature

The amendment allows employees to provide the employer with a "short sick certificate" without a visit to a physician, provided:

- The short sick certificate is issued by a health insurance fund that offers such a certificate for its members, after an employee reports a temporary sickness that requires an absence from work.
- The certified duration of sickness does not exceed four days.
- The annual number of such certificates does not exceed four. In this context, when more than one short sick certificates are issued within seven consecutive days, they are considered as one certificate.
- A maximum annual total of ten sick leave days is supported by short sick certificates.

Note that if a certificate for more than four sick days is granted in the previous seven days, it is not possible to use a short leave certificate.

A physician-signed short sick certificate without a physician's visit

A physician-signed short sick certificate covering up to four sick days can be used by an employee to take sick leave, provided that within the seven consecutive days preceding each sick leave day certified by the physician, the employee was not granted a short sick certificate for more than four sick leave days.

Definition of “physician visit” expanded to include virtual consultations

The amendments expand the definition of "physician's visit" to include virtual consultation (video and/or audio call and/or correspondences with a physician) and allow for digital signatures.

Employer Actions

As of 1 September 2024, employers must grant paid sick leave to employees resorting to the new options made available to them for obtaining a certificate of absence due to illness. These include:

- A short sick certificate without a physician's signature (including digital signatures); and
- A physician-signed short sick certificate without a physician's visit (including digital signatures).

Poland

New government childcare benefits potentially supporting employers offering childcare services

Published 2 August 2024

Effective 1 October 2024, new legislation commonly referred to as the Active Parent Act introduces three alternative childcare benefits to support parents of children up to three years of age in balancing their professional and family life responsibilities.

Two of these social benefits could reduce expenses for employers offering childcare benefits to their employees.

The three new benefits are:

- The Actively in a Nursery benefit
- The Active Parents at Work benefit
- The Actively at Home benefit

Parents will be able to submit applications for the above benefits according to rules set by the National Insurance Agency (*Zakład Ubezpieczeń Społecznych, ZUS*).

Actively in a Nursery Benefit

The Actively in a Nursery benefit will replace the currently existing and less favorable subsidy currently being paid in the monthly amount of PLN 400 towards fee incurred for a nursery, children's club, for a day carer, regulated in the Act of 4 February 2011 on the care of children up to three years of age.

The new Actively in a Nursery benefit targets parents of children up to three years of age who are attending a childcare institution - i.e. a nursery, children's club, or day carer, and will amount to PLN 1,500 per month per child, or up to PLN 1,900 per month for a child with a disability, but not exceeding the actual fees being charged for the child's stay in the care institution. This benefit will be directly paid to care institutions, to reduce parents' childcare expenses.

To prevent the introduction of this benefit from exerting an upward pressure on nursery or daycare fees, the Active Parent Act introduces upper limits on qualified nurseries' fees. Exceeding the limits will exclude the nursery or daycare from the Actively in a Nursery benefit program.

In the first period of the Act's validity, the above threshold was set in terms of a sum and will amount to PLN 2,200 per month.

Note that, as a transition measure, existing care benefits for children up to the age of three, in the form of co-financing to reduce the fees related to nursery, children's club, or day carer, will be repealed. The parent will

be able to retain the right to the previously granted above-mentioned co-financing on the basis of protection of acquired rights with the possibility of transferring the new benefits to the already approved service provides.

Active Parents at Work benefit

The Active Parents at Work benefit supports professionally active parents of a child between the ages of 12 to 35 months.

The monthly amount of the Active Parents at Work benefit is set at PLN 1,500 paid over a period of 24 months from the twelfth to the thirty-fifth month of a child's life.

The monthly benefit amount is increased to PLN 1,900 in the case of children with a disability certificate indicating their need for constant or long-term care or assistance from another person due to the significantly limited possibility of independent existence and the need for constant daily participation of the child's guardian in the process of their treatment, rehabilitation, and education.

Actively at Home Benefit

The Actively at Home Benefit designed for professionally inactive parents whose child does not attend a childcare institution will amount to PLN 500 per month, paid for a maximum of 24 months for children aged 12 to 35 months.

Underlying legislation

The new benefits were introduced by the Act of 15 May 2024 on supporting parents in their professional activity and in raising children – "Active parent" – "Active parent" (*Ustawa z dnia 15 maja 2024 r. o wspieraniu rodziców w aktywności zawodowej oraz w wychowaniu dziecka – „Aktywny rodzic"*), which was published in the Official Journal (*Dziennik Ustaw*) as item 858, on 12 June 2024.

Poland

Draft law to increase maternity leave for premature births and cases of infant's hospitalization

Published 27 August 2024

On 19 July 2024, a one-month period of public consultations on the Ministry of Labor and Social Policy's Draft Law Amending the Labor Code and Certain Other Acts (*Projekt ustawy o zmianie ustawy – Kodeks pracy oraz niektórych innych ustaw*) came to an end, and is awaiting the government's response.

The Draft Law, including any amendments, will be submitted to Parliament after approval by the Council of Ministers, which is scheduled for the third quarter of 2024.

The Draft Law would introduce additional maternity leave entitlements for new parents of children born prematurely and children born on time but requiring hospitalization. The proposed changes are to make up for the lack of the possibility interrupt maternity leave before the first eight weeks following birth.

The Draft Law specifies:

- The additional maternity leave eligibility criteria;
- The maximum length of additional maternity leave;
- The social benefits during the additional maternity leave;
- The employment protections related to the use of additional maternity leave.

These are detailed below.

Eligibility criteria and additional maternity leave

According to the Draft Law an employee-parent would be entitled by the amended Labor Code to additional maternity leave the length of additional maternity leave would be either up to eight weeks or up to fifteen weeks, depending on the duration of the child's hospitalization, the week of pregnancy in which the child is born or the child's birth weight, .as outlined in the table below.

Eligibility Criteria	Additional Leave Entitlement
Child born before the completion of the twenty-eighth week of pregnancy or with a birth weight of no more than 1000 grams.	One week of additional maternity leave for each week of the child's stay in hospital until the end of the fifteenth week after delivery.
Child born after the completion of the twenty-eighth week of pregnancy and before the completion of the thirty sixth	One week of additional maternity leave for each week of the child's stay in hospital

Eligibility Criteria	Additional Leave Entitlement
week of pregnancy and with a birth weight of more than 1000 grams.	until the end of the eighth week after delivery.
Child born after the thirty-sixth week of pregnancy and requires hospitalization of at least two consecutive days between the fifth and the twenty eighth day after delivery.	One week of additional maternity leave for each week of the child's stay in hospital between the fifth day to the eighth week after delivery.

When determining the length of additional maternity leave, periods of hospitalization are added up, and a partial week of hospitalization would be rounded up to a full week – that is, breaks between consecutive hospital stays would count towards increasing maternity leave entitlements.

Additional maternity leave would be granted upon application submitted by the parent (mother or father) raising the child no later than 21 days before the end of the maternity leave.

Currently, the duration of maternity leave is currently 20 weeks. A maximum of six weeks can be drawn before the expected date of birth, and the balance of 14 weeks must be taken after birth. There are no provisions specifically for parents of children born prematurely, despite a significant portion of the maternity leave entitlement often overlapping with the newborn's hospital stay. According to Article 181 of the Labor Code, maternity leave cannot be interrupted before the first eight weeks following birth – meaning, only the remaining weeks can be used after the child is released from the hospital.

Social benefits during additional maternity leave

In addition to the proposed amendments to the Labor Code (*Kodeks pracy*) to introduce additional maternity leave, analogous amendments to the Family Benefits Act (*Ustawa o świadczeniach rodzinnych*) would grant social benefits during the additional leave.

In accordance with the additions in Article 17c of the Family Benefits Act, the right to parental benefits would be extended to the additional periods of leave that would be provided for by the Labor Code.

There are two social security payment options during maternity leave. Namely, 20 weeks of benefits at either 100% or 81.5% of the mother's average earnings over the 12 months preceding the birth. There is no upper limit to the social benefit.

Under the 81.5% of average earnings option, social benefits paid during parental leave would also be 81.5% of the employee's average earnings. However, for this option the employee is required to apply for both maternity and parental leave in one application within 21 days of birth.

Otherwise, the 100% of earnings option applies. This option result in lower social benefits paid during parental leave, i.e., 70% of the averaged earnings.

Employment protections during additional maternity leave

Additional maternity leave would be subject to existing protective provisions related to the use of parental rights, namely:

- Protection against any unfavorable treatment by the employer or negative consequences towards the employee due to the exercise of rights granted under the provisions of the Labor Code;
- Prohibition of conducting any preparations for the termination of employees during additional maternity leave, as well as from the day the employee applies for additional maternity leave and takes such leave; and
- After the end of additional maternity leave, the employer would allow the employee to work in the previous position, and if this is not possible in an equivalent position on terms no less favorable than those that would apply if the employee had not taken this additional leave.

Russia

Overtime pay rate must be calculated based on employees' full compensation, including any incentive payments

Published 14 August 2024

Effective 1 September 2024, the calculation of increased payments to employees for overtime work must be based on all compensation payments, including any incentive payments that are included in the employer's payroll system.

Limit on overtime work

The amount of overtime an employee can work is limited by the provisions of the Labor Code. Specifically, overtime work cannot exceed four hours over two consecutive days, and the annual total is capped at 120 hours, (this provision is unchanged).

Overtime pay calculation

Currently, overtime work is paid at 1.5 times an employee's base hourly wage or hourly wage-equivalent for the first two hours of overtime over a two-day period, and their pay is doubled for any overtime work in excess of the first two hours.

An employee's hourly wage is calculated by dividing their monthly base salary by the number of working hours to determine their hourly pay. The inclusion of other paid compensation such as bonuses is not mandatory. For this reason, employers tend to delineate various types of bonuses in employment agreements to avoid potential overtime payment-related disputes.

It is worth recalling that collective bargaining agreements (CBA) between employee unions and employers may provide for more favorable terms than the Labor Code

As of 1 September 2024, the new legislation clarifies the wording of the Labor Code, and requires that all compensation payments (i.e., beyond just the hourly wage or wage equivalent derived from the employee's base salary) be included in the calculation of an employee's overtime pay.

Employer Actions

Effective 1 September 2024, payments for any overtime work performed by employees must be calculated based on an employee's compensation payments that are included in the employer's payroll system, including any incentive payments.

Employers are advised to ensure their payroll departments or service providers adjust their systems to account for the new provisions.

Underlying legislation

The change was introduced by the Federal Law of 22.04.2024 No. 91-FZ On Amending Article 152 of the Labor Code of the Russian Federation (Федеральный закон от 22.04.2024 № 91-ФЗ О внесении изменения в статью 152 Трудового кодекса Российской Федерации), was published in the Official Journal (Официальное опубликование правовых актов) on 22 April 2024.

Slovakia

Local business trip meal allowances increase, triggering increases in minimum non-travel-related meal voucher and allowance amounts

Published 20 August 2024

Effective 1 September 2024, business trip meal allowances increase. Business trip meal allowances vary based on a business trip's duration.

Separately, an increase in business trip meal allowances automatically increases the following:

- the minimum value of meal vouchers, and
- the minimum and maximum amounts of the employer-covered amount of an employees' meal expenses (i.e., meal allowance, which is an alternative to meal vouchers).

These changes are detailed below.

Travel-related meal allowances

Effective 1 September 2024, business trip meal allowances:

- EUR 8.30 for business trips of a duration of five to 12 hours, up from EUR 7.80;
- EUR 12.30 for business trips of a duration of 12 hours to 18 hours, up from EUR 11.60; and
- EUR 18.40 for business trips of 18 hours or longer, up from EUR 17.40.

The previously applicable amounts had been set by Section 5 para. 2 and Section 8 para. 1 of Act no. 283/2002 (*zákona č. 283/2002 Z.z*).

Meal benefits

According to Section 152 Paragraph 1 of the Labor Code, employers must provide employees in work shifts with meals corresponding to the principles of proper nutrition, directly at or near the workplaces. Performing work for more than 4 hours is considered a work shift.

Employers have four options for meeting their meal benefits obligation, namely:

- Meals provided in the employer's own cafeteria,
- Meals provided in the cafeteria of another employer/catering facility,
- Meal vouchers, or
- A financial contribution to employees' meal expenses – i.e., a meal allowance.

An employee working for an employer that does not provide meals in its own or in another employer's cafeteria, can once every 12 months opt either for meal vouchers, or a meal allowance.

It is worth noting that employees working remotely for more than four hours per day are entitled to choose between a meal voucher and a meal allowance.

Meal vouchers

According to Section 152 of the Labor Code (*§ 152 Zákonníka práce*) the minimum value of a meal voucher must be 75% of the meal allowance set for business trips of five hours to 12 hours in duration.

Therefore, effective 1 September 2024, the minimum face value of a meal voucher must be at least EUR 6.23 (75% of EUR 8.30), up from EUR 5.85.

The Labor Code sets the minimum value of the meal voucher. The employer may decide to provide a higher amount. Employer coverage of the meal vouchers total face value is tax and social contribution exempt up to 55% of the meal allowance amount for local business trips of a duration of five to 12 hours.

Meal allowances

The increase in travel-related meal allowances automatically affects the minimum and maximum amounts of meal allowances offered to employees as an alternative to meal vouchers.

According to Section 152 para. 6 of the Labor Code meal allowances must:

- at a minimum correspond to 55% of the minimum value of meal vouchers, and
- at a maximum to 55% of the meal allowance for a business trips lasting between five and 12 hours.

Therefore, effective 1 September 2024, employers' financial contributions towards employees' meal expenses (i.e., the meal allowance) must:
at a minimum be EUR 3.43 (55% times EUR 6.23), and
at a maximum EUR 4.57 (55% times EUR 8.30).

Tax and social contribution treatment of meal benefits

Since 1 January 2023, the exemption from social contributions and income tax was aligned across all forms of meal benefits, up to a maximum amount of EUR 4.57, i.e., 55% of the meal allowance for a business trip lasting five to 12 hours according to the Travel Reimbursement Act, which as of 1 September 2024 will be EUR 8.30.

Amounts above the income tax-exempt limit, paid from the business's social fund (i.e., a social fund created according to Act No. 152/1994 Coll.), remain exempt from income tax and employer and employee social contributions.

Amounts beyond the limit, paid voluntarily from employer resources, are considered a salary and are therefore subject to employer and employee social contributions and income tax.

Employer Actions

Effective 1 September 2024, employers must ensure that the amounts of business trip meal allowances are as follows:

- EUR 8.30 for business trips of a duration of five to 12 hours,
- EUR 12.30 for business trips of a duration of 12 hours to 18 hours, and
- EUR 18.40 for business trips of 18 hours or longer.

Furthermore, employers offering meal vouchers and meal allowances to their employees, must ensure that the amounts of these benefits are increased to reflect the new meal allowance amount of EUR 8.30 for business trips of a duration of five to 12 hours to which they are pegged.

Finally, employers must be mindful that amounts voluntarily paid from employer resources beyond the tax-advantageous limit are considered a salary and are therefore subject to employer and employee social contributions and income tax.

Underlying legislation

Decree No. 211/2024 of the Ministry of Labor, Social Affairs and Family (*Opatrenie č. 211/2024 Opatrenie Ministerstva práce, sociálnych vecí a rodiny Slovenskej republiky o sumách stravného*) was published in the Collection of laws of the Slovak Republic (*Zbierka zákonov Slovenskej republiky*) on 1 August 2024, and came into effect on the first day of the month that follows the publication of the Decree, i.e. 1 September 2024.

Slovakia

Beneficiaries of employee recreation allowances become more inclusive, starting 2025

Published 19 August 2024

Effective 1 January 2025, the scope of beneficiaries of annual recreation allowances (*Rekreácia zamestnancov*), which is a mandatory benefit for larger employers and may be granted in the form of a voucher, is expanded, and will, among others, includes an employee's parents and their spouse's parents.

In practice, the change is expected to translate into grandparents joining families' annual leaves with employers partially covering the grandparent's eligible expenses.

Eligible users of recreation allowances

Effective 1 January 2025, eligible individuals whose recreational expenses can be partially employer-paid will be:

- An employee or their spouse,
- Employee's or their spouse's parents,
- The employee's child,
- A child entrusted to the employee for substitute care based on a court decision, or a child entrusted to the employee's care prior to a court's adoption decision, and
- Other individual living with an employee in the same household, who participates in recreation with the employee or the employee's parent.

Currently, recreational vouchers are non-transferable and can only cover the employee's eligible expenses or the eligible expenses of an employee's accompanying spouse, child, or another individual that is part of their household.

Recreational allowances

Recreational allowances, introduced as of 1 January 2019, may be offered in the form of recreational vouchers or actual expense reimbursements.

According to Article 152a (1) of the Labor Code (*Zákonník práce*), employers with at least 50 employees are required to provide annual recreational allowances as a benefit to their employees who have at least 24 months of service (as of the first day of the employee's recreational leave), irrespective of the type of employment agreement. The number of employees is calculated as the average number of registered employees in the previous calendar year. The benefit is voluntary for smaller employers.

Recreational allowances, which larger employers must provide to employees with at least 24 months of service (as of the start of the recreational leave) are intended to support expenses incurred in domestic tourist facilities by the employee during their annual leave days.

Employees can receive an employer contribution covering 55% of eligible expenses, up to a maximum of EUR 275 per calendar year. In order to receive the maximum annual recreational allowance, the employee must at least spend EUR 500 on recreational services. The maximum employer contribution is pro-rated for part-time employees, based on number of hours worked.

Employers may voluntarily cover more than the EUR 275 annual limit, and resort to the business's social fund (i.e., a social fund created according to Act No. 152/1994 Coll.) to cover the excess.

Eligible recreational expenses

According to Article 152a (4) of the Labor Code the benefit is intended to cover accredited accommodation and other recreational expenses which remain unchanged, namely:

- Tourism-related services in Slovakia, which include at least two nights of accommodation;
- Holiday packages that include at least two nights of accommodation in Slovakia plus meals or other recreation services;
- Two nights of accommodation in Slovakia, which may include meals; and
- Organized multi-day activities, and recovery events or services provided in Slovakia during school holidays for an employee's child who is in primary school or in their first four years of secondary school with an eight-year educational program. A child entrusted to the employee for substitute care based on a court decision, or a child entrusted to the employee for care before the court decision on adoption, or another child living in the employee's household is also eligible.

Income tax and social contribution exemptions

According to the amended Section 5 paragraph 7 (b) of the Income tax Act (*Zákon o dani z príjmov, ZDP*), the employer's contribution to the recreation allowance is exempt from the employee's income tax (in the amount of the legal entitlement). This automatically implies that the recreational allowance is not included in the base earnings amount that is subject to employer and employee social insurance or health insurance contributions.

Recreational vouchers are not only income tax-exempt for employees but are also a tax-deductible expense for the employer. Meaning employers can deduct expenses related to recreational voucher benefits granted to their employees from their revenues for corporate tax purposes.

Underlying legislation

The change was introduced by the Act no. 311/2001 of 12 June 2024 amending the Labor Code and which supplementing Act No. 91/2010 on tourism support (*Zákon z 12. júna 2024, ktorým sa mení a dopĺňa zákon č. 311/2001 Z. z. Zákonník práce v znení neskorších predpisov a ktorým sa dopĺňa zákon č. 91/2010 Z. z. o podpore cestovného ruchu v znení neskorších predpisov*) which was published in the was published in the Collection of laws of the Slovak Republic (*Zbierka zákonov Slovenskej republiky*) on 1 January 2025.

United Kingdom

Most advisory fuel rates for use of company car decreased

Published 23 August 2024

On 23 August 2024, the UK government updated its Guidance on Advisory Fuel Rates. Accordingly, effective 1 September 2024, advisory fuel rates applicable to employees using a company vehicle are modified with, decreased rates in most cases.

Advisory fuel rates are recommended tax-effective limits set by the Revenue and Customs authorities (HMRC) for reimbursements of fuel expenses to be used by employers that provide company vehicles to their employees.

Advisory fuel rates can only be used by employers in two instances, namely:

When employers reimburse employees' fuel expenses for business-related use of a company vehicle, and
When employees reimburse employers for using a company vehicle for private purposes.
The fuel advisory rates are on a per-mile basis, and periodically adjusted based on market fuel costs.

New advisory fuel rates

Gas, LPG, or Diesel-fueled advisory rates depend on the vehicles engine size, measured in cubic centimeters (cc).

Advisory rates for Gas and LPG-fueled vehicles

The new rates applicable as of 1 September 2024 for Gas and LPG-fueled vehicles are presented in the table below.

	Gas	LPG
Engine Size	(pence per mile)	
1400 cc or less	13 pence (down from 14)	11 pence (unchanged)
1401 cc to 2000 cc	15 pence (down from 16)	13 pence (unchanged)
Over 2000 cc	24 pence (down from 26)	21 pence (unchanged)

Advisory rates for diesel-fueled vehicles

The new rates applicable as of 1 September 2024 for diesel-fueled vehicles are presented in the table below.

Engine Size	Diesel (pence per mile)
1600 cc or less	12 pence (down from 13)
1601 cc to 2000 cc	14 pence (up from 15)
Over 2000 cc	18 pence (down from 20)

Advisory rate for electric vehicles (EV)

As of 1 September 2024, the advisory fuel rate for electric vehicles decreases to 7 pence per mile, down from previously 8 pence.

Employer reimbursement business travel fuel expenses

When an employee pays for a company vehicle's fuel for work-related driving, the employer must reimburse the employee for the expenses. Employer reimbursements up to the advisory fuel rate, are exempt from income tax and National Insurance (NI) contributions, and deductible from corporate revenues as a business expense.

In cases where a company vehicle is not fuel-efficient, and where employees must be reimbursed at a rate that is higher than the advisory fuel rate, the employer must be able to demonstrate that the vehicle entails a higher per mile fuel consumption. Otherwise, the amounts reimbursed in excess of the applicable advisory fuel rate will become subject to income tax for the employee, and to NI contributions for both employees and employers, and considered as taxable profit for the employer, i.e., not a deductible expense.

Employees reimbursements fuel used for private travel

When an employee uses a company vehicle with fuel paid for by the employer for private purposes, they must either reimburse the employer for the fuel, or have the private use of the company vehicle considered as an employee benefit, and hence subject to income tax and NI contributions.

In order for the use of a company vehicle for private purposes not to be considered as a benefit, an employee must keep a log of miles driven for private purposes and reimburse the employer based on the applicable advisory fuel rate or higher (if the vehicle is not fuel-efficient).

Use of the advisory fuel rates is not required when an employer can demonstrate that the employee has fully covered private travel miles at a lower rate.

Employer actions to consider

With most advisory fuel rates being reduced, employers offering company vehicles to their employees may inadvertently subject themselves or their employees to unintended taxes and NI contributions.

Employers will need to consider the tax and NI contribution implications of undocumented company vehicle fuel reimbursements that would be based on previously applicable advisory fuel rates.

To avoid undesired tax and NI contribution implications stemming from these changes. employers should ensure that all relevant departments or service providers (e.g., payroll, benefits, finance) are informed.

Employers may also wish to inform their employees of the new tax-effective limits for vehicle fuel expense reimbursements.

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