Alliant Global Services

Global Knowledge Center — Legal & Regulatory Updates

April 2026

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Belgium

Proposed legislation to limit in-kind benefits to 20% of remuneration

Published 11 April 2026

On 13 January 2026, the House of Representatives adopted a request for urgency of personal income tax reform bill that was submitted by the government on 17 December 2025. The Bill proposes to limit the granting of benefits in cash or in-kind (*avantages de toute nature / voordelen van alle aard*) to 20% of the annual taxable remuneration of employees and company directors.

The 20% limit would be assessed on an aggregate basis for employees and separately for company directors, by comparing the total value of benefits granted as part of pay and valued on a flat-rate basis, with the total taxable remuneration of employees and company directors respectively. The limit would not apply at the individual level.

Currently, no statutory limit applies to the proportion of remuneration that may be granted in the form of benefits of any kind.

20% limit on overall cash or in-kind benefits

According to the proposal, cash or in-kind benefits valued on a flat-rate basis would be limited to 20% of total taxable remuneration for the tax period.

Currently, benefits of any kind may be granted without a statutory percentage limit relative to the employer's total taxable remuneration.

Calculation method

The 20% limit applicable to employees and to company directors would be calculated separately. For employees, the 20% limit would apply to the sum of flat-rate values of in-kind benefits divided by the total taxable remuneration of employees. For company directors, the 20% limit would apply to the same ratio calculated separately based on directors' taxable remuneration.

Only benefits of any kind valued on a flat-rate basis would be included in the calculation, e.g., company vehicle, low-interest loans, or free or low-cost housing.

Certain exempt social benefits would be excluded from the calculation, including those defined under Article 38 of the Income Tax Code 92, such as meal vouchers, sports and culture vouchers, and eco vouchers.

Consequences of exceeding the proposed limit

Where the 20% limit is exceeded, a corporate tax of 7.5% would apply to the excess portion of benefits granted to employees.

In the case of company directors, exceeding the limit would result in the loss of a reduced corporate tax rate, if a reduced rate applies.

Standard corporate income tax (CIT) is 25%. A reduced CIT rate of 20% on the first EUR 100,000 of taxable profit applies for qualifying SMEs. The reduced rate is conditional. One of the key conditions is that at least one company director receives a minimum remuneration (currently EUR 45,000; proposed to increase to EUR 50,000), and that remuneration includes in-kind benefits.

Employer implications

If the proposed legislation is adopted, employers would have to:

- Monitor the proportion of flat-rate benefits relative to total taxable remuneration;
- Ensure that the value of such benefits does not exceed 20% of taxable remuneration for employees and separately for company directors; and
- Budget for and apply a 7.5% corporate tax on amounts granted in excess of the 20% limit.

Employers may find it advantageous to:

- Review compensation structures that rely heavily on in-kind benefits; and
- Assess the impact of the loss of the reduced corporate tax rate where benefits granted to company directors exceed the limit.

Employers would also have to evaluate the balance between salary and benefits in total remuneration packages and update internal policies and payroll systems to track benefits valued on a flat-rate basis.

Proposed legislation

The proposed changes are set out in Articles 76 to 88 of the Personal Income Tax Reform bill of 17 December 2025 (*Projet de loi portant réforme de l'impôt des personnes physiques / Wetsontwerp tot hervorming van de personenbelasting*) (DOC 56 1243/001)).

Belgium

Bill amending work regulations, part-time work, night work, and notice periods under review

Published 30 April 2026

On 24 April 2026, a bill to amend work regulations, part-time work, night work, and statutory notice periods underwent its second reading by the House of Representatives.

Work regulations and full-time schedules

The bill would allow employers to include a general framework for normal working time in the work regulations, instead of listing each applicable full-time schedule separately.

Currently, work regulations must include the applicable working schedules, and full-time schedules are generally listed separately in the work regulations.

Part-time weekly working time

The bill would reduce the minimum weekly working time for part-time employment contracts from currently one-third to one-tenth of the weekly working time of comparable full-time employees.

Currently, a part-time employment contract must provide for at least one third of the weekly working time of comparable full-time employees, subject to certain exceptions.

Night work

The bill would remove the current prohibition in principle on night work. The proposal would allow employers to introduce night work through applicable procedures, including through collective bargaining or amendment of the work regulations.

Currently, night work is prohibited in principle under the Work Act of 16 March 1971, subject to statutory exceptions and applicable procedural requirements.

Notice periods

For employment contracts concluded subsequent to the entry into force of the law, the bill would cap the statutory notice period at 52 weeks once the employee reaches 17 years of service.

Currently, statutory notice periods continue to increase based on years of service without a limit.

Employer considerations

The proposal currently provides that the above provisions would enter into effect on 1 June 2026. In the interim employers could consider:

- Reviewing their work regulations to identify whether existing full-time schedules could be replaced by a general working time framework if the bill is adopted;
- Assessing whether part-time staffing models would be affected by the proposed reduction of the minimum statutory weekly working time;
- Considering prohibiting and/or introducing procedures for night work if the current prohibition in principle is abolished; and
- Assessing whether employment contract templates and termination cost projections would need to reflect the proposed cap on notice periods for new employment contracts.

Proposed legislation

The changes are proposed by the Bill containing various labor provisions (*Projet de loi portant des dispositions diverses relatives au travail / Wetsontwerp houdende diverse arbeidsbepalingen, DOC 56 1324/001*), filed with the House of Representatives on 3 February 2026. The bill was amended by DOC 56 1324/002 of 11 March 2026. The second-reading report was published as DOC 56 1324/007 on 24 April 2026.

Brazil

New employer information obligations related to preventive health apply

Published 17 April 2026

Effective 2 April 2026, employers are required to inform employees about official vaccination campaigns and raise awareness of key health issues such as human papillomavirus (HPV) and breast, cervical, and prostate cancers in line with Ministry of Health guidance. Employers must also promote the use of diagnostic and preventive health services. Previously, no statutory health information obligation existed under the law.

Additionally, employers are required to inform employees of their existing entitlement to three days of paid leave within a 12-month period to undergo preventive cancer screenings.

Employer Actions

To comply with the new requirements, employers must:

- Develop and disseminate informational materials and resources related to ongoing vaccination campaigns, HPV, and breast, cervical, and prostate cancers;
- Promote the use of available diagnostic and preventive health services; and
- Inform employees of their three-day paid leave entitlement for preventive cancer screenings.

Underlying legislation

The changes were introduced by Law No. 15,377 of April 2, 2026, which Amends the Consolidation of Labor Laws, approved by Decree-Law No. 5,452, of May 1, 1943, to require companies to provide their employees with information about official vaccination campaigns, human papillomavirus (HPV), and breast, cervical, and prostate cancers (*Lei No. 15,377 de 2 Abril de 2026, que Altera a Consolidação das Leis do Trabalho (CLT), aprovada pelo Decreto-Lei nº 5.452, de 1º de maio de 1943, para determinar que as empresas disponibilizem a seus empregados informações sobre campanhas oficiais de vacinação, sobre o papilomavírus humano (HPV) e sobre os cânceres de mama, de colo do útero e de próstata*), which was published in the Official Gazette of the Union (*Diário Oficial da União*) on 2 April 2026.

Brazil

Paternity leave increased and now paid by social security

Published 6 April 2026

Effective 1 January 2027, Law No. 15371 introduces several changes to paternity leave provisions, including a gradual increase in paternity leave entitlement, a conversion from employer-paid to social security paid leave, extended leave for children with a disability and for cases of postpartum hospitalization, employment protections during leave, and the possibility of combining leaves.

The Law also introduces rules for special circumstances that can affect leave entitlements and pay, such as domestic violence, the death of a parent, or if the father is the sole parent or legal guardian.

These key provisions are further detailed below.

Key provisions

Paternity leave entitlement

Currently, male employees are entitled to five days of employer-paid paternity leave (*licença-paternidade*) for the birth, adoption, or legal guardianship of a child.

Paternity leave entitlement will gradually increase as follows:

- 10 days starting 1 January 2027;
- 15 days starting 1 January 2028; and
- 20 days starting 1 January 2029.

Pay during leave

The responsibility of paying for the leave entitlement will be fully borne by the National Institute of Social Security (*Instituto Nacional do Seguro Social, INSS*) instead of employers, as is currently the case.

Extended leave for children with a disability

Statutory entitlement will be increased by one-third in cases where the newborn or adopted child has a disability. The leave entitlement will therefore also gradually increase during the phased implementation.

Employees with a newborn or adopted child with a permanent disability resulting from a congenital syndrome associated with the Zika virus are and will remain entitled to additional paid leave of up to 20 days without loss of pay.

Extended leave in case of postpartum hospitalization

In case of hospital admission of the mother or newborn due to postpartum complications, paternity leave may be extended for the duration of hospitalization. The non-contingent paternity leave entitlement would then begin from the date of hospital discharge of the mother or newborn, whichever occurs last.

This provision is currently not included in the paternity leave framework.

Employment protection

Currently, the only paternity leave employment protection provisions are those provided under anti-discrimination laws. Starting 1 January 2027, Law No. 15371 will grant protection against termination without just cause from the start of paternity leave to one month after the end of the leave.

Additionally, if an employee is terminated between the period when they inform their employer of taking paternity leave and the start date of the leave, the employee will be entitled to compensation equivalent to double their regular salary.

Combining paternity with annual leave

Employees will be entitled to take annual leave immediately following the end of paternity leave if they communicate the intent to combine their leaves to their employer 30 days before the expected date of birth or issuance of a court order for custody. In the event of a premature birth, the 30-day advance notice requirement will be waived.

Currently, the option to combine these leaves is not provided for by the Consolidation of Labor Laws.

Special circumstances affecting entitlement

The Law also introduces new rules affecting paternity leave and pay entitlements in cases of domestic violence, the death of an employee receiving maternity or paternity leave and pay, or if the mother's name does not appear on the child's birth, adoption, or legal guardianship certificate.

These rules are further detailed below.

Domestic violence

If there is evidence that the father has committed domestic or family violence or abandonment of the child or adolescent under his responsibility, paternity leave and pay during leave will be suspended, terminated, or denied by administrative or judicial act.

This provision is currently not part of the paternity leave framework.

Death of a parent

The Law amends transferring the entire or remaining maternity and paternity leave entitlement and related payments to the individual who legally assumes parental responsibilities (provided they are insured by INSS) in the event of the death of either parent, rather than only the mother.

However, if the child dies or is abandoned while under the care of the individual assuming parental duties, they would not be entitled to the remaining leave duration or pay.

Paternity benefits equate maternity benefits

In the event the mother's name is absent from the child's birth certificate or the adoption or legal guardianship is obtained solely by the father, the duration and pay of paternity leave will be equivalent to that of maternity leave (*licença-maternidade*).

This provision is currently not part of the paternity leave framework.

Employer Actions

Effective 1 January 2027, employers must:

- Grant 10 days of paternity leave to employees for the birth, adoption, or legal guardianship of a child;
- Increase the leave entitlement by one-third in cases where the newborn or adopted child has a disability;
- Grant extended paternity leave in the case of hospitalization of the mother or newborn for the duration of the hospitalization;
- Pay double the employee's regular salary if they are terminated between the notice date and the start date of their paternity leave;
- Grant the entirety or remainder of maternity and paternity leave and corresponding pay to the individual who legally assumes parental responsibility in the event of the death of either parent; and
- Grant the equivalent maternity leave and corresponding pay to the father in the event the mother's name is absent from the child's birth certificate or adoption or legal guardianship is obtained solely by the father.

Prior to the entry into effect of the new provisions, employers are advised to:

- Update leave policies and employee handbooks to reflect the changes in paternity leave-related entitlements and corresponding pay;
- Develop and disseminate communication materials to inform employees of their forthcoming entitlements;
- Make the required changes to leave tracking and management systems; and
- Ensure that the transition from employer-paid to social security-paid leave is reflected in future budgets.

Underlying legislation

The changes were introduced by Law No. 15371 of 31 March 2026, which provides for paternity leave; establishes paternity pay within the scope of Social Security; and amends the Consolidation of Labor Laws, approved by Decree-Law No. 5452, of May 1, 1943 and Laws No. 8212 of July 24, 1991 (Organic Law of Social Security), 8213 of July 24, 1991, and 1170 of September 9, 2008 (*Lei No. 15371, de 31 Março de 2026, que dispõe sobre a licença-paternidade; institui o salário-paternidade no âmbito da Previdência Social; e altera a Consolidação das Leis do Trabalho, aprovada pelo Decreto-Lei nº 5.452, de 1º de Maio de 1943, e as Leis nºs 8.212, de 24 de Julho de 1991 (Lei Orgânica da Seguridade Social), 8.213, de 24 de Julho de 1991, e 11.770, de 9 de Setembro de 2008*). It was published in the Official Gazette of the Union (*Diário Oficial da União, DOU*) on 1 April 2026.

Colombia

Voluntary workforce quotas of employees with disabilities become mandatory from June 2026

Published 22 April 2026

Starting 25 June 2026, minimum workforce quotas of employees with disabilities become mandatory, after a one-year period during which they were voluntary.

The quota specifications are detailed below.

Quota specifications

Law 1618 of 2013 (*Ley 1618 de 2013*), which sets provisions guaranteeing the rights of individuals with disabilities, defines individuals with and/or in a situation of a disability as those who have physical, mental, intellectual, or sensory impairments in the medium and long term, whose effective participation in society on an equal basis with others is sometimes hindered.

For the purposes of counting towards mandated quotas, existing and future employees must have a recognized disability according to the national disability certification system (*Registro de Localización y Caracterización de Personas con Discapacidad*).

The minimum mandatory quotas are as follows:

- Employers with up to 500 employees must have at least two employees with disabilities for every 100 employees; and
- Beyond 500 employees, the quota becomes at least three employees with a disability for every 100 employees.

Employers must report employment contracts with employees with disabilities within 15 days of their execution through the Ministry of Labor's website. The Ministry of Labor will be responsible for maintaining up-to-date records of these contracts and will monitor compliance.

Non-compliance may be subject to sanctions imposed by the Directorate of Labour Inspection, Surveillance, Control and Territorial Management (*La Dirección de Inspección, Vigilancia, Control y Gestión Territorial del Trabajo, IVC*), in accordance with the provisions of Law 1610 of 2013 and other regulations.

In sectors and for positions where it is not possible to hire individuals with disabilities or incapacity, employers must report these cases to the Ministry of Labor.

Employer Actions

As of 25 June 2026, after having been granted one year for voluntarily implementing quotas for employees with disabilities, employers must:

- Meet minimum quotas for employees with disabilities;

- Report relevant employment contracts to the Ministry of Labor within 15 days; and
- Report any sectors or positions where it is not possible to hire individuals with disabilities to the Ministry of Labor.

Underlying legislation

The changes were introduced by Law 2466 of 2025 to partially amend labor regulations and to adopt labor reforms for decent and dignified work in Colombia (*Ley 2466 de 2025 por medio de la cual se modifica parcialmente normas laborales y se adopta una Reforma Laboral para el trabajo decente y digno en Colombia*), which was published in the Official Gazette (*Diario Oficial*) on 25 June 2025.

El Salvador

Annual supplementary bonus offered to lower income employees

Published 10 April 2026

Effective 14 January 2026, employers must provide an annual supplementary bonus, referred to as Fortnight 25 (*Quincena 25*), to employees earning up to USD 1,500 per month who have completed at least one year of service. This obligation applies to payments due starting 14 January to 25 January 2027 and each year thereafter. Following the entry into force date of Legislative Decree No. 499, the payment was voluntary, with a due date of 25 January 2026.

Supplementary bonus

The supplementary bonus will be equivalent to 50% of employees' gross monthly salaries and is to be paid each year between 15 and 25 January beginning in 2027.

For employees, the bonus is exempt from income tax and social contributions and is a separate entitlement in addition to their salary, Christmas bonus (*Aguinaldo*), additional cash compensation, and other benefits.

For employers, the bonus is exempt from social contributions and is a tax-deductible expense. Employers who voluntarily made payments to their employees for the 2026 fiscal year are qualified to receive a tax credit against their income tax payment for the total amount paid.

Employee eligibility

To be eligible to receive the full annual supplementary bonus, employees must:

- Earn USD 1,500 per month or less;
- Work for the same employer for at least one year (employees with less than one year of service with the same employer are entitled to a pro-rated bonus); and
- Have a permanent or temporary employment contract.

Payment in case of termination

If an eligible employee is terminated without just cause on or before 25 January of any given year, they are entitled to a pro-rated bonus based on the duration of their employment up until the date of termination.

Employer Actions

Beginning in 2027, employers must pay an annual supplementary bonus between 15 and 25 January of each year to employees who:

- Earn USD 1,500 or less per month;
- Work for the same employer for at least one year; and

- Have a permanent or temporary employment contract.

Employers are advised to:

- Update internal policies and employee handbooks to reflect the entitlements;
- Prepare communication materials for eligible employees informing them of their new entitlement;
- Ensure payroll systems incorporate bonus payments as a new recurring payment for eligible employees;
- Annually review payroll to include additional payment due to eligible employees in their budgeting exercise.

Underlying legislation

The changes were introduced by Legislative Decree No. 499, Fortnight Law Twenty-Five (*Decreto Legislativo No. 499, Ley Especial Quincena Veinticinco*), which was published on 14 January 2026.

France

Medal of Honor bonus tax-exemption repealed

Published 4 April 2026

The 2026 Finance Act repeals Article 157, 6° of the General Tax Code (*Code général des impôts*) on the income tax exemption applicable to bonuses paid to employees upon receipt of a Medal of Honor for Labor (*Médaille d'honneur du travail*). The change applies to bonuses paid from 1 January 2026.

Scope and application

The change applies to voluntary bonuses paid to employees upon receipt of the Medal of Honor for Labor (*Médaille d'honneur du travail*).

The Medal of Honor for Labor

The Medal of Honor for Labor is awarded to salaried employees based on total years of employment, irrespective of the number of employers involved.

The award includes several levels:

- Silver Medal for 20 years of salaried employment;
- Vermeil Medal for 30 years of salaried employment;
- Gold Medal for 35 years of salaried employment; and
- Grand Gold Medal for 40 years of salaried employment.

Employees may apply for the award through the prefectural authority (Préfecture).

Award-based bonus

Employers may pay a bonus to employees upon receipt of the Medal of Honor for Labor.

The payment of the bonus may be:

- Required under a collective bargaining agreement (CBA);
- Provided for under a company agreement; or
- Granted as a perquisite or an established company practice.

Income tax and social contribution treatment

Medal of Honor for Labor bonus paid as of 1 January 2026 is subject to income tax in full and must be included in taxable employment income. Employers must apply withholding at source (*prélèvement à la source*) to the full amount of the bonus.

Additionally, the bonus is treated as employment income and is subject to applicable social security contributions.

Therefore, the bonus is now fully taxable from the first euro received and subject to withholding at source and continues to be subject to applicable social contributions.

Previously, the bonus was exempt from income tax up to an amount equivalent to one month's salary but was subject to applicable social security contributions.

Employer Actions

With respect to any Medal of Honor for Labor bonus paid as of 1 January 2026, employers must:

- Include the full amount of the bonus in taxable payroll;
- Apply withholding at source to the full amount of the bonus; and
- Apply applicable social security contributions to the bonus.

Employers must also:

- Report the full amount of the bonus in the employee's annual earnings statement; and
- Ensure payroll systems reflect the repeal of the income tax exemption.

Employers should consider:

- Reviewing collective agreements and internal policies referring to the bonus; and
- Informing concerned employees that the bonus is now fully taxable.

Underlying legislation

The change was introduced by Law No. 2026-103 of February 19, 2026, on Finance for 2026 (*Loi n° 2026-103 du 19 février 2026 de finances pour 2026*), which was published in the Official Journal (*Journal officiel de la République française*) on 20 February 2026.

India

New Income-tax Rules modify benefit tax exemptions, tax-favorable limits, and allowances

Published 27 April 2026

Effective 1 April 2026, the Central Board of Direct Taxes (CBDT) notified the Income-tax Rules, 2026, which replace the Income-tax Rules, 1962 and increase tax-favorable limits for several employee benefits, including house rent allowance, children education allowance, hostel expenditure allowance, employer-provided meals, non-cash gifts, motor car benefits, and free or concessional education facilities. The new rules are applicable for Tax Year 2026-27 and beyond.

The new rules may entail benefit design changes to optimize tax-favorable allowances or benefit offerings and will likely affect payroll withholdings.

It is worth noting that the new exemption limits and benefit valuation rules apply for income tax purposes. They do not automatically determine whether an allowance or benefit is included in the contribution base for statutory social security schemes.

Key changes are detailed below.

Housing rent allowance

Effective 1 April 2026, the higher of two thresholds for the house rent allowance (HRA) exemption, namely 50% of salary, applies to employees occupying residential accommodation in Mumbai, Kolkata, Delhi, Chennai, Hyderabad, Pune, Ahmedabad, and Bengaluru. Elsewhere, the threshold remains 40% of salary.

Previously, the 50% threshold applied to accommodations in Mumbai, Calcutta, Delhi, and Madras only, while other places were subject to the threshold equal to 40% of salary.

Child education allowance

Effective 1 April 2026, the exemption limit for the child education allowance—an employer-paid allowance granted to an employee to help cover education expenses—is increased to INR 3,000 per month per child, for up to a maximum of two children.

Previously, the exemption was INR 100 per month per child, up to a maximum of two children.

Boarding school allowance

Effective 1 April 2026, the exemption for boarding school allowances—an employer-paid allowance granted to an employee to meet the hostel accommodation—locally referred to as hostel expenditure allowances, is increased to INR 9,000 per month per child, up to a maximum of two children.

Previously, the exemption was INR 300 per month per child, up to a maximum of two children.

Meal vouchers and employer-paid meals

Effective 1 April 2026, food and non-alcoholic beverages provided at no charge during working hours at the employer's premises, or through employer-paid vouchers usable only at restaurants or food establishments, are income tax exempt, provided the value does not exceed INR 200 per meal. Previously, the tax-exempt threshold was INR 50 per meal.

Tea or snacks provided during working hours continue to be excluded from taxable perquisite valuation. Free food and non-alcoholic beverages provided during working hours in a remote area or offshore installation also continue to be excluded from taxable perquisite valuation.

Non-cash gifts and vouchers

Effective 1 April 2026, in-kind gifts, vouchers, or tokens provided by the employer to an employee or member of the employee's household valued below INR 15,000 in aggregate per tax year are income tax-exempt.

Previously, in-kind gifts up to INR 5,000 in aggregate per year were tax-exempt.

Employer-provided vehicles

Effective 1 April 2026, the monthly value of an employer-provided vehicle that is used for both work and private purposes, where the employer meets or reimburses operating and maintenance costs is:

- INR 5,000 for a vehicle with engine capacity not exceeding 1.6 liters or for an electric vehicle (up from previously INR 1,800);
- INR 7,000 for a vehicle with engine capacity exceeding 1.6 liters (up from previously INR 2,400).

An additional INR 3,000 applies where a driver is provided along with the vehicle (up from previously INR 900).

The monthly value of an employer-provided vehicle used for both work and private purposes, where the employee fully meets the operating and maintenance expenses, is:

- INR 2,000 for a vehicle with engine capacity not exceeding 1.6 liters or for an electric vehicle (up from previously INR 600); and
- INR 3,000 for a vehicle with engine capacity exceeding 1.6 liters (up from previously INR 900).

An additional INR 3,000 applies where a driver is provided along with the vehicle (up from previously INR 900).

Free or concessional education facilities

Free or reduced-cost education provided to a member of an employee's household (typically a child), either in an educational institution owned and maintained by the employer or in another educational institution because of the employee's employment, is not treated as a taxable perquisite where the cost or value of the benefit does not exceed INR 3,000 per month per child.

Where the cost or value exceeds INR 3,000 per month per child, the taxable value is determined by reference to the cost of similar education in or near the locality, reduced by any amount paid or recovered from the employee.

Previously, the corresponding threshold condition was INR 1,000 per month per child.

Employer Actions

To comply with the New Income-tax Rules, employers offering tax-exempt or tax-favorable benefits must:

- Update payroll systems to apply the revised tax-exemption limits and benefit valuation rules;
- Apply the revised HRA exemption rules, including the expanded list of cities eligible for the 50% of salary threshold, when calculating taxable salary;
- Apply the revised children education allowance, boarding school expenditure allowance, meal, gift, vehicle, and education facility limits; and
- Recalculate taxable salary and withholding where employee benefit structures are affected.

Employers are advised to:

- Review salary structures and benefit programs that include house rent allowance, children education allowance, hostel expenditure allowance, meal vouchers, non-cash gifts, employer-provided cars, and education support to determine whether the revised exemption limits and perquisite valuation rules require payroll or withholding updates;
- Update employee communication materials explaining the revised tax-favorable limits; and
- Coordinate with their payroll department or provider to ensure the new valuation rules are reflected in payroll calculations.

The revised exemption limits and benefit valuation rules apply for income tax purposes. They do not automatically determine whether an allowance or benefit is included in the contribution base for statutory social security schemes. Employers must assess contribution treatment separately under the applicable provident fund, employee state insurance, gratuity, or other social security rules.

Underlying legislation

The changes were introduced by Income-tax Rules, 2026 which were published in the Gazette of India, Extraordinary, on 20 March 2026.

The Income-tax Rules, 2026 were notified by Notification No. 22/2026, issued by the Central Board of Direct Taxes on 20 March 2026.

Resources

Income Tax Department: Salary Income Tax Guide
Income Tax Department: Employees - Benefits allowable

Japan

Workforce quota of employees with disabilities increases

Published 22 April 2026

Effective 1 July 2026, following the end of transitional measures, the ratio for calculating the statutory minimum quota of employees with disabilities will increase from 2.5% to 2.7% of the total workforce for private sector employers with more than 37.5 employees, lowered from the current 40 or more employee threshold.

This measure is part of a phased implementation that went into effect in March 2023 to gradually increase the ratio for calculating the statutory minimum quota of employees with disabilities.

Employers concerned

The minimum employer size threshold that triggers compliance with a mandatory quota is 1 divided by the statutory ratio used to determine the quota (i.e., 2.7%, effective 1 July 2026) rounded up to the nearest 0.5 employee. Therefore, as of 1 July 2026 it is 37.5 employees or more.

Definition of an individual with a disability

According to the Act on Promotion of Employment of Persons with Disabilities (障害者の雇用の促進等に関する法律), an individual with a disability is someone who, due to physical, intellectual, mental, or other similar impairments, faces substantial, prolonged limitations in their work life or extreme prolonged difficulty in having a work life.

Workforce quota calculations

Formula for determining the required number of individuals with disabilities

The calculation of the number of individuals with disabilities required to meet the statutory minimum quota is as follows:

(Number of regular employees + (Number of part-time employees x 0.5)) x 2.7%
= Number of individuals with disabilities required (rounded down to the nearest whole number)

For example, an employer with 100 regular employees and 50 part-time employees is required to employ at least two employees with a disability: (100 + (50 x 0.5)) x 2.7% = 3.375, which becomes, when rounded down to the nearest whole number, three.

Formula for calculating the effective number of employees with disabilities

The total number of employees with disabilities is determined based on the type and severity of disability, and on whether they work full-time (more than 20 hours per week), part-time (between 20 to 30 hours per week), or part-time (between 10 to 20 hours per week). As such, each individual counts somewhere between 0.5 and two employees.

The table below provides the specific count breakdown based on these criteria.

Disability Status	**Disability Quota Equivalence**		
	30+ hours	**20 to 30 hours**	**10 to 20 hours**
Physical disability	1 employee	0.5 employees	0
Severe physical disability	2 employees	1 employee	0.5 employees
Intellectual disability	1 employee	0.5 employees	0
Severe intellectual disability	2 employees	1 employee	0.5 employees
Mental disability	1 employee	1 employee	0.5 employees

Reporting requirements

Employers with more than 37.5 employees are required to complete and submit a Disability Status Report to the Public Employment Security Office, known as Hello Work, by 15 July each year (unchanged).

Fines for non-compliance

Employers with more than 100 regular employees (i.e., employees who work more than 20 hours per week and have been employed for more than one year) who fail to meet the 2.7% ratio for calculating their statutory quota as of 1 July 2026 will be subject to a financial penalty of JPY 50,000 per month per individual below the quota (unchanged).

Employers will not be exempt from meeting quota obligations even after the fine is paid.

Adjustment allowance

Employers with more than 100 regular employees who exceed the 2.7% workforce quota will be able to apply for an adjustment allowance equal to JPY 29,000 per employee with disability (calculated based on the above Disability Quota Equivalence data) in excess of the applicable statutory minimum quota (unchanged).

Employer Actions

Effective 1 July 2026, employers with more than 37.5 employees must:

- Assess and meet their revised minimum statutory quota of employees with disabilities; and
- Complete and submit a Disability Status Report to the Public Employment Security Office by 15 July each year.

Underlying legislation

The changes were introduced by Cabinet Order Amending Part of the Enforcement Order of the Act on the Promotion of Employment of Persons with Disabilities and the Enforcement Order of the Act on Assistance Dogs for Persons with Physical Disabilities (Cabinet Order No. 44 of 2023) (障害者の雇用の促進等に関する法律施行令

及び身体障害者補助犬法施行令の一部を改正する政令（令和５年政令第44号）), which was promulgated on 1 March 2023.

Resources

- About the disability employment quota system (障害者雇用率制度について)
- Increasing the Statutory Employment Rate for Individuals with Disabilities and Strengthening Support Measures (障害者の法定雇用率引上げと支援策の強化について)

Malaysia

PERKESO non-occupational accident scheme to take effect in June 2026

Published 24 April 2026

On 13 February 2026, PERKESO issued related contribution file-format guidance for SOCSO/EIS contributions, which includes a new field for the SKBBK employee-share contribution. Based on PERKESO's LINDUNG 24 JAM guidance, the Non-occupational Accident Scheme (*Skim Kemalangan Bencana Bukan Pekerjaan or LINDUNG 24 JAM*), "will be enforced starting June 2026." However, the official Gazette notification setting the exact effective date remains pending.

The scheme is intended to provide eligible employees with 24-hour protection for non-occupational accidents while they are employed. PERKESO's guidance states that contributions are mandatory and fully borne by employees, with employee contribution rates increasing in phases; upon commencement, employers will be required to withhold employee contributions and remit them to PERKESO.

The scheme may overlap with private employer-sponsored benefits that cover non-occupational accidents, such as group personal accident insurance, private medical or hospitalization insurance, private disability or total and permanent disability (TPD) benefits, and employee welfare benefits. Such employer-sponsored benefits generally remain voluntary or contractual unless they are required under an applicable collective agreement.

Scope and application

The scheme applies to eligible employees during their period of employment, and covers personal injury caused by an accident that does not arise from and in the course of employment. Exclusions apply.

Currently, the Occupational Injury Scheme (*Skim Bencana Pekerjaan, LINDUNG PEKERJA*) covers employees for accidents and occupational diseases arising from or in the course of employment, e.g., accidents while performing work, commuting accidents within specified routes, emergency-related accidents, and occupational diseases.

Non-occupational accident coverage

Non-occupational accidents covered

The scheme provides 24-hour protection for non-occupational accidents that occur during the employee's period of employment.

Currently, PERKESO employment injury coverage is linked to employment-related accidents and occupational diseases and does not provide the same general 24-hour protection for accidents that are not directly connected with employment.

PERKESO's guidance states that LINDUNG 24 JAM includes financing of medical treatment costs for covered non-occupational accidents. Employers should assess whether this creates duplication with private medical or group personal accident benefits that also pay for accident-related treatment, including accident hospitalization, surgical expenses, emergency accidental outpatient treatment, or accident medical-expense riders. However, the scheme should not be treated as a full substitute for private medical cover, because private plans may continue to cover illness, dependents, private hospital access, overseas treatment, pre- and post-hospitalization expenses, and other benefits outside PERKESO's stated scope.

Exclusions

The scheme does not cover:

- Accidents occurring outside the national territory;
- Foreign national employees who misuse a valid pass or permit, or breach conditions of entry under immigration law;
- Self-employment injuries covered under the Self-Employment Social Security Act 2017;
- Domestic injuries covered under the Housewives' Social Security Act 2022; and
- Conditions caused by illness, e.g., diabetes, fever, or hypertension.

Social contributions

Additional contributions for the Non-occupational Accident Scheme are mandatory and will be fully borne by employees. Employers must withhold employee contributions through payroll and remit them to PERKESO for as long as the employees remain employed by them.

PERKESO states that a phased increase in employee contribution rates will apply to monthly wages up to a ceiling (RM 6,000, effective 1 October 2024) as follows:

- 0.75% for the first two years;
- 1.0% for the following three years; and
- 1.25% from the sixth year onward.

In this context, wages are defined as monetary remuneration payable by the employer to the employee, including payments for leave, holidays, overtime, and extra work on holidays. It excludes employer contributions to pension/provident funds or under the Act, travelling allowance or travelling concession, sums paid to defray special employment expenses, gratuity on discharge or retirement, annual bonus, and any other prescribed remuneration.

The current PERKESO employment injury coverage for employment-related injury and occupational disease is financed by employer and employee contributions amounting to 2.25% of monthly wages (up to a periodically adjusted ceiling).

Employer Actions

As indicated above, the official Gazette notification setting the exact effective date of the new scheme and related contributions remains pending. However, based on PERKESO's LINDUNG 24 JAM guidance, the Non-occupational Accident Scheme will be enforced starting June 2026.

Accordingly, employers will be obligated to:

- Update payroll and HR information systems to reflect the new employee-funded contribution;

- Withhold employee contributions for the Non-occupational Accident Scheme through payroll and remit the employee-funded contributions to PERKESO; and
- Apply the phased employee contribution rate increases.

Employers should consider:

- Reviewing voluntary group personal accident, medical, disability, or welfare benefits to identify any coverage overlap with the forthcoming statutory non-occupational accident coverage, to clarify whether existing employer-provided benefits remain unchanged, supplement the statutory scheme, or require policy updates; and
- Producing employee communication materials to explain the new statutory coverage and related employee contribution.

Underlying legislation

The changes were introduced by the Employees' Social Security (Amendment) Act 2026, Act A1788 (*Akta Keselamatan Sosial Pekerja (Pindaan) 2026*), which was published in the Official Gazette (*Warta Kerajaan Persekutuan*) on 5 March 2026. The Act will come into effect on a date that remains to be set by notification in the Official Gazette.

Resources

PERKESO: Non-occupational Accident Scheme (*Skim Kemalangan Bencana Bukan Pekerjaan, LINDUNG 24 JAM*).

Mexico

Gradual reduction in workweek starts in 2027

Published 3 April 2026

Effective 1 January 2027, the first phase of an eight-hour reduction in the maximum weekly working hours from 48 hours to 46 hours will be implemented as part of a constitutional reform.

The reform gradually reduces the maximum weekly working hours from 48 hours to 40 hours over a four-year period without a change in remuneration.

While the reform maintains that for every six days of work employees are entitled to one day of rest, effective 1 January 2027, employees will be entitled to receive their full pay on their rest day.

In parallel, effective 1 January 2027, the maximum weekly overtime hours will be increased.

Phased implementation schedule

The gradual reduction in maximum weekly working hours will be implemented as follows:

Effective Date	Maximum Weekly Hours
1 January 2026	48
1 January 2027	46
1 January 2028	44
1 January 2029	42
1 January 2030	40

Overtime hours and pay

Effective 1 January 2027, the maximum number of overtime hours per week will increase from 9 hours to 12 hours, which may be distributed by up to four hours per day over a maximum of four days per week, up previously from three hours per day for no more than three days per week.

The provisions for overtime pay remain unchanged. If working hours are increased due to extraordinary circumstances, employees are entitled to double their ordinary pay. In the case where overtime hours exceed the maximum amount mentioned above, employers are required to pay an additional 200% or triple the employee’s salary corresponding to ordinary hours.

Compliance monitoring

To monitor compliance with the reduction in weekly working hours, employers will be obligated to track ordinary and overtime hours through an electronic workday registry that will be made available by the Ministry of Labor and Social Welfare.

Employer Actions

Effective 1 January 2027, employers must:

- Ensure that employees' working hours do not exceed 46 hours per week;
- Pay employees their full pay on their rest day, to which they are entitled for every six days of work; and
- Ensure that overtime hours do not exceed 12 hours per week.

Employees' wages, salaries, or benefits must not be affected by the reduction in the workweek.

Employers should be prepared to address potential impact of the reduction in weekly working hours on business continuity over the four-year transition period over which the maximum workweek is gradually reduced to 40 hours.

In certain cases, such as mutually agreed flexible work, employment agreements may need to be revised.

Employers are advised to prepare communication materials alerting employees to these changes.

Underlying legislation

The changes were introduced by the Decree reforming section IV and XI of Part A of Article 123 of the Political Constitution of the United Mexican States, regarding the reduction of the working day (*Decreto por el que se reforman las fracciones IV y XI del Apartado A del Artículo 123 de la Constitución Política de los Estados Unidos Mexicanos, en materia de reducción de la jornada laboral*), which was published in the Official Gazette of the Federation (*Diario Oficial de la Federación*) on 3 March 2026.

Mexico

Pay transparency mandate under legislative review

Published 28 April 2026

On 11 February 2026, proposed legislation to introduce new employer obligations related to pay transparency was approved by the Labor and Social Welfare Committee of the Chamber of Deputies.

Under the proposed legislation, employers would be required to disclose salary and benefits information in job postings. If requested, employers would also be obligated to provide employees with information regarding pay scales, salary ranges, and the criteria established to determine pay.

Although the Federal Labor Law (*Ley Federal del Trabajo*) provides that equal work (performed in the same position, working hours, and conditions) must correspond to equal pay, there is currently no provision requiring pay transparency.

Proposed legislation

The changes were proposed by the Initiative to amend various provisions of the Federal Labor Law regarding salary transparency in job vacancies (*Iniciativa que reforma diversas disposiciones de la Ley Federal Del Trabajo, en materia de transparencia salarial en las vacantes laborales*) on 9 September 2025.

Peru

Employees may choose being paid via digital wallets

Published 13 April 2026

Effective 7 February 2026, salary and other employment-related payments may be made through digital wallets, and employees are entitled to choose to receive payments in either a bank account or an electronic money account linked to a digital wallet.

According to new regulations, when payments are made through financial institutions or electronic money issuing companies (*Las Empresas Emisoras de Dinero Electrónico, EEDE*)—financial entities that issue digital money through mobile phones, digital wallets, or prepaid cards, often without the need for a traditional bank account in exchange for funds received—then, employees are entitled to choose between the two.

Employees must notify the employer of their chosen financial institution or electronic money issuer within 10 business days of starting employment or communicate any changes within the first 10 business days of the relevant payment month.

Non-compliance or interference with employees' choice of payment method is subject to penalties under the provisions of the General Labor Inspection Law (*Ley General de Inspección del Trabajo*).

Underlying legislation

The Supreme Decree approving the Regulations of Law No. 32413, Law that enables the digital wallet to receive the payment of wages and other labor obligations, Supreme Decree No. 011-2026-EF (*Decreto Supremo que aprueba el Reglamento de la Ley N° 32413, Ley que habilita la billetera digital para percibir el pago de haberes y otras obligaciones laborales*) was published in the Official Gazette (*Diario Oficial el Peruano*) on 6 February 2026.

Law No. 32413, the Law that enables the use of digital wallets to receive salary payments and other labor obligations (*Ley No. 32413, Ley que habilita la billetera digital para recibir el pago de haberes y otras obligaciones laborales*) was published in the Official Gazette (*Diario Oficial el Peruano*) on 12 July 2025.

Thailand

Employee Welfare Fund contributions and equivalent arrangements take effect 1 October 2026

Published on 29 April 2026

Effective 1 October 2026, for-profit private sector employers with 10 or more employees must register their employees with the Employee Welfare Fund (EWF) unless they offer their employees either a provident fund, in accordance with the Provident Fund Act B.E. 2530 and its amendments, or adopt arrangements for equivalent benefits to be paid to employees in the events of termination of employment or death.

EWF contribution rates

The Ministerial Decree Specifying the Rate of Savings and Contributions provides the EWF contribution rates over two implementation phases, namely, a five-year initial phase with a reduced contribution rate after which the rate doubles.

Specifically:

- Effective 1 October 2026 through 30 September 2031, employer and employee contributions will each correspond to 0.25% of wages; and
- Effective 1 October 2031, employer and employee contributions will each be increased to 0.5% of wages.

Official guidance states that the calculation is based on wages, including regular wage components such as overtime, position allowances, diligence or attendance allowances, travel allowances, food allowances, and shift pay, but excludes bonuses or other compensation that is not fixed or certain.

Employer withholding obligations

Under the regulations, employers must withhold employees' EWF contributions and pay both the employer and the employee contributions, along with the list of registered employee names, to the EWF by the fifteenth day of the month following the withholding.

The labor inspector will notify the employer in writing to remit any outstanding balances and additional amounts within the period specified in the notice, which must be at least 30 days from the date of receipt of the notice. Noncompliance with this requirement will subject the employer to a surcharge of 5% per month of any unpaid balances.

Alternative arrangements

The Ministerial Decree Specifying Criteria and Procedures for Employers to Provide Support in Cases of Termination or Death of an employee spells out guidelines and employer obligations when offering financial support to employees in the event of termination or death as an alternative arrangement to EWF registration or a provident fund – a voluntary investment fund to support an employee's retirement via long-term savings.

In other words, this Ministerial Decree stipulates the criteria and methods that would exempt an employer with 10 or more employees and without a provident fund from the obligation to register their employees in the EWF. The 2025 amendment to the Ministerial Decree aligns the effective date of these alternative-arrangement rules with the new EWF commencement date of 1 October 2026.

In particular:

- The criteria and methods for employee support or allowance payments in the events of termination or death must be specified in writing and must include at least details on the rate of employee savings and employer contributions; the rules and methods for collecting the amounts; and the timing of payments.
- The employer is required to withhold employee savings and pay employer contributions at a rate agreed upon by the employer and the employee. This rate must not be lower than a Provident Fund rate, i.e., not less than 2% nor more than 15% of wages.
- Employers are responsible for depositing employee savings and employer contributions with commercial banks or other financial institutions.
- When an employee leaves their employment for any reason, such as resigning, retiring, voluntary or involuntary termination for any reason, the employers must pay the savings and contributions with interest to employees. In the event of an employee's death, the amounts due will be paid to beneficiaries as notified in writing by the employee.

Employers who comply with the Ministerial Decree's criteria and obligations are exempt from having to register their employees with the EWF and from related contribution and reporting obligations. Official guidance confirms that employers that maintain a provident fund or qualifying internal welfare arrangement are exempt in respect of covered employees; where only some employees are covered by a provident fund, the remaining employees must be registered with the EWF unless another exemption applies.

Penalties apply

Employers may be subject to penalties comprising up to six months of imprisonment, or fines of up to THB 10,000, for:

- Failing to submit the list of employees who are registered members of the EWF;
- Failing to notify in writing a request for changes or amendments to the information within the stipulated timeframe; or
- Providing false information.

If a legal entity commits an offense due to the directives, actions, or negligence of a managing director or any individual responsible for the operations of the entity, that individual will also be held accountable and be subject to the applicable penalties.

Employer Actions

Effective 1 October 2026, private sector employers with 10 or more employees must register their employees with the Employee Welfare Fund unless they offer their employees either a provident fund or adopt arrangements for equivalent benefits to be paid to employees in the events of termination of employment or death.

Affected employers without a provident fund must either register their employees with the EWF or implement alternative savings arrangements in compliance with the provisions of the applicable legislation.

Employers are reminded that penalties comprising up to six months of imprisonment, or fines of up to THB 10,000, apply for noncompliance with the new obligations.

Background

The implementation of Section 130 of the Labour Protection Act was pending decrees and regulations, which were issued in November 2024. The start date was subsequently postponed by one year. The Royal Decree published in the Royal Gazette on 14 September 2025 repealed the 2024 Royal Decree and provides that the collection of employee savings and employer contributions to the EWF will start on 1 October 2026.

The current implementing legislation comprises a royal decree, two ministerial decrees, and an EWF Committee regulation. Together they set EWF contribution rates, spell out employer withholding and payment procedures, and provide guidelines and employer obligations in case alternative arrangements to EWF contributions are adopted by the employer. A Cabinet Resolution dated 26 August 2025 confirmed that the contribution rates and collection criteria remain unchanged, except for the one-year shift in the relevant dates.

Underlying legislation

The relevant implementation decrees and regulations consist of:

- Royal Decree Determining the Period for Starting the Collection of Savings and Contributions to the Employee Welfare Fund B.E. 2568 (2025) (พระราชกฤษฎีกากำหนดระยะเวลาเริ่มดำเนินการจัดเก็บเงินสะสมและเงินสมทบกองทุนสงเคราะห์ลูกจ้าง พ.ศ. ๒๕๖๘) was published in the Royal Gazette on 14 September 2025.
- Ministerial Decree establishing the withholding and contribution rates to the Employee Welfare Fund B.E. 2568 (2025) (กฎกระทรวงกำหนดอัตราเงินสะสมและเงินสมทบกองทุนสงเคราะห์ลูกจ้าง พ.ศ. ๒๕๖๘) was published in the Royal Gazette on 15 September 2025.
- Ministerial Decree Determining the Criteria and Methods for Employers to Provide Support to Employees in the Event of Termination or Death (No. 2) B.E. 2568 (2025) (กฎกระทรวงกำหนดหลักเกณฑ์และวิธีการจัดการสงเคราะห์แก่ลูกจ้างในกรณีที่ลูกจ้างออกจากงานหรือตาย (ฉบับที่ ๒) พ.ศ. ๒๕๖๘)) was published in the Royal Gazette on 15 September 2025.
- Regulations on the submission of savings, contributions and additional payments to the Employee Welfare Fund B.E. 2567 (2024) (ระเบียบคณะกรรมการกองทุนสงเคราะห์ลูกจ้างว่าด้วยการนำส่งเงินสะสม เงินสมทบ และเงินเพิ่มเข้ากองทุนสงเคราะห์ลูกจ้าง พ.ศ. ๒๕๖๗) was published in the Royal Gazette on 23 November 2024.

United Kingdom

Mandatory ethnicity and disability pay gap reporting to be introduced for large employers

Published 2 April 2026

On 23 March 2026, the Office for Equality and Opportunity published its response to the consultation on mandatory ethnicity and disability pay gap reporting, and in a Press Release confirmed plans to introduce reporting requirements for large employers through forthcoming legislation.

Currently, employers are required to report gender pay gap (GPG) data only, and no statutory requirement exists to report on ethnicity or disability pay gaps.

Ethnicity pay gap reporting

Employers would be required to report on pay differences between employees of different ethnic groups. The government has indicated that reporting is expected to align with the structure of GPG reporting.

Currently, no statutory requirement for employers to report on ethnicity pay gaps apply.

Disability pay gap reporting

Employers would be required to report on pay differences between disabled and non-disabled employees, based on employees' self-identification of their disability status.

Currently, no statutory requirement exists for employers to report on disability pay gaps.

Reporting indicators

The reporting framework is expected to include indicators similar to those used for GPG reporting, including:

- Mean pay gap;
- Median pay gap;
- Distribution of employees across pay quartiles; and
- Proportion of employees receiving bonus pay, together with mean and median bonus gaps.

Employers may also be required to provide a supporting narrative explaining the reported figures.

The government has indicated that:

- Data collection and categorization details will be set out in future legislation and supporting materials.
- Data collection for ethnicity and disability reporting is expected to rely on voluntary employee self-identification.

In this context, employers would be required to collect workforce data on ethnicity and disability status to support reporting.

Further details, including employer size, precise reporting metrics, and implementation timelines, will be set out in future legislation.

Resources

Government consultation response on mandatory ethnicity and disability pay gap reporting

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