



Payroll Operations
in Europe, the
Middle East, India
and Africa –
essential compliance
and reporting
considerations



EY

Building a better
working world

Introduction

This booklet contains market-by-market guidance¹ on key HR payroll matters to be considered as you expand your operations across EMEIA.

In our experience, careful consideration of these matters at the outset is the most effective way of avoiding any issues and ensuring an optimal setup structure of your business and employees in new EMEIA markets.

This booklet is general in nature and not to be relied on as professional advice. Furthermore, the chapters focus on

newly established, stand-alone operations. Where the EMEIA operation is a regional headquarters or a holding company for foreign subsidiaries, or if there are existing operations in EMEIA, other considerations must be taken into account.

In all situations, we recommend that you seek specific professional advice from the contacts listed in each chapter. They will take into consideration your specific circumstances and objectives.

NB: This guide will work best with Adobe Acrobat Pro.

¹ This information was compiled in July 2019.

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Doing Business in Armenia – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

Pursuant to Republic of Armenia (RA) Tax Code, the company obtains a Tax Identification Number (TIN) together with the general registration documents at the point of its setup. There is no specific registration requirement for the company for Personal Income Tax (PIT) purposes. The company will have PIT withholding obligations on the taxable income provided to employees. It is the obligation of the company to register the employees in the electronic system of the tax authority (State Revenue Committee) for PIT and social contributions reporting purposes.

Ongoing compliance requirements

Personal income tax (PIT)

In accordance to RA Tax Code, the company is obliged to withhold PIT from the employee's pay on a monthly basis and settle this on behalf of the employee. The company should submit the monthly PIT return electronically to local tax authorities and settle the PIT payable before the 20th of the month following the reporting month. Starting 1 January 2020, PIT is calculated at a flat rate of 23%. This rate will be reduced by one percentage point for each consecutive year to reach a flat rate of 20% as shown below:

Time-period	PIT rate
Starting 1 January 2020	23%
Starting 1 January 2021	22%
Starting 1 January 2022	21%
Starting 1 January 2023	20%

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2. Pension requirements

Registration requirements

Social security

There is no specific registration requirement for the company. However, as mentioned above, the company should register its employees electronically in the system of the tax authorities and, as a tax agent, is responsible for calculating and transferring the corresponding social contributions.

Employees born after 1 January 1974 are automatically considered as social contributions payers. Those born prior to 1974 can voluntarily become participants by submitting an application for making social contributions.

Ongoing compliance requirements

Monthly social contributions

The company is obliged to withhold social contributions from employees' pay (including foreign employees) on a monthly basis and settle them on their behalf. The company should report the amounts of social contributions in its monthly PIT return and settle them before the 20th of the month following the reporting month.

The social contributions shall be calculated by the company at the following general rates:

- ▶ If the total monthly salary of the employee does not exceed AMD500,000: 5%
- ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly gross salary and AMD25,000
- ▶ If the total monthly salary exceeds 15 times of the monthly minimum salary defined by the law, (hereinafter the Cap): the difference between 10% of the Cap and AMD25,000

This amount shall be transferred to the savings account of the employee on a monthly basis.

The following temporary exceptions are defined by the law from the above general rates:

1. Until 1 July 2020, social contribution shall be calculated at 2.5% of the monthly salary, but shall not be more than AMD12,500.
2. Starting 1 July 2020 to 31 December 2020, the social contribution shall be calculated at the following rates:
 - ▶ if the total monthly salary of the employee does not exceed AMD500,000: 2.5%
 - ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly salary and AMD37,500

- ▶ If the total monthly salary exceeds the Cap: the difference between 10% of the Cap and AMD37,500
3. Starting 1 January 2021 to 31 December 2021, the social contribution shall be calculated at the following rates:
- ▶ If the total monthly salary of the employee does not exceed AMD500,000: 3.5%
 - ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly salary and AMD32,500
 - ▶ If the total monthly salary exceeds the Cap: the difference between 10% of the Cap and AMD32,500
4. Starting 1 January 2022 to 31 December 2022 the social contribution shall be calculated at the following rates:
- ▶ If the total monthly salary of the employee does not exceed AMD500,000: 4.5%
 - ▶ If the total monthly salary exceeds AMD500,000: the difference between 10% of the total monthly salary and AMD27,500
 - ▶ If the total monthly salary exceeds the Cap: the difference between 10% of the Cap and AMD27,500
5. Starting 1 January 2023, the general rates will apply.

3. Employment obligations

Minimum monthly salaries

The minimum monthly salary in the RA is AMD68,000 net of taxes.

Working time

In accordance with RA Labor Code, the duration of a standard working time should not exceed 40 hours per week. Daily working time should not exceed a duration of eight hours, except for cases prescribed by the domestic legislation.

The maximum working time should not exceed 12 hours per day, including the break taken for rest and lunch, and 48 hours per week.

Annual paid leave

In accordance with RA Labor Code regulations, the minimum annual leave duration for a five-day workweek is 20 days and for a six-day workweek it is 24 working days. Annual leave for the first year of employment is provided to the employee after six months of continuous employment. The company and employee may agree for the annual leave to be granted in parts. In such case, one of the parts of the annual leave should be at least 10 days for a five-day workweek and 12 days for a six-day workweek.

Sick leave allowance

Pursuant to RA Law on Temporary Disability and Maternity Allowance, the employee may be granted sick leave allowance on the provision of a temporary disability certificate for the working days of the disability period, starting from the second working day.

The temporary disability allowance is calculated on 80% of the employee's average monthly salary (income). If this amount exceeds 10 times the sum of the minimum monthly gross salary, then the temporary disability allowance is calculated on the amount of the minimum monthly gross salary at the time of temporary disability multiplied by 10.

Maternity leave and allowance

In accordance with Labor Code regulations, working women may be granted maternity leave as follows:

- ▶ Leave of 140 days (70 days before childbirth and 70 days after childbirth)
- ▶ For complicated childbirth cases, 155 days (70 days before childbirth and 85 days after childbirth)
- ▶ In the case of having more than one child, 180 days of leave (70 days before childbirth and 110 days after childbirth)

In accordance with the RA Law on Temporary Disability and Maternity Allowance, the corresponding allowance is calculated on the basis of the employee's average monthly salary. If the average monthly salary of the employee exceeds 15 times the minimum monthly gross salary set at the time of the disability, then the maternity allowance is calculated on the minimum monthly gross salary multiplied by 15. If the average monthly salary of the employee is less than 50% of the minimum monthly gross salary set at the time of the disability, then the maternity allowance is calculated on 50% of the minimum monthly gross salary.

4. Payroll requirements

Salary payment

In accordance with Labor Code regulations, salary shall be calculated and paid to employees at least once a month by the 15th of the next month.

Payslips

In accordance with Labor Code regulations, when making salary payments, upon an employee's request, the company shall provide the employee with the payslip indicating the calculated pay and amounts withheld from it.

5. Banking requirements related to payroll

In accordance with Labor Code regulations, the company pays salaries in the currency of the RA (AMD) and payment can be made either as cash or noncash using banking orders, checks or transfers to bank accounts specified by employees. Starting 2020, those employers who carry out activities in Yerevan and have 10 and more employees must pay salaries only on a noncash basis.



Doing Business in Austria – Payroll Operations

1. Government requirements

Registration requirements

Registration for wage tax

- ▶ The employer has to inform the respective tax authority about the launch of their business within one month.
- ▶ The company needs to apply for an Austrian wage tax ID.
- ▶ Application for wage tax ID must be submitted to the Austrian tax office (Betriebsstättenfinanzamt) of the city where the permanent establishment of the company is located.
- ▶ The tax ID is required to withhold and settle the taxes.
- ▶ If employees working in Austria are liable to Austrian wage tax an authorized representative can run an Austrian payroll for the foreign employer. The income tax has to be withheld and paid to the Austrian tax office. An Austrian compensation statement has to be prepared by the payroll provider on behalf of the foreign employer. The compensation statement has to be submitted to the tax authority electronically by the end of February the following year.
- ▶ If no Austrian permanent establishment is available and the individual is limited taxable in Austria according to the Austrian legislation, the employees' income can be taxed within an annual Austrian income tax return.
- ▶ The tax year in Austria is the same as calendar year.

Registration as an employer for social security insurance

The company has to apply for a social security ID at the respective social security authority. All payments and de-registrations require this ID. The social security ID application can be done online.

Ongoing compliance requirements

Filing and payment obligations

In general there is a requirement for every employer to withhold payroll taxes and social security contributions from the wages of resident and non-resident employees rendering services in Austria. The employer has to run a payroll account where all employee-related information is included. All compensation should be included, even those that are tax-free.

The following types of payments or contributions have to be paid to the respective tax authority by the employer:

- ▶ Wage tax
- ▶ Contribution to the family burden fund (Dienstgeberbeitrag zum FLAF)
- ▶ Additional contribution to the family burden fund (Zuschlag zum Dienstgeberbeitrag)

The wage tax has to be withheld by the employer. The total withheld wage tax has to be paid to the respective tax authority of the employer's permanent establishment. This has to be done by the 15th of the following month.

The contribution to the family burden fund (3.9%) has to be paid by all employers who have employees in Austria. This includes also employees who are sent abroad. Also foreign employers whose employees are working in Austria must pay this contribution.

The additional contribution of the family burden fund has to be settled by the employer provided they are a member of the Austrian Chamber of Commerce. Foreign companies will not become a member of the Austrian chamber if they do not have an office in Austria. There is no obligation to settle the additional contribution of the family burden fund if the employees are sent abroad and are not covered by the Austrian social security system. The additional contribution of the family burden fund varies within Austria and is set between 0.34% and 0.42% as of 2019.

For social security purposes, there are monthly and annual reporting which are also sent electronically.

The following types of contributions have to be paid to the respective social security authority by the employer:

- ▶ Social security contribution employee
- ▶ Social security contribution employer

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- ▶ Contribution to the severance pay fund (Betriebliche Vorsorge)
- ▶ Termination tax (Auflösungsabgabe) in the amount of EUR131.00 termination
- ▶ e-card fee

In general, the contributions are due on the last day of the month and should be paid within 15 days.

The annual statement must be done electronically by end of February of the following calendar year.

The e-card fee has to be withheld from the employee. The annual fee is EUR11.95 as of (2019). The fee is due once a year on the 15th of November.

Contribution to the severance pay fund

The employment contract is covered by the Law of the Severance Pay Fund (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz - BMSVG) provided that the employment contract is covered by the Austrian labour law. With the beginning of the employment contract the employer has to withhold 1.53% of the monthly remuneration. The contribution has to be settled to the respective social security authority who will forward it to the respective office (Betriebliche Vorsorgekasse). The employees are entitled to receive a severance pay when they leave the company (e.g., in case of retirement). The severance pay has to be settled at the end of the second month after it has been claimed.

Employer taxes

The following types of taxes have to be paid to the respective municipal body:

- ▶ Community tax (Kommunalsteuer)
- ▶ Employer tax for Vienna (Dienstgeberabgabe der Gemeinde Wien-U-Bahn-Steuer)

The community tax (3%) has to be settled for employees of an Austrian permanent establishment of the company. The community tax is due by the 15th of the following month. The community tax return has to be filed electronically by end of March of the following year with the municipal body.

The employer tax for Vienna has to be settled for all employment contracts if the place of work is located in Vienna. In general, the tax amounts to EUR2.00 per employee per week. It is due by the 15th of the following month. The tax return has to be filed by end of March of the following year.

Tax rates

Income below EUR11,000 is tax-free for ordinarily resident individuals, while the income of non-residents is tax-free up to EUR2,000. The following table includes the tax rates for the ordinarily resident individuals in Austria for regular payments.

Taxable income (EUR)	Tax rate (%)
First 11,000	0
Next 7,000	25
Next 13,000	35
Next 29,000	42
Next 30,000	48
Next 910,000	50
Above 1,000,000	55*

Special tax rates for vacation and Christmas bonus (non-regular payments)

Annual salary is paid in 14 equal instalments to achieve a more favourable income tax rate. Non-regular payments, such as the 13th and 14th months' salaries, are taxed at the following tax rates on the condition that they do not exceed one-sixth of the amount of the regular payments:

Amount of payments (EUR)	Tax rate (%)
Up to 620	0
For the next 24,380	6
For the next 25,000	27
For the next 33,333	35.75
For more than 33,333	50

If one-sixth of the regular payments equals EUR2,100 or less, the non-regular payments are tax-free.

Social security insurance rates and obligations

In general, an individual working in Austria is subject to the Austrian mandatory social security system according to the Austrian social security law. The employee as well as the employer has to settle social security contributions to the Austrian social security authorities.

Social security system in Austria consists of the following elements:

- ▶ Health insurance
- ▶ Old-age pension
- ▶ Unemployment insurance
- ▶ Insolvency guarantee
- ▶ Accident insurance

The percentage rates as of 2019 are as follows:

Name	Total (%)	Employer (%)	Employee (%)
Health insurance	7.65	3.78	3.87
Accident insurance	1.20	1.20	–
Old-age pension insurance	22.8	12.55	10.25
Unemployment insurance	6.00	3.00	3.00
Insolvency guarantee funds contribution	0.55	0.55	–

The monthly ceiling for regular payments is EUR5,220 as of 2019. The annual ceiling for special payments is EUR10,440.

The employer has to register all new employees before the first workday and deregister them within seven days after the end of employment at the responsible agency. This de/registration effects also the accident and old-age insurance. The de/registration has to be done electronically.

2. Pension requirements

Registration requirements

Statutory pension insurance

The rules included in the ASVG are applicable to persons born before 1 January 1955. Allgemeine Pensionsgesetz (APG)" is applicable to people born after this date. The contributions to the old-age pension insurance are paid to the pension insurance agency (Pensionsversicherungsanstalt - PVA).

Persons born after 1 January 1955 the so called individual pension account (Pensionskonto) is applicable. All old-age pension contributions are summed up within this pension account.

Voluntary company pension schemes

Company pension schemes can be set up in addition to the statutory pension insurance. Employees are part of the mandatory pension scheme.



Retirement

The general regular pensions are paid to women from the age of 60 (until the year 2024), 65 (starting with the year 2033) and for men from the age of 65. Future legislative developments cannot be foreseen, however it is expected that the pension age will be increased.

3. Employment obligations

Minimum wage

- ▶ The Austrian law against wage and social dumping (Lohn- und Sozialdumping-Bekämpfungsgesetz) regulates that similar wage condition applies for the employees working in Austria in the same branch.



- If the law is breached, penalties can be set between EUR1,000 and EUR50,000. Additionally the responsible authority can prohibit the foreign employer to perform any services in Austria for up to five years.

Vacation entitlement

Generally, vacation entitlement is regulated by law (Urlaubsgesetz - UrIG). The employee is entitled to receive paid vacation. For less than 25 years of work, the paid vacation amounts to 30 workdays which corresponds to 25 weekdays / 5 weeks per calendar year. For more than 25 years of work and other conditions, the paid vacation amounts to 36 workdays

which corresponds to 30 weekdays / 6 weeks per calendar year. During the vacation, the employee is entitled to receive his regular wage.

Holiday

Holiday planning has to be arranged between the employer and the employee. During the holiday a normal business has to be ensured. Additionally the employer has to ensure that the employee can rest during the holiday. The holiday can fall under the statute of limitation. Therefore the employer has to make sure that the employees consume their holiday on time.

Doing Business in Azerbaijan – Payroll Operations

1. Government requirements

Registration requirements

Registration of legal entities

Various registration requirements apply to foreign companies establishing a business presence in Azerbaijan. Registration of commercial legal entities and public legal entities are conducted according to the Law on State Registration and State Register of Legal Entities. Registration with other state authorities is not required, as this will be done by the Ministry of Taxes (MOT) based on the so-called “one-stop shop” principle. Non-commercial legal entities are registered with the Ministry of Justice or the State Committee on Work with Religious Authorities. The fee for registration of Branch and Representative Offices of foreign legal entities is AZN220. Changes to registration details are free of charge.

Ongoing compliance requirements

Personal Income Tax (PIT)

Local and expatriate employees are mostly subject to the same tax rules in Azerbaijan. A resident for Azerbaijani PIT purposes is defined as any person who spends more than 182 days in a calendar year in Azerbaijan. Residents are taxed on their worldwide income whereas non-residents are only taxed on their Azerbaijani source income.

Payment of PIT is made through a withholding mechanism carried out by the employer. According to the applicable legislation, the employee’s monthly income should be taxed at the following rates:

- ▶ Up to AZN2,500: 14% (applied to the salary amount less the minimum living wage determined for the given reporting year)
- ▶ Above AZN2,500: a total of AZN350 and 25% of the amount exceeding AZN2,500
- ▶ The payment is due by 20th of the month following the calendar month

No requirement for the personal filing of PIT from employment activity is envisaged under the Tax Code of Azerbaijan Republic (TCA). However, according to the TCA, the employer is obliged to file the annual PIT report to the tax authorities. The annual reporting deadline for the PIT report is 31 January following the reporting year. Additionally, please note that the employer should also include PIT information in the value-added tax (VAT) or simplified tax reports on a monthly or quarterly basis, depending on the tax registration form.

2. Pension requirements

Registration requirements

Compulsory state social insurance

The registration of commercial legal entities at the State Social Protection Fund (SSPF) is carried out simultaneously during the registration process with a single registration body (i.e., the MOT) and no further actions are required.

The conclusion of an employment agreement itself entails the obligation to pay compulsory state social contributions, which are withheld at source and remitted to the SSPF by the employer, based on the Law on Social Insurance. Compulsory state social insurance contributions serve as a social insurance and condition for receiving a pension once the employee reaches retirement age. According to the Law on Labor pensions, retirement age set by the labor legislation is currently 60 for women and 63 for men with at least 12 years of social insurance contributions.

The registration for compulsory state social insurance contributions for individuals is carried out upon application and by the employer’s submission of other documents to the SSPF within one month of the date of conclusion of the employment agreement. In order to register the paid social insurance contributions, the SSPF creates personal accounts with a unique Social Insurance Certificate Number for each employee, which are formalized with a Social Insurance Certificate presented to each employee.

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Ongoing compliance requirements

Compulsory state social insurance contributions

Pursuant to the Law on Social Insurance of the Republic of Azerbaijan, there are two elements of SSIC:

1. Payable by employee
2. Payable by the employer

The employer is obliged to withhold 3% social fund contributions from the employee's gross income. In addition, 22% social fund contributions calculated on the monthly gross salary are payable by the employer at its own cost. Basically, it is the PIT base, with certain adjustments, that is used for the calculation of social contributions in Azerbaijan.

The payment of SSIC should be made by the 15th of the month following the month of salary calculation. The reporting in this respect is done on a quarterly and annual basis. Quarterly reports should be submitted no later than the 20th of the month following the reporting quarter, and the annual report is due by 1 March of the year following the reporting year.

Reporting requirements to the state social insurance fund:

On the basis of the rules on the collection of compulsory state social insurance, the employer is obliged to file following reports:

- ▶ Quarterly Form B1 – information on the number of employees, total of accrued and paid gross salaries and social contributions during the quarter
- ▶ Annual Form B1 – information on the number of employees, total of accrued and paid gross salaries and social contributions during the year
- ▶ Annual Form B2 – for commercial organizations carrying out agricultural activity within the Republic of Azerbaijan
- ▶ Annual Form B3 – report on the calculation of social contributions for each employee

3. Employment obligations

Labor Law

Labor relationships are regulated by the Labor Code of Azerbaijan (LCA), respective decrees of the cabinet of ministers, acts of the Ministry of Labor and Social Protection of the Population, and other related legal acts. The LCA presents the list of provisions that should be duly reflected in the Employment Agreement, including employee's labor conditions, i.e., working and rest hours, wage or salary and adjustments, duration of labor vacation, labor protection, and social and other types of insurance. Moreover, there are several restrictions set by the labor legislation with regard to minimum monthly salaries (i.e., AZN116), the minimum amount of annual vacation days (i.e., at least 21 calendar days), working hours, obligation of the employer to implement health and safety rules, and payments for overtime, etc.

Apart from the above, the Migration Code regulates the labor activity of foreigners and stateless persons in the Republic of Azerbaijan. Obtaining a work permit (with certain exemptions) and a temporary residence permit are requirements for foreigners and stateless persons who will be involved in employment in Azerbaijan.

The Ministry of Labor and Social Protection is the state authority responsible for implementing labor policy and supervising compliance with labor legislation.

4. Payroll requirements

Salary and compensations

The salary of the employee comprises wages and salaries, payments or benefits received by an individual in respect of employment. In general, any type of benefit represents taxable income to the individual. Notably, business-related expenses, as well as meals, accommodation, entertainment and other expenses of a social nature paid by an employer are exempt from taxation; however, these can be subject to social contributions.

Payslips

The LCA stipulates minimum requirements with regards to the format of payslips:

- ▶ The total amount of salary calculated
- ▶ Supplements to salaries, bonuses and other payments, their types and amounts
- ▶ Amounts deducted from salaries – description, type, reason and amount of deductions
- ▶ Amounts actually paid
- ▶ Parties' outstanding payables to one another and the amounts

Compensation schedule

According to the LCA, monthly salaries should be divided into two parts (advance and remaining portions of the wage) and paid to employees twice a month with an interval not exceeding 16 days. Annual salaries should be paid not less than once a month. However, other payment terms for salaries may also be stipulated under the agreed employment contract. The employee's salary may be considered either on the basis of the amount of work performed or hourly tariff criteria which should be defined under the agreed employment contract.

5. Banking requirements related to payroll

The LCA stipulates that salaries may be remitted to the employee's bank account or sent to a specified address via postal order at his or her discretion. If paying salaries by cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period. Additionally, as per the local legislation, there are no specific requirements with respect to salary payments provided through the bank.

Foreign exchange control

Under the LCA, salary, as well as supplements hereto, awards and other payments to employees should be made in the local currency, Azerbaijani manats (AZN).

Meanwhile, it should be noted that Production Sharing Agreements (PSAs) grant different exemptions for companies involved in oil and gas operations. For instance, these companies, under certain conditions, may pay the salary in foreign currency.



Doing Business in Bahrain – Payroll Operations

1. Government requirements

Registration requirements

Employment contracts

The employment contract in Bahrain is usually in Arabic or English, although the official language (Arabic) version will be the legal copy of the employment contract. This should be signed by the employee and the employer.

Article 19 of the Labour Law states that the employment contract shall be made in writing in the Arabic language in two copies and each party shall receive a copy. If the contract is drafted in a foreign language, a translated version shall be attached.

The employment contract outlining the terms and conditions of employment must be in writing.

It must comply with the Labor Law for the Private Sector (Law No. 36 of 2012) “Labor Law” and its amendments, and any relevant laws, regulations and orders. Any term or condition in the contract which does not conform to the Bahraini law will be deemed null and void except to the extent it is more favorable to the employee.

Social insurance

All foreign and local staff are required to be registered with the Social Insurance Organization (SIO).

The documents required for registration are:

1. Copy of employer’s Central Population Registry (CPR)
2. Copy of the Certificate of Registration (CR)
3. Copy of company contract

Usually, all registrations related to the SIO and employment contracts are made online, but it is necessary for the employer to be physically present to get a username and a password (admin access). All other tasks can be done online from the admin account. After completing the first step, the proceeding formalities may be carried out online (i.e., registering of employees, locals at the SIO and expats at the Labour Market Regulatory Authority (LMRA), annual update of salaries, payment of health insurance, payment of monthly social insurance or contributions). Social insurance must be paid in local currency. There is no charge to register employees in the database.

The LMRA regulates and controls work permits for expatriate employees and the self-employed, in addition to issuing licenses for manpower and recruitment agencies.

Ongoing compliance requirements

There is currently no PIT in Bahrain on earnings from employment. However, social insurance applies in Bahrain as described below, – to every person employed in Bahrain. The employer contribution is calculated at the following rates (on the employees’ monthly basic salary including commissions, bonus, and recurring allowances such as social (if any), housing, and car):

- Bahraini workers: 12%
- Non-Bahraini workers: 3%

Employees are also required to contribute for social insurance at the following rates (calculated on the monthly basic salary including commissions, bonus, and recurring allowances such as social (if any), housing, and car):

- Bahraini workers: 7%
- Non-Bahraini workers: 1%

* The above rates apply up to an income ceiling of BHD4,000 per month, subject to a maximum contribution of BHD160.

(For employees whose salaries exceed BD4,000, the actual wages will be registered in the SIO records, while the subscription or contribution will be calculated on the basis of a maximum wage amounting only to BD4,000.)

2. Pension requirements

Registration requirements

All Bahraini workers employed in Bahrain and registered with SIO are eligible for pension as per the provisioning law of the SIO. Registration is done during general registration as above.

Ongoing compliance requirements

The ongoing compliance of the pension scheme is monitored by SIO on the basis of the criteria set in the provisioning law of SIO.

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3. Employment obligations

LMRA

In line with its responsibilities to regulate the labor market in the Kingdom of Bahrain, the LMRA has set a number of rules and regulations to control and organize the relationship between the employer and their employees.

Registration and compulsory insurance

Employers must register their employees in the Kingdom of Bahrain with the Ministry of Labour and Social Development and receive a certificate of registration. They must also register their employees with the Social Insurance Organisation (SIO) and contributions must be paid monthly for compulsory insurances against pension fund and work-related injuries (for Bahraini employees), and against work-related injuries (for expat employees).

Annual leave

All employees are entitled to 30 calendar days annual leave with full pay. An employee may not waive this entitlement, or receive payment in lieu except in accordance with the law and on termination of employment.

Sick leave

In the event of illness which has to be certified by an approved doctor or hospital, an employee, subject to completion of three months of consecutive employment is entitled to a total of 55 absences during the same year in each year of employment. This is divided as follows:

- ▶ Fifteen days on full pay
- ▶ Twenty further days on half pay
- ▶ Twenty further days without pay

Pilgrimage

A Muslim employee, employed for five consecutive years, will be entitled to leave of 14 working days on full pay once during his or her period of employment to perform his or her "Haj" pilgrimage duty.

Maternity leave

A female employee is entitled to maternity leave of 60 calendar days on full pay and this period may be extended by a further 15 calendar days without pay. On her return, and until her child reaches six month of age, the employee shall be entitled to two breastfeeding periods per day of not less than one hour each. The employee shall also be entitled to two periods of half an hour per day to provide care for her child each until her child reaches one year of age.

4. Payroll requirements

Payroll requirements are governed by the Labour Law. There is no specific guidance for payslips; however, in general practice, payslips are released to employees monthly.

Effective January 2016, an annual health insurance fee of BHD22.5 must be paid by the employer for each Bahraini employee. In case the employer already provides medical/health insurance to its staff, the health insurance fee can be disregarded.

5. Banking requirements related to payroll

It is mandatory to have a local employment contract and salary transfer in Bahraini Dinar to a bank account, at the request of the employee.



Doing Business in the Republic of Belarus – Payroll Operations

1. Government requirements

Registration requirements

Companies must be registered with the state registration authority (City Executive Committee), which takes care of further registration. Registration (setting up) is completed one day after the submission of all necessary documents. Then, the company will receive a certificate of registration for all required authorities: City Executive Committee, tax authorities, the Social Security Fund, statistics bodies and the Belarus Republican Unitary Insurance Company, Belgosstrakh. Tax registration is effective for all taxes.

To set up a representative office, the foreign company should accredit it with the Belarusian Ministry of Foreign Affairs. This registration process can take up to 1 to 1.5 months.

A newly created company (or a representative office) should take additional steps to be fully operational, e.g., open bank accounts and create a corporate seal. A special permit (license) is required for certain business activities, e.g., banking, gambling, the production, wholesale and retail of alcohol and tobacco, operating in the oil and gas industry, medical activity, and transportation services.

The licensing authorities issue licenses within 15 working days from the date of submission of all required documents.

The most commonly used types of Belarusian legal entities are limited liability companies (LLCs), closed joint-stock companies and unitary enterprises. The minimum charter fund of an LLC is currently not stipulated by legislation. Payments for stockholding may be in the form of cash, and might also include in-kind payment, with shares of other companies, assets, equipment, etc.

Foreign citizens should also obtain a work permit from the Ministry of Internal Affairs. This is issued for one year and may be extended once.

Ongoing compliance requirements

Personal income tax

Taxpaying individuals pay personal income tax (PIT). Income from sources inside and outside Belarus received by Belarusian tax residents, and from sources in Belarus received by tax non-residents, is subject to PIT. Belarusian tax residents are individuals who have been on Belarusian territory for more than 183 days in a calendar year. Individuals who do not meet that requirement are tax non-residents. The standard tax rate is 13%. For some categories of tax payers, it may be 4%, 9%, 10% or 16%. In most cases, PIT is calculated, withheld and paid by tax agents. Tax agents are Belarusian companies, Belarusian individual entrepreneurs (notaries and lawyers), Belarusian-based representative offices of foreign companies, or foreign companies engaged in activity in Belarus through a permanent establishment in Belarus, from which the taxpayer has received income. In general tax agents pay PIT no later than the day on which the income was paid.

Individuals must submit a tax return to the tax authorities and pay PIT themselves in the following cases:

- ▶ When income is received from individuals who are not tax agents
- ▶ When income is received by a Belarusian tax resident from a source outside Belarus
- ▶ When tax agents do not withhold income tax from an individual's income
- ▶ Other cases provided by the Tax Code

Individuals submit an annual tax return no later than 31 March of the year following the reporting calendar year and pay tax no later than 1 June of the year following the reporting year

PIT payers may apply tax deductions, for example, for the amount paid for education in Belarusian educational institutions. Another case for tax deduction could be construction expenses incurred by the taxpayers and their family members who are registered as individuals in need of better living conditions. These tax deductions are granted by the tax agent or by the tax authorities. A taxpayer may apply for several standard tax deductions. For example, most taxpayers may apply a standard tax deduction of BYN 117 per month if they receive income of not more than BYN 709 per month and of BYN 34 per month for each child under 18 years of age, including each dependent if any.

Belarusian employers should also submit annual information about income paid to foreign citizens. The deadline is 1 April of the year following the reporting year.

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2. Pension requirements

Registration requirements

Usually all employees are registered with the Social Security Fund at their first workplace by their employer, via a special electronic portal. Foreign citizens who are employed in Belarus must take part in the state security program in the same manner as Belarusian nationals.

Ongoing compliance requirements

Contributions to the Social Security Fund

All payments in cash or in non-monetary form are subject to social security contributions, including payments under civil law contracts. The tax base for social security contributions is limited to five times the average salary for the previous month. It is calculated and published by the statistic authorities.

Mandatory social security contributions are 35% of the salary (28%: pension contributions covered by the employer, 1%: pension contributions covered by the employee and 6%: social security contributions covered by the employer). Employers file a report on social security contributions quarterly. The deadline for payment to the Social Security Fund is the date of salary payment but no later than the 20th day of the month following the preceding month.

Professional pension insurance contributions

Professional pension insurance covers employees engaged for a full workday in underground work, or in work in especially harmful and hard conditions, as well as employees in certain professions. The professional pension insurance contribution rates vary from 1.5% to 9%. The payment and reporting requirements are similar to those established for social security contributions.

Compulsory insurance contributions to the Belarusian Republican Unitary Insurance Enterprise, (Belgosstrakh)

The compulsory insurance contribution to Belgosstrakh is for work-related injuries and occupational illnesses. The tax base consists of all types of payments made to individuals subject to compulsory insurance. Contributions are paid not later than the 25th of the month following the reporting quarter in which employees receive payment. Foreign citizens are also obliged to take part in this compulsory insurance program. The rate is 0.6% and this can increase or decrease depending on the professional risk.

3. Employment obligations

The Ministry of Labor and Social Security is a governmental body which regulates all aspects of the relationship between the employer and the employee:

- ▶ **Minimum salary:** The system of employees' guarantees includes the minimum wage. It is calculated and stipulated in legislation and must be met by all employers.
- ▶ **Vacations:** The minimum number of vacation days is 24 days per working year. The agreed amount of number of vacation days is stipulated in the labor agreement. Vacations may be divided into two parts, one of which cannot be less than 14 days. If the employee is unable to use all vacation days within a working year, they are carried forward to the following year. The employer is obliged to provide payment in lieu of all unused vacation days at the date of dismissal.
- ▶ **Working during days off, night time or overtime:** The Labour Code provides an obligation to the employer to make additional payments and to provide additional holiday to the employee for working during holidays, night time, or overtime (there are special requirements for each case).

4. Payroll requirements

According to the legislation, the salary should be paid not less than twice per month for employees working under a labor agreement and not less than once per month for employees working under labor contracts. Also, the employer should provide the employee with a payslip containing all the information about the salary for a particular month.

5. Banking requirements related to payroll

The method of salary payment can either be by cash or bank transfer (the most commonly used method) on the day stated in the terms of the contract. Salary payments should be in local currency – Belarusian Ruble (BYN). The rules of payment are the same for local and foreign staff.

Personal income tax	
Standard tax rate	13%
Income in the form of winnings, or returned stakes on events that did not take place, received by individuals from a Belarusian company engaged in the gambling business	4%
Income received by employees of High Technology Park (HTP) residents under employment contracts (apart from employees engaged in the maintenance and security of buildings, premises and land)	9%
Income received by individual entrepreneurs who are HTP residents	9%
Income received by individuals participating in the implementation of a qualifying business project in the field of new technologies and IT from HTP nonresidents under employment contracts	9%
Income of individuals in the form of compensation paid under employment agreements by legal entities or individual entrepreneurs registered in Southeastern areas of the Mogilev region in the period from 1 July 2015 through 31 December 2020 and engaged in the manufacture of goods (or otherwise working or providing services) in such areas	10%
Income received by Belarusian individual entrepreneurs, such as notaries and advocates, from entrepreneurial activities such as notarial and private advocacy	16%
Social security contributions:	35%
Compulsory social insurance for retirement, disability and loss of breadwinner (pension insurance) which includes 1% payable by an employee, in this case, tax to be withheld and paid by the employer	29%
Compulsory insurance premiums for disability, maternity, etc.	6%
Obligatory insurance for work-related injuries and occupational illnesses with the Belarusian Republican Unitary Insurance Enterprise (Belgosstrakh)	0,1-1% (rate may be different for different professions)



Doing Business in Chad – Payroll Operations

1. Government requirements

Registration requirements

When establishing a company, the following registration related to taxes, including payroll taxes, and social security contributions must be completed.

Tax authority

A business newly established in Chad should register with the tax authority, within 15 days of the start of the business. This registration is unique for all of the company's activities in Chad and for all taxes the business is subject to (including payroll taxes). Upon above registration, the tax authority delivers a unique tax number to the newly established business, which should be mentioned in all of the company's communications with its partners (i.e., in official letters, invoices etc.).

To apply for registration, the newly incorporated business needs to present evidence of incorporation as well as the lease agreement or property documents for the premises, as appropriate. There is no official administrative cost for registration, except miscellaneous fees for document authentication, and fees for physical localization by the tax office, etc.

Social Security Fund

Any company or business employing people needs to register with the Social Security Fund. It is also the responsibility of the company to register its employees with the Social Security Fund and to obtain individual numbers for each of them, including nationals and expats.

Notifications requirements

As part the procedures for the company's establishment in Chad, the following notifications should be made in respect of employment requirements:

Labor Inspection Office

The newly incorporated company in Chad, which intends to employ workers, needs to submit a notification to the competent Labor Inspection Office such a notification should be made on the company's letterhead, immediately after the incorporation of the company.

National Employment Office

Employment contracts for expatriates should be submitted to the National Employment Office for approval, before becoming valid. Some local contracts also need to be submitted for approval by the National Employment Office.

Ongoing compliance requirements

Withholding income tax

Income tax is assessed on the income earned by an individual in one year (from 1 January to 31 December). A company paying salaries (or other incomes) to an employee must withhold income tax and pay it to the authorities by the 15th of the month following payment. In December, a year-end adjustment is made to adjust for any excess or deficit in payment.

By the end of the year, any company paying salaries and any related income to employees is required to prepare and submit to the tax authority a Statement of Salaries reconciling all incomes paid within the year, with the specifications, item by item.

2. Pension requirements

Registration requirements

Social security

A new established company needs to register with the Social Security Fund as the employer. The registration as employer is unique and covers employment insurance, family allowances and pension fund savings.

Ongoing compliance requirements

Social Security Fund declarations

As an employer, the company needs to submit a monthly declaration and appropriate payment, in respect of social security contributions. Companies that employ less than 20 employees can opt to submit such a declaration on a quarterly basis. The social security contributions are calculated on the basis of gross salary, including benefits in kind, paid to the employees during the relevant month or the relevant quarter, within a cap of XAF500,000 per month per employee. The social security contribution rate is 20% globally.

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3. Employment obligations

Employment Law

The employment relationship is governed by the Labor Code and the National General Convention applicable to workers in Chad. There are specific Labor Convention for regulations or standards or guidelines, i.e., banking, and the oil and gas sector.

Governing authority

The Ministry of Labor and Welfare is the main governing authority of employment laws. Within the ministry, the Labor Inspection is the focal point for companies. It is this body that ensures inspection and supervision to make sure companies are compliant with the regulations in force.

Minimum wages

Wages to be paid for normal working hours must exceed the minimum wage provided under the Labor Code. The minimum wage is XAF60,000. There are specific minimum wages for each category of employees, based on the degree of qualification and experience.

Working hours and rest time

In principle, under the Labor Code, working hours shall not exceed eight hours per day and 39 hours per week, excluding rest time. For an employer to have employees working overtime, the employer is required to:

1. Enter into a labor management agreement with the employees' representative and file the same with the relevant Labor Inspection Office
2. Pay statutory increased wages for overtime work

Holidays

An employer must provide workers with at least one day off per week. For an employer to have workers work on such day off, the employer is required to:

1. Enter into a labor management agreement with the workers' representative and file the same with the relevant Labor Standards Inspection Office
2. Pay statutory increased wages for work on days off

Annual paid leave

The Labor Code provides minimum standards for workers' annual paid leave. Under the Labor Code, an employee gains two days of leave for any complete working month (i.e., 24 days per year). The annual leave can be taken in one go or on several occasions. When the annual leave is taken on several occasions, one should be for at least 12 uninterrupted days. The right to annual leave is achieved when an employee has worked for 12 months since his or her hiring or since they last took annual leave.

Dismissal

An employee may resign at any time without sending notice to his or her employer. However, the employer cannot terminate the employment contract of an employee without cause. The default position is that a dismissal by an employer is deemed by law to be an abuse of the employer's authority and, therefore, the employer can be required to pay damages to the relevant employee.

4. Payroll requirements

Payment in kind is forbidden and wages must be paid in local currency in the Public Treasury bank account located in local banks. Wages must be paid after the deduction of taxes and contributions: the employer is legally a collector on behalf of the Government or a third-party institution. A wage should be paid no later than the eighth day after the end of the relevant month. Wages must be paid directly to the employee. Wages must not be paid via another person or to a representative of the employee. Even in the case of minors, a guardian cannot receive wages on behalf of the employee. However, if the employee is absent due to reasons such as illness, payment may be made to a family member recognized as a representative of the employee.

5. Banking requirements related to payroll

There is no particular law, but payment of taxes and social security premiums must be made via a Chad financial institution.



Doing Business in Congo-Brazzaville – Payroll Operations

1. Government requirements

Registration requirements

Company registration with the tax authority

A company that employs people has payroll obligations for the taxable remuneration provided to employees. The company must obtain an ID number called “NIU” (a Tax Identification Number) in order to file tax returns. The request for an NIU is made by submitting a form and certain documents: the contract of service (if any), proof of entry in the Congolese trade register and the article of incorporation. The fees related to registration are XAF10,000.

The request is made to one of three main tax authorities (all under general tax direction - DGI acronym) in Congo namely:

- ▶ The divisional inspection of oil taxation called IDFP, which becomes the unit of oil taxation, UFP, for oil companies
- ▶ The association of medium business companies called UME, for small and medium businesses
- ▶ The association of large companies called UGE for large businesses

Please note that companies are affiliated to the tax administration according to their turnover, except for oil companies and oil subcontractors.

Employee registration with the tax authority

An employee must be registered with the tax authorities to obtain an NIU. An NIU will allow them to declare their income in accordance to with their obligation. The fee for registration is XAF1,500.

The registration is made by submitting a form and specific identity documents.

Registration with the Social Security Fund

Companies must register at the moment of their establishment, or installation in the case of a foreign company. There are no fees to be paid for registration. In order to request registration, the following documents must be provided:

- ▶ A copy of the company's entry in the trade register
- ▶ A copy of confirmation of the NIU
- ▶ A copy of SCIEN and SCIET (statistic authorities where you need to file a request when registering a company in Congo)
- ▶ A copy of the business license or the proof of payment for a business license

The registration of employees must be made by the employer. Also, in accordance with Law No. 004-86, 25 February 1986, related to the social security code, foreign employees must be affiliated to social security after three consecutive months of presence in Congo. There are no fees to be paid for registration. The documents to be filed are:

- ▶ A copy of the passport
- ▶ Four ID pictures
- ▶ A copy of the work contract with a visa from A.C.P.E. (Congolese Agence for Employment) - former National Office for Employment and Work ONEMO - “Office Nationale de l'Emploi et de la Main d'Oeuvre”) or the acknowledgement receipt for the request of a visa
- ▶ A copy of the birth certificate
- ▶ A copy of a recent payslip

Company registration with the labor administration

Companies must provide an the opening statement to the labor administration. This declaration must include the information on the number of employees, their sex and nationalities.

Registration must be made with Labour Administration in order to obtain a certificate of registration.

Labor administration - for employees

Employees must register with the ACPE.

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Ongoing compliance requirements

Monthly tax returns

Since the financial law of 2016, there has been a single tax return for all taxes and duties to be paid.

Personal income tax (for which the employee is responsible) and the single tax return (for which the employer is responsible), must be filed to the tax authorities before or on the 20th of the following month, except during August when the deadline for the declaration and payment of taxes is the 25th.

The rate of PIT is applicable on the taxable base obtained after a 20% deduction, less social contributions plus benefits in kind granted to the employee. The PIT rates are:

- ▶ One percent on income up to XAF464,000
- ▶ Ten percent on income between XAF464,001 and XAF1 million
- ▶ Twenty-five percent for income between XAF1,000,001 and XAF3 million
- ▶ Forty percent for income above XAF3 million

Also, net revenue has the following taxes deducted:

- ▶ The occupancy (Temporary Occupation License, TOL) of XAF5,000 for those who live downtown and XAF1,000 for others
- ▶ Rental tax
- ▶ The departmental or regional tax (set at XAF2,400 per person per year)

The tax return is submitted to the tax administration allocated according to turnover or activities (see comments on the three main activities).

Annual tax returns

The employer must provide an annual declaration of their income. The annual declaration is filed with the tax administration and the social security fund using a special form by 20th February for the preceding year at the latest.

2. Pension requirements

Registration requirements

The governing authority is the National Social Security Fund (CNSS or "Caisse Nationale de Sécurité Sociale"). The formalities relating to registration for pensions vary according to the collective agreement. However, in general, two steps are mandatory: notification of retirement to the employee and the transmission of the employee's file to the CNSS. The employer is responsible for these steps.

Ongoing compliance requirements

The governing authority is the CNSS.

The governing authority is the CNSS. The return is filed monthly by employers with more than 20 employees. If the employer has less than 20 employees, the CNSS return can be filed quarterly. The CNSS must be paid no later than the 15th of each month for the preceding month. The CNSS collects the following contributions:

- ▶ Family allowances: 10.035% with an annual ceiling of XAF7.2 million, hence contribution does not apply on the part of the monthly salary higher than XAF600,000
- ▶ Workplace accidents: 2.25% with an annual ceiling of XAF7.2 million, hence contribution does not apply on the part of the monthly salary higher than XAF600,000
- ▶ Old age pension, death, disability: 12% shared by the employer (8%) and the employee (4%); the annual ceiling of XAF14.4 million means that the contribution does not apply on the part of monthly salary higher than XAF1.2 million.

Corporate executives, including the CEO, are treated as employees in terms of social security. As such, they are subject to social security contributions to the CNSS. However, under the Labor Law, they do not have employee status unless they hold a contract of employment.

3. Employment obligations

Each employer's obligations depend on the applicable collective conventions of their sector of activity. However, common obligations are stated below.

Employment and the Labor Law

Law No. 22-88 of 17 September 1988 relates to ONEMO, which specifies the requirements relating to the employment of local and foreign employee, and registration of their contracts notes that:

- ▶ The employment of a foreign person is subject to a request for labor authorization after payment of a fee (XAF220,000) and the filing of files with the labor authorities.
- ▶ Temporary workers must be covered by a temporary work permit (AET), obtained after the amount of XAF110,000 has been paid and the request for the AET has been filed.
- ▶ The contract of a local employee must be registered by paying a fee of XAF500 (paid by the employer) and filing the request for the registration of the contract.

Minimum wages

Wages to be paid for normal working hours must exceed the minimum standards of wages provided under the Minimum Wages Act. The minimum wage is fixed at XAF50,400 per month in accordance with the law.

Annual paid leave

The employer must allow employees who have worked for more than one year in the company to take annual paid leave. The method for determining the amount of annual paid leave varies according to each collective agreement.

Public holiday and days off

The employer must give employees one or two days off per week. Public holidays are paid as working days.

4. Payroll requirements

In accordance with the Labor Code, the employer must pay salaries within eight days after the end of month.

For those who receive weekly or fortnight payments, salaries must be paid within four days after the week or fortnight.

5. Banking requirements related to payroll

Salaries can be paid in cash, by check or by bank order. In the case of a bank transfer, payment must be made into a Congolese bank account. Foreign exchange regulation allows the repatriation of part of the salary to the home country, to support family members.

Salaries must be paid in the legal currency in Congo, XAF. The payment of all or part of the wage in alcohol or drink, or the payment of all or part of the salary in kind, is formally forbidden.



Doing Business in Cyprus – Payroll Operations

1. Government requirements

Registration requirements

Income tax, and taxes related to the Social Insurance and the general health care system are the three main taxes associated with Cyprus payroll operations.

When you hire your first employee in Cyprus, you must register as an employer with the authorities of income tax and social insurance. After submitting the relevant application forms along with the required documents, a Tax Identification Code and a Social Insurance Number will be issued on the same day.

Employees must also register with the tax authorities and submit their personal income tax return (form TD1) by the 31st of July following the tax year of assessment.

Income tax payment by employers

Employers are required to withhold payroll-related taxes from the income of their employees under the pay-as-you-earn (PAYE) system and remit these taxes on a monthly basis to the tax authorities by the respective due dates. Late payment results in the imposition of interest on income tax currently at 1.75% (the interest rate changes every year) per annum from the due date and an additional penalty of 1% per month calculated on the basis of months completed.

Employees can provide to their employers the details of any additional income or eligible deductions outside their employment to be considered during income tax calculation. This can be done through a declaration of allowances claimed for the year (form TD59).

The employer's return (form TD7) should be submitted electronically by the 31st of July following the tax year of assessment, which is the same as the calendar year.

Tax residency and income tax

Cyprus tax resident employees are taxed on their worldwide income. In the case of non-Cyprus tax resident employees, tax is levied on the income accruing or arising only from sources in Cyprus.

A Cyprus tax resident is an individual who stays in Cyprus for more than 183 days in the tax year of assessment. The definition also includes an individual who does not stay in any other state for one or more periods exceeding, in aggregate, 183 days in the same tax year and who is not considered a tax resident for tax purposes in any other state in the same tax year, provided the individual cumulatively meets the following criteria:

- Stays in the country for at least 60 days in the year of assessment
- Exercises any business in the country or is employed in the country, or holds an office for a tax resident in Cyprus at any time during the year of assessment
- Maintains a permanent resident (owned or rented) in the country

Individual income tax rates in Cyprus

Taxable income	Tax Rate	Amount of tax	Accumulated tax
€	%	€	€
0-19,500	0	0	0
19,501-28,000	20	1,700	1,700
28,001-36,300	25	2,075	3,775
36,301-60,000	30	7,110	10,885
Over 60,000	35	–	–

*Taxable income over EUR60,000 is taxed at the rate of 35% and the accumulated tax will depend on actual amount of taxable income.

Significant exemptions for income tax purposes applying to expatriates

Exemption of 50% on Cyprus remuneration

This applies to any remuneration exceeding EUR100,000 per annum from any employment exercised in Cyprus by an individual who was a tax resident outside Cyprus prior to the commencement of the employment. The 50% exemption applies for the first 10 years of employment. It is not available to individuals whose employment commenced on or after 1 January 2015 if such individuals where:

- Tax residents of Cyprus for a period of three of the five years preceding the year of employment
- Tax residents of Cyprus in the year preceding the year of the commencement of employment

Exemption of 20% on Cyprus remuneration or €8.550, whichever is lower

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This applies to any remuneration from any employment exercised in Cyprus by an individual who was residing outside Cyprus before the commencement of the employment. This exemption applies for a period of five years commencing from 1 January of the year following the commencement of the employment (provided the employment started during or after 2012). It applies for tax years up to 2020. However, if the 50% exemption (mentioned in the previous point) is claimed, this 20% exemption does not apply.

Rule of 90 days

This rule applies to any remuneration for the rendering of salaried services outside Cyprus to a nonresident employer in Cyprus or to a foreign permanent establishment of a Cyprus resident employer for a total aggregate period of more than 90 days in the year of assessment.

Lump sum repayment

Cyprus tax residents are exempted from any lump sum repayment from life insurance schemes (non-Cyprus resident life insurance schemes should be an approved organization as defined by Cyprus Tax Law) or approved provident funds.

The following are some of the allowable deductions for income tax purposes:

- ▶ Contributions to the Social Insurance and General Health System contributions
- ▶ Contributions to approved provident funds and medical insurance
- ▶ Subscriptions to trade unions or professional bodies
- ▶ Donations to approved charitable organizations

2. Pension requirements

Registration requirements

Once a company has registered with the social insurance authorities, the employer should inform the authorities about newly hired employees. Usually, all employees are registered with the authorities by their first employers. In case an employee has not yet obtained a Social Insurance Number, the registration should be made by submitting the application form together with a copy of the employee’s passport to the social insurance authorities.

The Social Insurance Scheme in Cyprus is financed by contributions paid by the employers, the insured persons and the state. The scheme provides benefits to insured persons, such as maternity allowance, sickness and unemployment benefits.

People who have reached the retirement age, which is currently 65 (early retirement may also be possible), and who meet the appropriate conditions in terms of their contributions to the Social Insurance Fund receive a pension.

The contributions are calculated by applying the relevant contribution rates (as per the following table) to the weekly wages or monthly emoluments.

Calculation of contributions

	%
Self-employed individual	15,6
Employee	8,3
Employer	8,3
Employer’s contribution to the Redundancy fund	1,2
Employer’s contribution to the Human Resource Development Authority fund	0,5
Social Cohesion fund	2

The above-mentioned contributions, except to the social cohesion fund, are subject to an upper income limit of €4,572 per month or €1,055 per week.

Contributions to the general health care system

The general health care system in Cyprus came into effect on 1 March 2019; its main purpose is to provide health care coverage to individuals. Under the system, an employer is responsible to withhold 1.7% (which will be increased to 2.65% from 1 March 2020) from the employees’ emoluments and contribute 1.85% (which will be increased to 2.9% from 1 March 2020) on the income. There is an annual cap of €180,000 for the payment of general health care system contributions.

In general, contributions to the social insurance and general health care system (subject to exemptions) are paid by an employer every month using the statement of emoluments and contributions form. The payment should be made no later than the end of the month following the month for which the contributions refer to. A penalty of 3% per month is imposed for late payments, with a maximum of 27%.

3. Employment obligations

Minimum monthly salary

While many activities do not have an official minimum salary, vulnerable categories have a set minimum wage, depending on the activity.

Working time

As per the Cyprus Employment Law, the maximum hours of work per week is 48. The normal pattern of working hours in Cyprus is 40 hours per week. When the daily period of work is more than six continuous hours, the employee is entitled to a break with the duration of at least 15 minutes.

Minimum annual leave

Depending on the work schedule, employees who work five days per week are entitled to a minimum of 20 days of annual leave paid by the employer. The annual leave is extended to 24 days if the employees work six days a week.

Sick leave

Social insurance authorities are responsible for sickness allowance. After submitting the relevant application form to the authorities, an employee may be granted sickness benefit from the fourth day of absence from work due to illness. The level of benefit is calculated as a percentage of average weekly insured amount of earnings on which contributions were made by or for the insured person during the respective contribution year under the Social Insurance Scheme.

4. Payroll requirements

Payment frequency

There is no specific guidance with respect to the standard pay period. Employers can adjust their pay periods according to the working conditions. Weekly or monthly payments are the most common, with most employers paying salaries by the end of each month.

Payslips

There is no specific rule for pay slips. However, the general practice in Cyprus is to provide pay slips on a monthly basis in electronic or hard copy form.

5. Banking requirements related to payroll

There are no specific requirements regarding the mode of payment. However, for the calculation of income tax, social insurance and general health system deductions as well as contribution amounts should be converted to euro.

The settlement of PAYE can be made online or through wire transfer from a foreign bank account.

The payment of social insurance can be made by cash or check to the district office of Social Insurance Services. Online payment option is available by registering to the authority’s e-payment facility; payments are made using the Single Euro Payments Area protocol.

Doing Business in Czech Republic – Payroll Operations

1. Government requirements

Registration requirements

Payroll tax registration

Every employer hiring at least one employee needs to register for payroll tax within 15 days of employing the first employee. The payroll tax registration may be done together with other tax related registrations. Also it is to be done electronically through the registered mailbox of the employer or by a tax adviser. There is no governmental fee for the registration.

Note that there is no tax registration which must be done for the employees by the employer.

Social security registration

The company is obliged to perform its social security registration with the Czech Social Security Authority as an employer when the first employee is hired. The registration is to be done within eight days. The registration form (in Czech “Přihláška do registru zaměstnavatelů”) needs to be filed with the locally competent social security authority either electronically, via databox, or must be personally signed by the employer.

After registration, the company is assigned with an identification (ID) number which is crucial for correct payment of contributions and for making submissions to authorities.

The employer is also required to arrange for the social security registration of their new hires, and this should be done within eight days as well. There is no governmental fee to be paid for the registration.

Health insurance registration

There are currently seven state health insurance companies in the Czech Republic. The employer is obliged to register with each of the health insurance company, separately, at which the employees are registered.

The registration form (in Czech “Přihláška a evidenční list zaměstnavatele”) needs to be filed with the health insurance company either electronically or must be personally signed by the employer.

After registration, the company is assigned with an ID number which is crucial for the correct payment of contributions.

In addition, the company needs to perform the registration for their new hires. Both registrations (when the company has hired its first employee and during every new hire) are to be done within eight days from the start of employment.

Mandatory risk insurance registration

Registration for the Czech mandatory risk insurance is due based on the Mandatory Insurance Act and needs to be done as soon as possible; i.e., when the company has employed its first employee.

The registration form (in Czech “Přihláška k pojištění odpovědnosti zaměstnavatele za pracovní úrazy a nemoci z povolání”) needs to be filed via post with the Kooperativa insurance company. The copy of the company register needs to be filed together with the registration form. Filing for mandatory risk insurance registration based on the power of attorney is possible.

Ongoing compliance requirements

Filing and payment obligations

The employers are obliged to operate on monthly payrolls for their employees. This mainly includes calculation of the payroll tax withholdings, social security, health insurance and mandatory insurance contributions, and filing of the monthly and annual reports.

Payroll compliance

The Czech payroll is rather complex and employers are required to assume several obligations around social security benefits on behalf of the governmental institutions (e.g., payment of the sickness pay, keeping records of employees' absence due to illness and other reasons, calculating the assessment base for benefits and processing certain requests on behalf of the employees).

Further, the employers are required to calculate a so called average salary that is used as compensation for holidays, overtime worked and certain types of absences. The average salary is to be calculated on the basis of the actual hours worked and the earnings for the previous quarter. It is up to the employer to decide on which of the salary items should be reflected. Also, quarterly or annual bonuses need to be reflected over one of more quarters.

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Monthly tax compliance

There is a flat personal income tax rate of 15% in the Czech Republic. The respective personal income tax base is however the gross salary plus employer social security and health insurance contributions. For employees participating in the Czech or non-EU and non-European Economic Area (non-EEA) social schemes, the Czech (either actual or deemed) employer social security and health insurance contributions are to be added. Gross income of employees subject to EU and EEA social schemes is to be increased by the actual foreign mandatory social security and health insurance contributions which their employers are obliged to pay.

In addition, income that crosses the annual cap for social security contributions are subject to a solidarity tax surcharge of 7%. The solidarity tax surcharge is payable only from the gross income; i.e., without the additional employer social security payments.

Employees may apply for certain tax discounts within their monthly payroll (e.g., taxpayer tax discount and children tax relief) if specific declaration is made by the employee to the employer.

The payroll taxes are to be remitted to the tax authorities by 20th of the following month.

Specific monthly tax reporting need not be done to the tax authorities.

Annual tax compliance

The employers are required to file the annual payroll tax report (in Czech - "Vyúčtování daně z příjmů ze závislé činnosti") detailing the monthly payroll tax due for all employees. The due date to file the annual payroll tax report is 20 March of the following year and it should be done electronically.

From the employees' perspective, the employers are obliged to perform the so called annual tax reconciliation for the employees who meet certain conditions. In order to qualify for this procedure, employees cannot have any other sources of income apart from their salary (i.e., no foreign interests or dividends and no income from the rent of properties, etc.). Also, employees' annual income need to be lower than the cap for the social security contributions.

The employees may apply certain tax reliefs within the annual tax reconciliation that cannot be reflected in the monthly payroll. It is the obligation of the employer to assess if the employees qualify for certain tax-based deductions or tax reliefs. Also, employees are expected to keep records of the documentation on the tax reliefs applied.

Sickness pay

Employers in the Czech Republic are required to reimburse the employees for their first fourteen days of sickness. Starting from the 15th day, the employees will receive sickness pay from the government.

In this respect, the employers are obliged to collect sickness certificates from the employees, maintain records on them and make certain submissions to the social security authorities in this respect.

Social security compliance

Employers calculate the employee and employer social security contributions together with the payroll tax within the monthly payroll.

Czech social security contributions (calculated from gross income) amount to 25% for employer and 6.5% for employee. Both employee and employer contributions are capped on an annual basis, i.e. gross income exceeding the annual cap (CZK1,569,552 in 2019) is not subject to the social security contributions.

The social security contributions are to be remitted to the authorities by 20th of the following month.

At the end of the year, the employers are required to submit the old age pension sheets (in Czech - "Evidenční list důchodového pojištění") to the social security office. The due date is 30 April of the following year.

Health insurance compliance

Employers calculate the employee and employer health insurance contributions together with the payroll tax within the monthly payroll.

Czech health insurance contributions (calculated from gross income) amount to 9% for employer and 4.5% for employee. There is no cap for health insurance contributions.

The health insurance contributions are to be remitted to the authorities by 20th of the following month.

Every month, the employer has to report the contributions due to each of the health insurance companies at which the employees are enrolled.

Mandatory risk insurance

On quarterly basis, employers are also obliged to calculate and remit the mandatory risk insurance contributions. Only employer contributions are due. The contributions are to be calculated based on the earnings for the previous quarter. The rate depends on the industry and ranges from 0.28% to 5.04%.

The contributions are due by 31 January, 30 April, 31 July and 31 October.

There is no specific reporting that has to be done.

2. Pension requirements

Registration requirements

Covered in the above

Ongoing compliance requirements

Covered in the above

3. Employment obligations

There is no tax registration to be arranged for employees. For employers, registration for payroll taxes is to be made and able to run the payroll and remit the taxes to the Czech tax authorities.

4. Payroll requirements

Payslips

The employer is obliged to inform the employee about their earnings. The payslip can be provided either electronically or as a hard copy.

Wage list

The employers also need to keep a so called annual wage list (in Czech "mzdový list") detailing mandatory personal information of the particular employee as well as year-to-date details on individual's earnings and tax withheld. Also, the Czech tax law requires that the wage list also includes the tax-free income.

Salary certificate

The employers are required to provide the employees with the annual salary certificate (in Czech - "Potvrzení o zdanitelných příjmech ze závislé činnosti") upon their request. This document is needed for the personal income tax return that the employees file on their own with the tax office.

Also, employers may be asked by the employees to provide salary confirmation e.g., for bank loan purposes.

5. Banking requirements related to payroll

Payroll net payments can be made by any method and from either a Czech or a foreign bank account.

Mandatory withholdings can be made from a Czech or a foreign bank account. If payments are made from an overseas bank account, the charges should be accepted by the remitting bank so that the payments received by the authorities are not reduced by charges or exchange rate differences. Any differences will result in interest charges being levied on underpayments.

Employers' identification numbers are crucial for correct assignment of the payments toward the authorities. Hence, they need to be attached with the payments.



Doing Business in Denmark – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

While starting up a new business in Denmark, the business should be registered at indberet.virk.dk – the Danish Tax Authorities. The company which employs people will have to register for A-Tax and AM-contributions and social security (ATP). Employees need to have a Danish Civil Registry Number and a Danish bank account.

Ongoing compliance requirements

Monthly payroll tax

A company, as an employer, has payroll tax obligations on a monthly basis. The company is required by law to calculate the tax payable on taxable remuneration provided to its employees and other taxable individuals, withhold the tax payable, and report the tax withheld on the monthly payroll tax return to “e-indkomst” (the Danish Tax Authorities). There is no annual payroll tax reporting – this is done monthly.



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2. Pension requirements

Registration requirements

Registration is not required or mandatory.

Ongoing compliance requirements

Registration is not required or mandatory

3. Employment obligations

Labor Law

The employer should comply with mandatory employment and labor law for all employment issues, such as:

- ▶ Working hours, rest hours, illness, personal data and vacations
- ▶ Salary frequency and any applicable minimum wage
- ▶ Occupational safety and health
- ▶ Any applicable collective bargaining agreement

Labor Contract Law

The employer should follow the Labor Contract Law to:

- ▶ Sign labor contracts with employees on time
- ▶ Renew labor contracts with employees on time
- ▶ Terminate labor contracts with employees in accordance with applicable mandatory law

4. Payroll requirements

There is no specific regulation related to payment frequency. It depends on company policy or the employment contract. Monthly payment is the most common payment frequency.

Payslips

The company is required to issue a payslip to each employee

5. Banking requirements related to payroll

Salary payments made by the company to its employees, including expatriate employees, must be in DKK.



Doing Business in Egypt – Payroll Operations

1. Government requirements

Registration requirements

Egypt legal Forms of entities

- ▶ Limited liability company

Associates

Associates should not be less than 2 persons/corporates and should not exceed 50 persons/corporates. They can be individuals or legal entities. Name of legal entity. The company name may be derived from its purpose and may include the name of one or more of the associates. The name must be followed by the phrase “a limited liability company.”

Minimum required capital

Originally, the issued capital of the LLC should not be less than EGP 50,000. Capital should be fully paid up upon establishment.

Management of the company

The company shall be managed by managers/General managers (at least one of the managers must be an Egyptian).

Overseas activities

The LLC is subject to Egyptian tax on its worldwide income.

- ▶ Joint stock company

Shareholders

The minimum number of shareholders is three persons or corporates. Shares may be circulated between the shareholders in the case of a closed company and may be sold to other parties.

Name of the legal entity

The names adopted by either a JSC or an LLC may not be identical or similar to that of an existing company or liable to raise confusion.

Minimum required capital

The minimum issued capital amount for a JSC, which does not issue shares for public subscription, should be EGP 250,000.

Management of the company

Board of Directors not less than three persons, shall assume the management of the company (All board members could be foreigners).

Overseas activities

The JSC is subject to Egyptian tax on its worldwide income.

- ▶ Foreign Branch

A foreign branch is permitted to perform its activities through an Egyptian branch provided that the foreign company has a local signed contract with an Egyptian entity (public or private) as follows:

Name of legal entity

A foreign branch must adopt the name of its parent company.

Assigned contract

A foreign company engaged in commercial activity in Egypt must register a branch office in Egypt, provided that the foreign company has a local contract (with either a private or public sector entity in Egypt) to perform work in Egypt. Although a branch office can engage in commercial, financial, industrial and contractual activities, those activities (under the branch registration) will be limited to the scope of its contract for the work to be performed in Egypt.

Minimum capital requirement

A foreign branch must have a minimum capital amount of EGP 5,000.

Management of the branch

The branch shall be managed by a branch manager who could be a foreigner.

Overseas activities

A foreign company, which carries on commercial activity in Egypt, must register a branch. A branch is taxable only on profits realized from activities carried out in Egypt.

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Tax Registration

All legal entities should be register for taxes and has a tax ID to be able to file the related personal income tax (PIT).

Personal income tax (PIT)

Tax applies to salaries and similar remuneration as follows:

- ▶ All earnings due to the taxpayer resulting from work with third parties with or without a contract, periodically or non- periodically, whatever the names, forms or reasons for those earnings, whether they are for works performed in Egypt or abroad and paid by a source in Egypt. This includes wages, remunerations, incentives, commissions, grants, overtime, allowances, shares and portions in profits, as well as monetary privileges and allowances.
- ▶ Earnings due to the taxpayer from a foreign source for works performed in Egypt.
- ▶ Salaries and remunerations of chairmen and members of the board of directors in public sector companies that are not shareholding companies.
- ▶ Salaries and remunerations of chairmen and members of the board of directors.
- ▶ Tax is imposed on the total net income of natural persons (resident and nonresident).
- ▶ The tax year is based on the calendar year.

PIT also applies to all amounts paid to non-residents by the entity or organization employing them for performing services under its supervision, at the rates previously mentioned after deducting the costs and exemptions prescribed by law.

Employers and those responsible for paying the taxable income, including companies or projects established under the FTZ system, are required to retain from the amounts payable to the nonresident an amount on account of the tax payable according to the tax law.

For non-resident employees, a certificate of income and a withheld taxes statement is sufficient evidence for an individual income. An individual does not need to get a tax clearance certificate before leaving Egypt.

The following is exempted from the tax:

- ▶ An annual personal exemption of EGP7,000 for taxpayers provided that the first bracket exemption is EGP8,000. Accordingly, the total exemption will be EGP15,000 annually.
- ▶ Social insurance and other contributions to be deducted according to the provision of the social insurance laws or any alternative systems.
- ▶ Employees' contribution to private insurance funds established according to the provisions of Law No. 54 of 1975.
- ▶ Premiums of life and health insurance on the taxpayer and any insurance premiums for pension entitlement.

The current law granted In-kind benefits that are not subject to tax as follows:

- ▶ Meals distributed to workers
- ▶ Collective transportation of workers or equivalent transportation cost
- ▶ Health care
- ▶ Tools and uniforms necessary for performing work
- ▶ Tenements provided by the employer to workers for performing their work
- ▶ Any other in-kind benefits will be subject to tax. These include:
 - ▶ Workers' share in the profits to be distributed according to the Laws.
 - ▶ Cars placed at the personal disposal of the worker: The value of the benefit shall be determined at 20% of the value of fuel, insurance, and periodical maintenance connected with these cars, whether they are owned by or rented by the company.
 - ▶ Cellular Phones: The benefit shall be determined at 20% of the cellular phone related expenses through the year.
 - ▶ Loans and advances offered by the employers: In case the employer extends a loan to the worker exceeding the total income obtained by the worker during the six months prior to obtaining the loan, interest

free or with an interest of less than 7% the value of the benefit shall be determined at 7% or at the difference between the loan interest rate is less than 7%. The loan shall comprise any of its forms, including the amounts paid in advance or appearing in the employer's books and registers and charged to the worker's account.

- ▶ Life Insurance policies on the worker, his family, or his properties: The value of the benefit shall be determined at the premiums paid by the employer during the year.
- ▶ The Company's stocks granted at a value less than the market value of the stock: The value of the benefit shall be determined on the basis of the difference between the market value of the stock on the date it is obtained, and the value reckoned for the worker. In case restrictions exist on alienating the ownership of stocks, the benefit shall not be realized except after removal of these restrictions.
- ▶ In all cases, the employer shall withhold the tax and deliver it according to article (14) of the law and shall include in the annual reconciliation statements all the benefits obtained by each worker according to the foregoing rules. The party to whom the revenue is payable shall withhold the tax and deliver it if he is committed to do according to article (16) of the law.

Ongoing compliance requirements

Tax returns and compliance

In accordance with the Egyptian Income Tax Law No. 91/2005 and subsequent amendments of Law No. 101/2012 and, Law No. 44/2014, Law No. 96/2015 and Law no.97 of 2018 it is the employer's responsibility to deduct income tax; the income tax rates on the income of natural persons have been amended to reduce the tax burden on low income tax payers.

The new tax brackets effective from 1 July 2018 are as follows:

	Tax bracket (EGP)	Tax rate	Tax credit
1	first 8,000	0%	-
2	8,001-30,000	10%	85%
3	30,000-45,000	15%	45%
4	45,000-200,000	20%	7.5%
5	Above 200,000	22.5%	-

Natural persons enjoy a personal exemption of EGP7,000.

2. Pension requirements

Registration requirements

The Social Insurance Authority

Every employer is obliged, according to the law, to insure his or her employees under the Social Insurance Authority system. Social insurance is paid only to Egyptian nationals, with the exception of foreigners who are one of the board of directors or whose name appears on the commercial registration of the company. The company has to open a company file and register employees with the relevant social insurance office. For Egyptian employees, social insurance provides compensation for disability, retirement (pension), unemployment and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. The employer must submit a fully completed, authority-issued application employment (Form 1 and registration Form 6, and Form 2 to be submitted every January and July of every year) and the following documents to the competent office to open the company's file:

- ▶ Company's commercial registration
- ▶ Company's tax card
- ▶ Company's articles of incorporation
- ▶ Deed or lease agreement for company premises notarized at the public notary in Egypt
- ▶ Employer to fill in Form Number 2

- ▶ Employer's bank signature certificate, from the bank where the employer has a certified signature
- ▶ Employees' to fill in Form No. 1
- ▶ Employees' copy of identification card
- ▶ Employee's graduation certificate
- ▶ Employees' birth certificate (copy)
- ▶ Copy Form 6 (If any)

A new Social Insurance Law no. 148/2019 (the "Law") was issued on 19/08/2019. The ("Law") entered into force on 01/01/2020, the employers will need to start applying the Law on January 2020. The Prime Minister will issue the executive regulation within six months from the date of issuance of the Law. The Law replaced Law 179/1975 on Social Insurance (the "Old Social Insurance Law"), Law 108/1976 on Social Insurance for Employers and the like, Law 50/1978 on Social Insurance for Egyptians working abroad, as well as various other regulations and decrees. This means that all categories of insured persons will be subject to the new Law

The contribution rates / percentages to be deducted from the salaries of the insured persons (employers and employees) have changed. The amounts of income on which the rates are assessed have not been addressed by the Law but will be subject to the executive regulation to be issued soon. These may change then. Accordingly, the effect as to the increase or decrease of social insurance obligations on the concerned parties cannot be entirely assessed at this stage.

The law set the retirement age for employees and Egyptians working abroad at 60 years old. The Law also set the retirement age for employers and non-regular employees at 65 years old. However, by 2040, the Law stipulates that the retirement age for all categories will be 65 and shall increase gradually until then. The Prime Minister will issue decrees stipulating the gradual increases.

A unified retirement fund will be established for all categories and all types of insurance. A separate account will be made for each type of insurance. Under the Old Social Insurance Law, there were two separate funds for civil servants and employees in the private sector. They will now be transferred to the new fund.

Category	Who pays the subscription?	New Rate
Employees working in the private sector and the public sector	Employers on behalf of each employee	18.25% on total monthly salary (including basic and variable)
	An employee on behalf of himself/herself	11% on total monthly salary (including basic and variable)
Employers and Entrepreneurs (including shareholders)	The Employer or entrepreneur on behalf of himself/herself	25% from the monthly subscription income that the insured chooses (the maximum is not defined yet)
Egyptian employees working abroad	Each employee on behalf of himself/herself	21% of the monthly subscription income
Employees that fall under non-regular category (example domestic workers)	Each worker on behalf of himself/herself	13% from the minimum limit of the monthly subscription salary

3. Employment obligations

Employment contract

Employment contracts are required to be in writing, with three copies maintained in Arabic. The employer, employee and social insurance office each keep one copy of the employment contract, which must include certain information as specified in the Labor Law.

Working hours

As per the Labor Law, employees should not work more than eight hours a day or 48 hours over a six-day working week. It is common practice that private sector employees work five days a week, usually Sunday to Thursday. The number of working hours may be increased to nine hours a day, including a one-hour break.

Annual leave

An employee has to complete a full year of service in order to be eligible for an annual paid leave of 21 days and a proportional amount if the period of service is less than one year (eligible to be used after six months of employment). This annual leave is increased to 30 days after the employee has worked for 10 consecutive years or is over 50 years of age.

Public leave

Every employee is entitled to full pay for official holidays designated by the Ministry of Manpower and Immigration, not to exceed 14 days a year. If employees are required to work during official holidays, they are entitled to overtime (paid at twice their normal rate). The weekly days off and the official holidays shall not be counted as part of the annual leave.

Accidental leave/Emergency leave

Accidental leave is the leave taken by an employee, as a result of unexpected circumstances, in which he or she has no choice except to be absent from work. He or she should inform the employer with the reasons of absence. The Labor Law states that absence from work for accidental reasons should not exceed six days per year with a maximum of two days each time, and this leave will be deducted from the annual leave of the employee.

Sick leave

The Labor Law provides that an employee whose sickness has been established by a responsible medical professional is entitled to sick leave of maximum 180 days per year (six months per year), in which they are entitled to receive 75% of their monthly social insurance salary during the first three months of the sick leave and 85% for the following three months. The employer is not entitled to terminate the employee's service due to sickness, unless the employee is absent due to sickness for more than 180 days in a year. After the employee utilizes all his or her entitled sick leave, a governmental medical committee should evaluate the employee's ability to work. The committee takes the final decision related to the employee's ability to work.

Performing pilgrimage or visiting Jerusalem

The Labor Law states that an employee who has spent five consecutive years in service has the right to full paid leave, for a period not exceeding one month, for performing pilgrimage or visiting Jerusalem, and such leave shall be enjoyed only once during the entire period of service.

Maternity and child care leave

A female having spent 10 months in the service of an employer shall be entitled to a maternity leave of 90 days with full wage payment, including the period before delivery, i.e., if she decides to take her maternity leave before the due date. The female employee is not entitled to this maternity leave more than twice during her working period. The employer is not allowed to oblige the female to work for the following 45 days after birth. During the 24 months following the date of delivery, she has the right to be excused from work for one hour daily to feed her child.

Annual increment

Employees are entitled to a periodical annual increment of not less than 7% of the basic social insurance salary.

Overtime pay

The minimum overtime premiums are 35% of normal pay for overtime worked during daylight, 70% for that worked at night, 100% on weekends and 200% on official holidays.

Bonuses

There is no obligation to pay annual bonuses.

Minimum wages

The minimum wage is EGP1200 per month.

Termination of employment during probation period

The probation period should not exceed three months and an employee must not be appointed under probation more than once. If the employee proves unsuitable for the job during the allotted period, this period allows the employer to cancel the contract during this period.

Dismissal under a fixed term contract

The employer has the right to terminate the employment contract upon its expiry without any indemnity to be paid to the employee. In the event of dismissing the employee within the period of the contract, the employee will be entitled to compensation equal to the equivalent salary of the remaining period of his or her signed contract. To illustrate, if the contract is issued for one year and the employer decides to terminate the contract after eight months, he has to pay the remaining four months' salary to the employee.

Dismissal under indefinite employment contract

Any of the two parties may terminate the contract at any time if the contract is indefinite, taking into consideration proper notice time and proper working conditions, and stating the reasons for the termination. The employer may not dismiss the worker unless due to reasons stated in the provisions of Article No. 69 of the Labor Law. An employee is entitled to a 60-day notice period for dismissal if his or her period of service does not exceed 10 years and a 90-day notice period if that period exceeds 10 years (should the employer wish to dismiss the employee without giving him or her the relative notice period, the employee will receive two months' salary for each year of employment, for unjustified dismissal).

Legal terminations

Grounds for legal termination without notice include the expiry of a definite employment contract, retirement, resignation, death or the incapacity of the employee to perform the relevant job on the basis of a report from the concerned governmental committee and authorities. In all cases of employment termination, the company should be in compliance with the Egyptian Labor Law and its penal regulations.

Legal obligations

There are other legal obligations to consider, including the legal annual increase and profit share. Under the profit share, employees of a joint stock company, limited liability company (LLC) or foreign branch are entitled to a share in the distributable profits. The share is fixed at an amount not less than 10% of distributable profits and not more than the total annual salaries of the employees. However, limited liability companies with capital of less than EGP250,000 are not subject to this distribution of profit share, noting that the LLC should distribute a percentage of the profits determined by the management.

Customary benefits

Customary benefits that can be paid to employees and vary from one company to another include the following:

- ▶ Bonus or performance pay
- ▶ Allowances
- ▶ Profit share
- ▶ Private medical insurance
- ▶ Tuition reimbursement
- ▶ Fellowship fund
- ▶ Stock options

4. Payroll requirements

As per Law No. 91/2005, the employer is responsible for calculating and deducting salary tax from his or her employees on a monthly basis and remitting the deducted amount to the tax authority, no later than the 15th day following each month. The employer is required to remit a quarterly salary tax return (Form 4) one month following the end of each quarter, as well as an annual salary reconciliation. Payroll cost charged or recharged to an Egyptian entity should be subject to salary tax in Egypt.

5. Banking requirements related to payroll

As per Law No. 91/2005, salary tax payments are made to Egyptian tax authority bank accounts. Salary tax should be paid by a bank transfer from one of the local banks that deals with the Egyptian tax authorities.





Doing Business in Estonia – Payroll Operations

1. Government requirements

Registration requirements

Establishing a company

The legal environment for business entities in Estonia is mostly regulated by the Commercial Code. All Estonian companies are required to be entered into the Estonian Commercial Register. A permanent establishment should be registered in the registry of the Estonian Tax and Customs Board. If a foreign company wishes to offer goods or services in Estonia permanently in its own name, it can establish a branch. The branch will be registered in the Estonian Commercial Register upon submission of an application together with the required documentation. It should be noted that a branch is not a legal person and the foreign enterprise will be liable for obligations arising from the activities of the branch.

Registration of employment

All natural and legal persons acting as employers in Estonia are required to be registered in the employment register by the Estonian Tax and Customs Board. The requirement applies also to all employees, individual contractors, managers, management and supervisory board members and trainees as well as volunteers who are entitled to remuneration. Registration must have taken place by the time an employee commences work.

As a rule, foreigners who are residing in Estonia on the basis of a residence permit are permitted to work in Estonia. Employment in Estonia is also permitted to foreigners who are staying legally in Estonia on the basis of a visa or on the basis of a visa-free stay, and whose employment has been registered with the Police and Border Guard Board prior to the commencement of work (short-term employment registration).

Registration as taxpayer

Taxpayers based in Estonia and registered in the Estonian Commercial Register (subsidiaries, branches, etc.) will be recorded automatically in the taxpayers' register maintained by the Estonian Tax and Customs Board.

Foreign companies can only register with the Tax and Customs Board in certain circumstances, e.g., acting as a foreign employer, having a permanent establishment and being a VAT-liable entity.

Ongoing compliance requirements

Monthly payroll tax return (TSD)

The period of taxation is a calendar month. The combined corporate income tax and payroll tax return, form TSD (Form TSD is: Declaration of income and social tax, unemployment insurance premiums and contributions to mandatory funded pension) with appendices, must be submitted to the tax authorities, and taxes must be remitted by the 10th day of the month following a taxable distribution or payment.

Social security contributions calculated from the gross employment income are payable by the employer.

Employees are not liable for personal social security contributions. Employee's unemployment insurance contributions, compulsory accumulative pension contributions and income tax are withheld from the gross income by the employer.

Payroll taxes

Social tax

The social tax rate is 33% of the employee's gross earnings.

There is usually a minimum obligation for the social tax to be paid (EUR 165 monthly in 2019), even if there were no salary payments to employee.

Unemployment insurance premiums

According to the Estonian unemployment insurance legislation, the unemployment insurance contributions must be paid both by the employer and the employee. The unemployment insurance premium is 1.6% of the gross salary of an employee and the unemployment insurance premium paid by employers is 0.8% of the amount of gross salary.

Unemployment insurance contributions do not apply to the remuneration paid to members of management boards, members of supervisory boards and procurators.

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Funded pension payment

From 2012, the rate of the funded pension payment is 2% of the gross salary of a resident employee, who has joined the funded pension system.

Income tax

Personal income earned by employees is subject to income tax and the employer must withhold and pay income tax on gross wages earned, extra payments, bonus pay, holiday pay and other payments that are regarded as wages. The income tax rate is 20%.

The tax-free minimum of which no deduction of income tax takes place in 2019 is up to EUR500 in a month but decreasing depending on the total income amount.

The tax-free minimum in 2019:

- ▶ If annual income amount is up to EUR14,400, the annual tax-free minimum is EUR6,000
- ▶ In case annual income amount is between EUR14,400 and 25,200, the annual tax-free minimum amount decreases according to the following formula: $6,000 - 6,000 \div 10,800 \times (\text{annual income amount} - 14,400)$
- ▶ If annual income amount is above EUR25,200, the annual tax-free minimum is EURO.

If an employee has filed an application to the employer concerning the implementation of tax-free income, the employer can deduct the amount of tax-free income permitted per month (i.e., tax-free minimum) when calculating the amount of income tax to be withheld.

2. Pension requirements

Registration requirements

To apply for the state pension, an application and the additionally required documents have to be submitted to the local pension office.

Ongoing compliance requirements

The Estonian pension system is divided into three pillars:

- ▶ First pillar – state pensions: State pension is paid for old age, for incapacity for work or loss of provider, to permanent residents of Estonia and foreigners residing in Estonia on the basis of a temporary residence permit or right of residence. The state pension is additionally divided into two: an old age pension depending on work contributions and a national pension. State pensions are paid out on the basis of the social tax calculated on salaries.
- ▶ Second pillar – funded pension: Funded pensions are mandatory for persons who were born in 1983 and later. It is a compulsory accumulative pension scheme to which resident employees make contributions at 2% of their gross salary and the state adds 4% of the 33% social tax calculated on the employee's salary.
- ▶ Third pillar – supplementary funded pensions: A supplementary funded pension can be subscribed to by concluding a pension insurance contract with a life insurance company or by making contributions to the voluntary pension fund.

Employers make contributions (through the national social tax) to the first pillar. Employees make mandatory payments into the second pillar (subject to withholding by the employer) and are free to choose whether or not to contribute to the third pillar by concluding a pension insurance contract with a life insurance company, or making contributions to the voluntary pension fund on a contractual basis with the pension product service provider. The employer can make contributions to the voluntary private pension system on behalf of the employee, exempt from income tax. The tax-exempt limit is 15% of the employee's taxable income, not exceeding €6,000 per year, and it applies collectively to the contributions made by the employee and the employer.

3. Employment obligations

Labor relations

Employment and labor issues are regulated by the Employment Contracts Act.

Work relations are also regulated with the Law of Obligations Act, the Individual Labour Dispute Resolution Act, the Occupational Health and Safety Act and other appropriate legal acts.

The employer's obligation is to calculate and withhold all payroll taxes.

Holiday

According to Section 55 of the Employment Contracts Act, an employee's annual paid leave is 28 calendar days, unless the employee and the employer have agreed on a longer annual leave or unless otherwise provided by law.

Rest hours

According to Section 51 of the Employment Contracts Act, an agreement by which an employee is left, over a period of 24 hours, with less than 11 hours of consecutive rest time is void, unless otherwise provided by law.

An employer shall give an employee who works more than 13 hours over a period of 24 hours additional time off, immediately after the end of the working day, equal to the number of hours by which the 13 working hours were exceeded. An agreement by which work exceeding 13 hours is compensated for in money is void. In general, total working time may not exceed an average of 48 hours per week over a four-month period.

Certain limits must be observed when working with minors or overtime.

The restriction shall not be applied to health care professionals, welfare workers, agricultural workers and tourism workers, provided working does not harm their health and safety. Drivers' working, driving, break and rest time is regulated in detail with local and EU legislation.

Termination of employment

Bases for the termination of an employment contract are provided in the Employment Contracts Act (Section 85–94). An employer may not cancel an employment contract ordinarily, but it may be terminated upon agreement between the parties at any time (Section 79 of the Employment Contracts Act).

The extraordinary termination of the employment contract by the employer is allowed for economic reasons (decrease in work volume, reorganization of work or other cessation of work) or for reasons related to the employee (inability to perform their duties, breach of their obligations, etc.).

Minimum wage

According to Section 43 of the Employment Contracts Act, it is presumed that an employee works 40 hours over a period of seven days (full-time work). In practice, it is presumed that an employee works eight hours a day, unless parties have agreed or it is regulated otherwise by law.

According to Section 29 of the Employment Contracts Act, minimum wages are established by a regulation of the Government of the Republic of Estonia. Wages falling below the minimum wage established by the Government may not be paid to an employee.

The minimum wages in 2019 are EUR3.21 per hour and EUR540 per month. Minimum wage requirements can be higher with collective agreements.

4. Payroll requirements

According to Section 33 of the Employment Contracts Act, an employer shall pay wages to an employee once a month, unless a shorter term has been agreed for payment of remuneration. If the pay day falls on a public holiday or a day off, it shall be deemed that the pay day is the working day preceding the public holiday or day off. The part payable of an employer's economic results (Bonus) shall be paid to an employee after determining the part, but not later than six months after approval of the annual report of the employer. An employer shall transfer an employee's wages and other remuneration to the bank account indicated by the employee, unless agreed otherwise.

Payslips

The employer is obliged to provide the employee with information about the wages calculated and paid or payable to them, and provide other notices regarding the employee or the employment relationship on the employee's request. The common practice is that payslips are sent to employees monthly.

5. Banking requirements related to payroll

As mentioned above, an employer shall pay wages to an employee once a month (with the exception of remuneration related to economic results), unless a shorter term has been agreed. An employer shall transfer an employee's wages and other remuneration to the bank account indicated by the employee, unless agreed otherwise.



Payroll payments can be made by either, or a combination of:

- Cash
- Electronic funds transfer (bank transfer)

The common practice is that payroll payments are made via bank transfer.



Doing Business in Equatorial Guinea – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

Any legal entity staying more than three months within a calendar year in Equatorial Guinea (EG) and carrying operations or providing remunerated services in the country shall be considered as resident and therefore, must register with the Ministry of Finance and Budget for tax purposes. The registration must take place within two days following the beginning of the activities.

Following this registration, the taxpayer will obtain the NIF, a Tax Identification Number, which will allow them to pay all taxes due to the Tax Administration (withholding tax, personal income tax, VAT, corporate income tax, minimum income tax, etc.). These requirements are governed by the Law No. 4/2004, dated 28 December 2004, regulating the taxation system of the Republic of Equatorial Guinea.

Social security registration

The Social Security Institute (INSESO) is the entity in charge of the Social Security System (SSS) of EG. In accordance with the Law No. 10/2012, dated 24 December 2012, on the Reform of the General Labor Framework, employers and employees shall register themselves and shall enroll their workers, including interns, in the Social Security Institute (INSESO).

The SSS in EG is governed by the Social Security Law No. 104/1984, dated April 1984, as well as by the Regulation on the Social Security General Regime No. 100/1990, dated 23 September 1990. Under the provisions of these regulations, it is mandatory for employers to make social security contributions (SSC) on a monthly basis for all employees working in EG. Employers are responsible for paying 21.5% of the employees' SSC while employees are obliged to pay 4.5%. This SSC guarantees all employees cover under the insurance regime for sickness, maternity, labor accident and occupational diseases, retirement, survivorship allowance, and others.

When a new employee is hired, the company will need to perform the following tasks:

- ▶ Register a new employee at the INSESO
- ▶ Obtain the INSESO card
- ▶ Make the monthly contributions on behalf of this employee

When an employee terminates his or her employment contract with the company, the employer should request de-registration of the said employee from INSESO.

An employer will be responsible for covering expenses in case of workplace accidents or occupational illnesses involving its employees, if for any reason it has failed to register them with the INSESO or is in breach of its obligations toward INSESO.

Labor Ministry registration

When a business enters EG and employs people, the business must register at the Ministry of Labor and contribute to the Work Protection Fund (WPF) with 1.5% of the salary paid to employees. 0.5% of the WPF contribution is withheld from the employee's net salary and the other 1% is paid by the employer on the gross salary of the employee.

Ongoing compliance requirements

Monthly payroll tax

All entities that employ people in EG are liable for withholding from their employees' salaries and paying to the Tax Administration the following payroll taxes on a monthly basis:

- ▶ Personal income tax (PIT) 10% for non-resident employees
- ▶ SSC: 26% of the gross salary paid to the employees; employers are responsible for paying 21.5% of the contributions while the employee is obliged to pay 4.5%
- ▶ WPF: 1.5% of the salary paid to the employee; 1% is paid by the employer while 0.5% is paid by the employee

The amount of taxes withheld from the employee's income should be declared and paid to the EG Administration within the first 15 days of the following month. For instance, payroll taxes withheld from the salary paid in November should be declared and paid to the Public Treasury by 15 December.

Annual personal income tax (PIT) regularization

At the end of the year, the employer needs to file the PIT regularization. Entities employing people in EG will be required to provide to the Tax Administration, by 31 January at the latest, a statement of the PIT paid to the Public Treasury (Article 226 of the General Tax Code) on behalf of its employees.



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2. Pension requirements

Registration requirements

Pension registration and provident fund registration

Employers have to enroll their employees at the INSESO and pay monthly SSC. These SSC give the employees the right to receive a pension or different allowances, such as:

Old age pension or lifelong pension

The Equatoguinean SSS provides an old age pension or lifelong pension which is given to anyone over 60 years of age that has complied with at least 120 months of SSC of which 60 must correspond to the previous 10 years.

Allowances

The SSS of EG also establishes different allowances, such as the widow's allowance, orphan's pension or temporary pension in case of death of the insured.

Ongoing compliance requirements

Old age pension or lifelong pension

Pensioners have the right to receive a monthly pension, which is 40% of their base salary. Any employees having worked more than 10 years will receive 2% for each additional year after 10. The maximum pension cannot exceed 80%, regardless of the years in service. The computation basis will be the monthly average of the last 24 months of contribution.

Allowances

- ▶ Widow's allowance: from 40% to 50% of the insured's base salary for a period of 24 months
- ▶ Orphan's pension: 20% to 40% of the insured's base salary until the orphan reaches the age of 14, gets married or dies
- ▶ Temporary pension: from 40% to 80% of the insured's base salary for a period of 24 months

In case of the death of the insured, the beneficiary will only receive one of the above mentioned allowances.

3. Employment obligations

Employment laws

There are many applicable laws governing the employment relationship in EG, such as: the General Labor Code (GLC), the Labor Inspection Law, Law of the National Employment Policy, Regulatory Law concerning agencies that supply temporary workers, Law of Syndicates and Collective Work Relations, the Presidential Decree establishing the inter-professional minimum salary, and Presidential Order regarding the instructions for hiring employees in EG.

Governing authority

The Ministry of Labor and Social Security is the main governing authority of employment laws as well as INSESO.

Leave days

Every employee with at least one year of service shall be entitled to 30 days of paid leave. After 10 years of service, the leave period will be increased by an extra day every two years. In addition, the following leave shall be granted to certain employees, with full or partial payment:

1. Maternity leave: three months
2. Additional maternity leave: in case of complications
3. Paternity leave: three days of full paid leave
4. House moving: three days, up to seven days in particular cases of difficulty.
5. Sick leave: three days of full payment, after this period the INSESO will be in charge of paying the employee

6. Marriage leave: 15 days of full paid leave

7. Death of the spouse, children or parents: 10 days of full paid leave

8. Death of the grandparents, parents-in-law or siblings: seven days of full paid leave

9. To fulfil legal obligations or Governing Authority: up to two days per month and 15 days per year

Rest hours

The company must give a minimum of one rest hour per day. The rest time is included within the working hours unless the employee has more than two hours of rest. The working hours are a maximum of 48 hours per week (eight hours per day or six working days per week).

Record keeping

Wage and time records, and holiday and leave records, must be kept for five years (even if the employee has left).

A signed copy of the employment agreement, current signed terms and conditions or intended employment agreement must also be kept (and employees must be given their copy if they ask for it).

Minimum wage

Under the Presidential Decree No. 121/2011, dated September 2011, employees' average wages in a wage period must not be less than XAF117,304, which is multiplied by a coefficient between 1.1 and 11 depending on the category and the sector where the employee works. The minimum wage is published by the Government every three years. Decree No. 30/2016, dated 29 January 2016, has extended the validity of Decree No. 121/2011.

Annual bonus

Every company operating in EG must pay one month of annual bonus to employees who have worked for a year; this payment is split into two parts: the first 15 days must be paid in October and the other 15 days must be paid in December. Employees who have not worked the entire year will receive a proportional payment.

Seniority

The seniority payment is due at the end of the labor contract. Notwithstanding the cause of contract termination, the employee must receive a seniority payment corresponding to 45 days of salary per year of service or the proportional amount for an incomplete year. The payment must be based on the last salary earned by the employee.

4. Payroll requirements

All salary and wage income is taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is made to the employee. Records must be kept on paper or electronically (as long as the information can be accessed easily and converted into written form).

5. Banking requirements related to payroll

Salary must be paid monthly as agreed by the parties. It must be paid on a working day and within the daily working hours. It has to be paid in the working place or in the most suitable place for the employee.

Pursuant to Article 65 of the Labor Code, payment can be made by cash, check, postal order or bank transfer whenever this would not prejudice the employee.

Regarding payment in cash, only the part of the employee's wages exceeding the national minimum wage may be paid in cash. In the case of cash payments, the signature of the employee needs to be obtained.

In no case may payment be made through beverages, harmful drugs or psychotropic substances.

In principle, payments should be made in local currency which is the CFA XAF.



Doing Business in Finland – Payroll Operations

1. Government requirements

Registration requirements

All new enterprises, including foreign companies starting a business in Finland, must submit a start-up notification to get a company ID. In addition when a business enters Finland, the business must register in the applicable registers with the Finnish tax authorities (e.g. the employer register, prepayment register, VAT register) and in the Trade Register when applicable. The Trade Register is a public register containing information about businesses and companies in Finland. The registration requirements vary in each situation and need to be checked in each case specifically.

Unemployment insurance

Both employers and employees are obliged to pay unemployment insurance contributions. The employer is obliged to take unemployment insurance from the Employment Fund. The liability to pay unemployment insurance contributions mainly applies to employees aged 17 to 65.

Accident insurance

The employer must always take statutory accident insurance against the risk of accidents involving their employees prior to the work commencing.

Employers can freely choose the accident insurance company from which to take the statutory coverage. Statutory accident insurance is government-controlled even if provided by private insurance companies.

Group life insurance

Group life insurance is taken together with accident insurance from the same private insurance company. The requirement to take this insurance is typically based on the collective labor union agreements. The insurance works similarly to the accident insurance.

Ongoing compliance requirements

Unemployment insurance

The contribution rates are stated by the government annually. The amount of unemployment insurance contributions is determined on the basis of the wages paid to employees. The employer must always withhold the employee's unemployment insurance contribution from the wage upon each payment of salary. The employer is responsible for payment of both the employer's and employee's unemployment insurance contributions, as well as responsible for delivering the Earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The Employment Fund will see the reported information from the Incomes Register and based on that will deliver the invoices quarterly (in January, April, July and October) to the employer.

Accident insurance and group life insurance

The contribution rates are stated by the government annually. The amount of accident insurance and group life insurance contributions is determined on the basis of the wages paid to employees. The employer is responsible for making the insurance payments on the basis of invoices delivered by the insurance company, as well as responsible for delivering the Earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The insurance company will see the reported information from the Incomes Register and based on that will deliver the invoices to the employer. The invoicing frequency may differ depending on the insurance company and agreement.

Employer's Health insurance contribution

If a permanent establishment exists in Finland, the employer is obligated to pay the employer's health insurance contribution to the tax authorities. The contribution rate is stated by the authorities annually. The amount of contribution is determined on the basis of the wages paid to employees and reported by the employer's separate report to the Incomes Register on the fifth and paid by the 12th day of the month following the payment month by the employer's own initiative.

2. Pension requirements

Registration requirements

Earnings-related pensions are guaranteed by law, so every employer paying salaries to employees under Finnish pension insurance is obliged to take earnings-related pension insurance to cover their employees. Earnings-related pensions are managed by private employment pension insurance companies. Employers can freely choose the employment pension company from which to take the statutory cover. Pension provision is not, however, affected by the company with which the employee is covered, since the pension benefits are prescribed by law and do not differ between the various authorized pension companies. An employee's pension accrues from annual earnings that are increased with the wage, coefficient to the level of the retirement year and from which the employee's pension contribution is deducted.

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Ongoing compliance requirements

The contribution rates are stated by the government annually. The amount of pension insurance contributions is determined on the basis of the wages paid to employees. The employer must always withhold the employee's pension insurance contribution from the wage upon each payment of salary. The employer is responsible for payment of both the employer's and employees' insurance contributions, as well as responsible for delivering the Earnings payment report of paid salaries to the Incomes Register within five calendar days after the pay date. The pension insurance company will see the reported information from the Incomes Register and based on that will deliver the invoices on monthly basis to the employer.

3. Employment obligations

Incomes register

The Incomes Register is a national online database of incomes information.

The employer must file the Earnings payment report of paid salaries to the incomes register latest on the fifth calendar day following the payment date.

In addition, an employer's separate report needs to be sent to the Incomes Register on the fifth day of the month following the payment month, when applicable. The employer's separate report contains information of employer's health insurance contribution or notification if no wages payable.

The employer and employees can have access to the Incomes register. Authorities and instances (e.g. Tax authorities, the Employment Fund, pension and accident insurance companies) receive the salary information from the Incomes register. Data is stored in the Incomes Register for 10 years from the beginning of the year following the year in which the data was saved.

Labor laws and union agreements

The employer has to follow Finnish labor laws and other rules and guidance. There are also different types of collective labor union agreements with detailed rules in Finland. The collective agreement is an agreement regulating conditions to be observed in employment contracts or otherwise in employment relations, concluded by one or more employers or employers' associations on one side, and one or more trade unions on the other side.

4. Payroll requirements

Salaries are paid into employees' bank accounts. The salary is paid on the last day of the pay period, unless otherwise agreed. If the salary is based on a period of less than two weeks, wages must be paid at least twice a month, otherwise once a month.

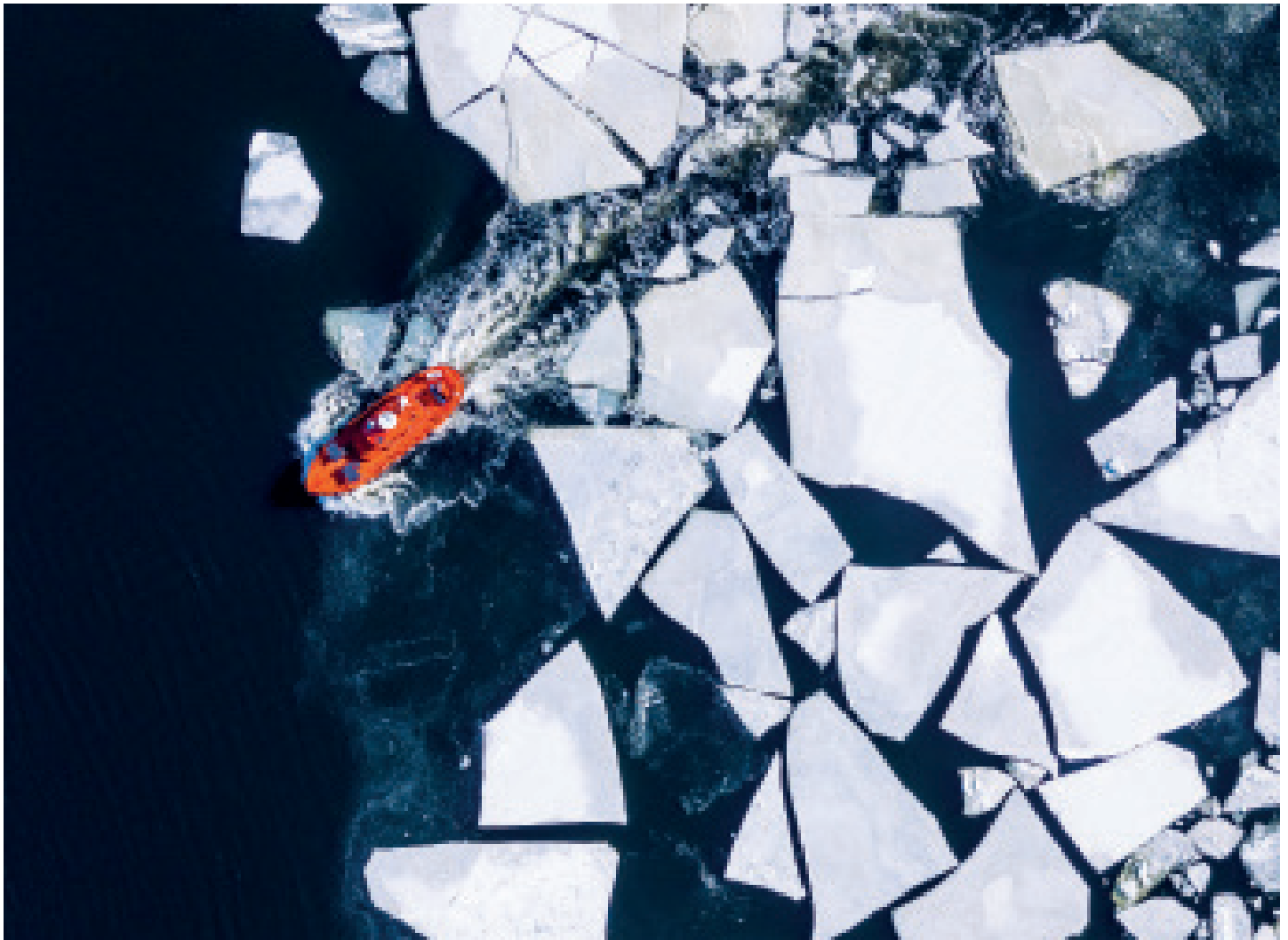
Payslips

The employer must deliver payslips to employees. Payslips can be free-form. However, there are certain requirements regarding what information needs to be shown in the payslip.

5. Banking requirements related to payroll

The net salary payments are made by the employer to the employee's bank account.

If payments are done in a foreign currency, they have to be reported to the Incomes Register in Euros by using the exchange rate set by the European Central Bank.





Doing Business in France – Payroll Operations

1. Government requirements

Registration requirements

Social security registration

Every French employer is required to have a social security registration. The institution in France responsible for this registration is called the Organizations for the Collection of Social Security and Family Benefit Contributions (URSSAF). There are multiple URSSAF centers in the country. Employers need to register with the organization based on their permanent establishment address. Employers without a permanent establishment in France will be assigned to a specific URSSAF center, wherever their employees have their workplace in the country. To register and be recorded as a tax collector, employers need to open an account on the dedicated section of the tax administration's website and fulfil the required process.

Tax registration

As of January 2019, French employers are required to withhold income tax from their employees who are French tax payers.

Moreover, each employer needs to make itself known to the French tax administration.

In practice, when a permanent establishment exists, this is the same local tax administration where the employer fulfils its corporate obligations (e.g., value added tax and corporate income tax).

To register and be recorded as Tax collector, employer needs to open an account on the Administration Website on the dedicated section and fulfil the required steps. The registration needs to be done before the date of hiring of the first employee.

Ongoing compliance requirements

Every month, French employers declare all related wages and withholdings to each organization through a unique and concentrated declaration called "déclaration sociale nominative" (DSN).

Excluding a clearly specified exception, all payroll declarations are made via this channel.

DSN is issued monthly, even if it is nil, and the payments are generated on a monthly or quarterly basis depending on the employer head count.

It is strictly regulated; and the related clarifications, specifications and explanations are available on dsn-info.fr.*

2. Pension requirements

Registration requirements

The pension rights in France are held by two regimes:

- ▶ The basic right is held by URSSAF (the organization that covers the social security). No additional administrative requirements are requested for this registration. Once the social security registration is performed, the basic pension rights are registered.
- ▶ The complementary right is a compulsory fund, despite its name. It is a pension fund in which a single employer needs to register depending on its activity and location. Each pension fund has its own registration procedure.

Ongoing compliance requirements

The process is the same as the ongoing compliance requirements indicated under section 1 - Tax registration.

3. Employment obligations

Coverages, health and medicine at work:

Employees are entitled to several coverages as per the French labor law. They are detailed below:

- ▶ Life coverage - Depending on the collective bargaining agreement (CBA) or the status of the employees, life coverage may be required. The legal or CBA disposition that makes this coverage compulsory describes the modalities of setting it up. It is usually up to the employer to choose the life insurance organization that fulfils the best possible legal or CBA dispositions.

* We do not take responsibility for external links.

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- ▶ Health - Since 2016, the health coverage is compulsory for all employees; it does not depend on the activity of the employer.
- ▶ Medicine at work - The French Labour Law makes it compulsory for all French employers to ensure that there are no medical restrictions on their employees taking the position they are offered through an employment contract. The registration methodology is not regulated. It depends on each organization.

Employment contract:

Any employment contract that doesn't follow at least one of the dispositions required by the French labor law needs to be written as some of them are legally required. These include the following:

- ▶ The French common employment contract is full-time and open-term.
- ▶ The labor law provides for a minimum wage, which is revised at least once a year.
- ▶ The legal duration of work in France is 35 hours a week.

Employees rights:

French employees have a certain number of rights. The CBA or company agreement may grant more advantageous rights. Following are some of the main ones that are legal dispositions:

- ▶ Annual leave – Annual leaves are granted for five weeks.
- ▶ Sick leave – Depending on an employee's seniority, salary may be partially maintained by the employer.
- ▶ Accident at work – Leaves can be provided in the event of an accident at work.
- ▶ Personal life authorized absences – Leaves can be granted for personal reasons as authorized absences.

4. Payroll requirements

Except CBA dispositions that are applicable to some nominative professions, French employees are paid once a month. Payslips need to be sorted out at the time of each salary payment. They are delivered to French employees on an "opposable" way. It is recommended to set up a secured e-pay slip system, which is strictly regulated by the French labor law.

Social declarations are performed and sent to the French Administrations once a month. Related contributions payments are sent to them on a monthly or a quarterly basis, depending on the employee head count. In some cases, such as hiring, sickness or leavers, instant declarations are required.

The complexity of the French Labour Law makes it common to require specialist assistance to handle the payroll, while there is no specific legal requirement to do so.

5. Banking requirements related to payroll

For better control, it is recommended to perform salary payments in EUR under banking transfers. Depending on the level of the social contributions amounts, French payroll rules make it compulsory to process a bank transfer payment. In both the cases, there is no specific constraint on the location of the employer's bank.

Since the application of the income tax withholding in France as of 1 January 2019, the withheld amounts need to be refunded to the French tax administration through direct debit, which is strictly regulated.

Doing Business in Gabon – Payroll Operations

1. Government requirements

Registration requirements

Declaration to the Labor Inspection

Each employee must be declared to the Labor Inspection within 48 hours of his or her recruitment. The declaration must include information regarding the employer (name of the company, address and activity) and employee (name, nationality, age, family situation, place of residence, place of work, date of employment, etc.).

Registration with the Social Security Administration

Employers have to register each new employee with the Social Security Administration (“Caisse Nationale de Sécurité Sociale” (CNSS)) no later than eight days from the beginning of their contract. Employers also have to register each new employee with the National health insurance fund and Guarantee (“Caisse Nationale d’Assurance Maladie et Garantie Sociale” (CNAMGS)).

Ongoing compliance requirements

Declarations for personal income tax (PIT) and tax collection

According to the Gabonese Tax Code (GTC), the employer must withhold PIT on salary paid. Deductions related to payments made during any month must be paid within the first 15 days of the following month to the revenue office of where the employer is located. Each payment is accompanied by a summary prepared in duplicate on printed forms supplied by the authorities (ID10 form). A first copy of the summary is returned accompanied by a receipt from the revenue office. The second copy is kept by the territorially revenue office. The employer must also perform an annual regularization of withholding tax and submit, by 30 April of each year, to the applicable revenue office, a summary of the sums paid in the preceding year and the tax withheld in accordance with the models supplied by the authorities, accompanied by an individual sheet per beneficiary (ID 19).

Annual PIT return

Filing of an annual PIT return: employees must file an annual PIT return (ID 06) provided by the tax authorities. The return shall be filed in duplicate to the tax authorities before 1 March of the following year.

2. Pension requirements

Registration requirements

Social security contributions

The employer and the employee must contribute to the social security funds (CNSS and CNAMGS) that cover pension and medical insurance.

Social security contributions (CNSS) are computed on monthly gross remuneration paid, including fringe benefits and bonuses, up to XAF18 million per year. The employee contribution, which is withheld by the employer, is for pension allowances and is fixed at 2.5%. The total social security contribution for employers is 16%. The following table shows the components of this rate:

Family allowances and maternity	8%
Professional risks	3%
Pensions for old age, death and disability	5%
Total	16%

With regard to CNAMGS, contributions have been effective since 1 July 2014, and are exclusively dedicated to medical insurance. The employee contributes at a rate of 2% (since January 2017) and the employer at a rate of 4.1% on gross emoluments, capped at XAF2.5 million per month. The following table shows the components of this rate:

Free distribution of medicine	2%
Free hospitalization	1.5%
Funds for evacuation in the event of illness	0.6%
Total	4.1%

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The employer and the employee must make social security contributions. Quarterly social security declarations of salaries must be filed by the employer by the end of January, April, July and October, and addressed to the CNSS and the CNAMGS.

Payments of social security contributions are due on a quarterly basis at the same time as the filing of the quarterly social security declarations of salaries. In addition, the employer has to file a quarterly return to the Social Security Administration containing the following information:

- ▶ Total amount of earnings received by employees
- ▶ Duration of employment

Late payment of social security contributions results in a 2% fine per month.

The employer has to comply with this requirement no later than 30 days after the end of each quarter. Failure to comply will trigger late filing penalties of 15% of the amount due. After two months, this penalty is 3% per quarter or fraction of quarter.

3. Employment obligations

Minimum wage

The Gabonese minimum wage is XAF80,000 per month.

Salary

Within sectors of activity, employees are classified according to the level of their responsibilities, their skills and professional qualifications. Each job grade has a corresponding salary bracket, provided by collective agreements, which corresponds to a base salary. An extra compensation called "sursalaire" is also granted on a contractual basis, which commonly reflects the professional qualification and the experience of the employee.

Payment date

Monthly compensation must be paid no later than five days after the end of the month.

Working hours

The working hours are 40 hours per week. The daily working time is eight hours per day between 7:30 a.m. and 3:30 p.m. with a break between 11:30 a.m. and 1:30 p.m. Hours worked beyond eight hours per day are overtime. Overtime is limited to 20 hours per week and must be authorized by the Labor Inspection.

Fringe benefits and others

Fringe benefits and others are granted in execution of the Labor Code, collective agreements, or employment contract.

Annual leave

A minimum of two business days of paid leave is granted for every month of effective service. One month of effective service corresponds to four weeks or 24 business days. Business days are all days other than Sunday and days considered by the Law as public holidays (or non-working days).

Maternity or paternity leave

A total of 14 consecutive weeks of maternity leave, including a prenatal leave of six weeks prior to the expected date of birth and a postnatal leave of eight weeks, are granted after date of delivery. Employees on paternity leave are granted three days of companionate leave.

Companionate leave

Paid leave is granted for the following events for a maximum of 10 working days per year: marriage, death, birth and religious ceremonies.

Labor contract

The "Contrat à Durée Déterminée" (CDD)

This is a fixed-term contract in which the term is set in advance by the parties. Permanent employment under fixed-term contracts is prohibited by the law. The maximum duration of a fixed-term contract is two years, renewal included. Beyond two years, the contract automatically transforms into an indefinite term contract.

The "Contrat à Durée Indéterminée" (CDI)

This is an indefinite term contract in which the duration is not specified in advance by the parties.

Contract for the Execution of Works or Specific Tasks

This is a type of temporary contract usually concluded in the building and construction sector.

Daily or weekly contracts

These are concluded for a day or a week. The salary is paid at the end of the day or the week. The contract can be renewed the next day or the following week. The maximum duration of this type of contract is one month. Beyond one month, the contract automatically transforms into an indefinite term contract.

Employment of expatriates

The Decree n°0162/PR/MTE of March, 7, 2016 related to the employment of expatriates in Gabon, regulates the employment of foreign nationals in the country and sets out rules to protect and favor national employment. Most of those rules have been included in the Labor Code. According to the Decree, the proportion of foreign nationals in a company must not exceed 10% of the total national workforce of the company. Priority must be given to Gabonese nationals in accordance with their professional qualifications. The employer must therefore employ a minimum of 90% local employees.

4. Payroll requirements

The Labor Code provides that monthly salary payments must be made no later than five days after the end of a month of work. For hourly or daily wage workers, the salary must be paid at regular intervals not exceeding 15 days.

Considering the above, the salary is paid once on a monthly basis or at an interval not exceeding 15 days for hourly or daily wage workers.

5. Banking requirements related to payroll

Compensation is usually paid in local currency; however, there is no provision that restricts employers from paying in foreign currency. However, for fiscal reasons, such as the filing of PIT returns and other documents addressed to the Tax Administration, amounts should be converted into XAF and labeled in XAF.

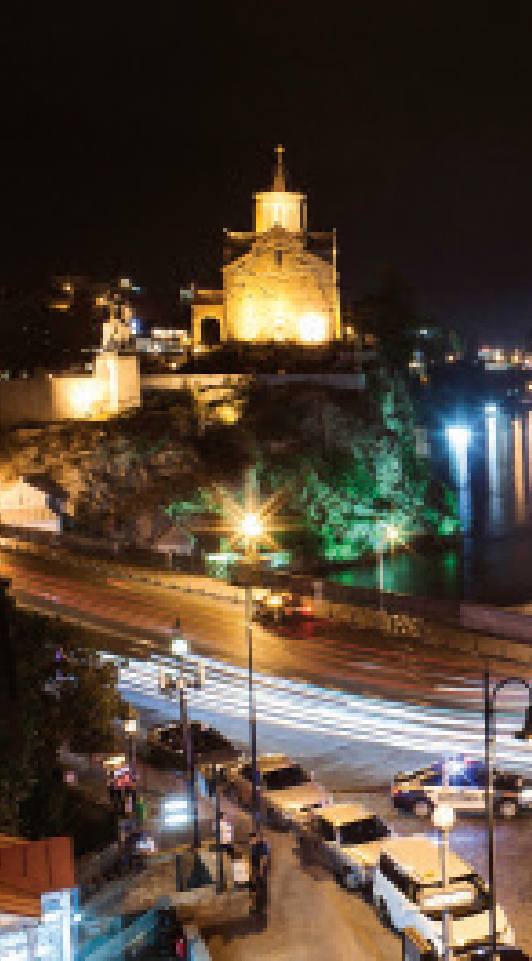
Foreign exchange control

Gabon has a tax treaty with the Central Africa Economic and Monetary Community (known as "Communauté Économique et Monétaire de l'Afrique Centrale" (CEMAC) in French), which includes: Gabon, Cameroon, Congo, Equatorial Guinea, Central African Republic and Chad. Operations related to fund transfer and conversion of currency have to be executed according to the CEMAC Foreign Exchange Regulation. International transactions can be carried out freely, subject to certain declarations for statistical purposes. In this regard, foreign loans, as well as their reimbursement, must be declared to the Ministry of Finance and the Central Bank within 30 days before implementation.

Requirements for declaration of funds or capital

For amounts greater than XAF100 million, investments must be declared to the Minister in charge of Finance 30 days prior to implementation, unless these investments are made for a capital increase and come from retained earnings. For investments of less than XAF100 million, only banks are authorized to verify and execute the transactions.

For a local company or a branch to open and maintain an account abroad, there is no restriction from the Gabonese side. This is subject to the regulations of the country where the account is opened. For payments received into foreign bank accounts, there is no particular requirement. But it is necessary to provide a declaration to the Minister in charge of Finance 30 days prior to implementation when the amount is greater than XAF100 million, unless these payments are made for a capital increase and come from retained earnings. When the amount is less than XAF100 million, the CEMAC Exchange Regulation provides that only banks are authorized to execute and verify this transaction.



Doing Business in Georgia – Payroll Operations

1. Government requirements

Registration requirements

The authorities that are responsible for registration of companies established in Georgia are:

Registry of Entrepreneurs and Non-Entrepreneurial (Non-commercial) Legal Persons

Companies are required to obtain tax registration together with legal registration at the agency that is a public law legal entity: the National Agency of Public Registry under the Ministry of Justice of Georgia.

Under the Entrepreneurs Law of Georgia, the National Agency of Public Registry is responsible for the registration of all documents submitted for the incorporation of companies in Georgia. Incorporation application documents may include: a duly certified agreement signed by all partners of the company, Charter of the Georgian entity and a proof of identity document. The standard registration fees are GEL100. An amount of GEL200 must be paid to complete the registration on the same business day.

Either way, legal registration and tax registration are carried out simultaneously, hence no additional actions are required to complete the tax registration of the company.

Revenue Service (RS)

Pursuant to Georgian tax legislation, individuals starting economic activities are required to register with the Georgian Tax Authority (GTA) and obtain a Tax ID prior to their start-up. Foreign citizen non-entrepreneur individuals have to register with the GTA and obtain a Tax ID prior to filing their annual personal income tax (PIT) returns. Furthermore, without the Agency's assistance, the RS department is authorized to allow the registration process of taxpayers. These requirements apply to the following persons:

- ▶ Georgian citizens
- ▶ Foreign citizens
- ▶ Legal entities of public law (LEPL)
- ▶ Budgetary organizations
- ▶ Foreign entities or organizations or their Permanent Establishment (PE)

Ongoing compliance requirements

Personal income tax (PIT)

On the basis of the Tax Code of Georgia (TCG), irrespective of residency status, a physical person receiving Georgian sourced income is subject to PIT at a rate of 20%.

Individuals who are tax residents in Georgia are generally liable to pay PIT on their worldwide income, though a tax code provides exemption for the foreign sourced income. So in the case of tax non-residents, PIT is payable only on their Georgian sourced income, subject to double taxation treaty relief (if any).

Thus, both tax residents and non-residents of Georgia pay PIT only on their Georgian source income.

Article 104 provides the list of income that is considered as sourced in Georgia. The list includes:

- ▶ Income received from employment performed in Georgia
- ▶ Income or benefit earned from the supply of goods in the territory of Georgia
- ▶ Income earned from the delivery of services in Georgia
- ▶ Income earned from leasing movable property used in Georgia or from transferring any other contractual right of use
- ▶ Interest and dividend income received from a Georgian resident
- ▶ Income received from the sale of shares in a Georgian resident entity
- ▶ Other income earned from carrying on activities in Georgia

Pursuant to TCG, employers resident in Georgia are obliged to withhold PIT at the source of salary payment and administer the payment of tax into the budget upon the payment of salaries.

If employer is a non-resident entity, it should not be liable to withhold PIT and pay this into the budget if the employee personally files a PIT declaration and pays the respective taxes. Returns are filed by 15th of the month, following the reporting period in which the payment was made. Together with the withholding tax return, information about payments made to non-residents and taxes withheld should be submitted to the GTA within the same deadline. The taxable income of a non-resident is defined as the difference between the gross income gained from a Georgian source and the amounts to be deducted under the Tax Code of Georgia.

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2. Pension requirements

Registration requirements

Upon reaching the general retirement age of 65 (60 for women), employees are entitled to apply for state pension. According to Georgian legislation, the amount of pension payment is determined and funded by the State Budget of the respective year.

Applicants seeking a state pension must submit an application with all the necessary documents to any regional office of the Social Service Agency of Georgia. The list of these documents, as well as the procedure and conditions for awarding the pension are determined by Order No. 46/n of the Minister of Health, Labor and Social Affairs.

The submission of an application is free of charge.

Based on the pension contribution reform enacted on 1st January 2019, individuals employed in Georgia are involved in the pension savings program. Persons under 40 are mandatorily enrolled, whereas persons over 40 have right to refuse to participate in the pension savings program. Pension contribution rules apply to company employees, as well as independent contractors and self-employed individuals.

Employer is liable to withhold 2% of the gross salary of the employee and pay to his/her personal retirement account on his/her behalf. Moreover, employer is liable to pay its own portion of pension contribution which is also 2% of the gross salary to the aforementioned account of the employee (notably, such contribution is not qualified as salary income for the employee). In addition, 2% of the gross salary will be transferred to the retirement account of the employee from the state budget.

The base from which the amount of pension contribution is calculated shall be any salary income including cash and non-cash benefits, such as insurance, housing allowance etc. Pension savings shall not be subject to taxation at the moment of contribution or withdrawal, except for full withdrawal of savings by persons permanently leaving Georgia.

All of the abovementioned rules regarding pension contributions apply not only to company employees, but to independent contractors as well.

Ongoing compliance requirements

According to the Tax Code of Georgia, state pensions are exempted from PIT. Thus, no tax liability occurs in this regard. However, in cases when an employer pays into a private pension fund for the benefit of an employee, the contributed premiums are considered as a salary income and are subject to PIT at the source of payment at a rate of 20%. The Tax Code of Georgia, under Article 154, requires that tax shall be withheld

at the source by the person paying salary to the employee. In addition, withholding liability is not triggered when the pension is paid to the employee, since it was taxed at the source of payment at the point of transfer to the private pension funds.

3. Employment obligations

Duration of work

Pursuant to the Labor Code of Georgia, the working time is 40 hours per week. However, in companies with specific working regimes where the work requires more than eight hours of continuous work (per day), working hours should not exceed 48 hours a week. It should be noted that the abovementioned duration does not include break times.

Leave days

The employee is authorized to take paid leave of at least 24 business days and maximum 15 days of unpaid leave per annum. Furthermore, employees are entitled to use maternity leave for a total duration of 730 days, of which 183 days are paid (or in case of pregnancy complications or multiple childbirth – 200 days).

4. Payroll requirements

According to Georgian Labor Law, remuneration must be paid once a month. If there is a delay, employers are obliged to pay their employees 0.07% of the delayed sum for each day of any delayed compensation or payment.

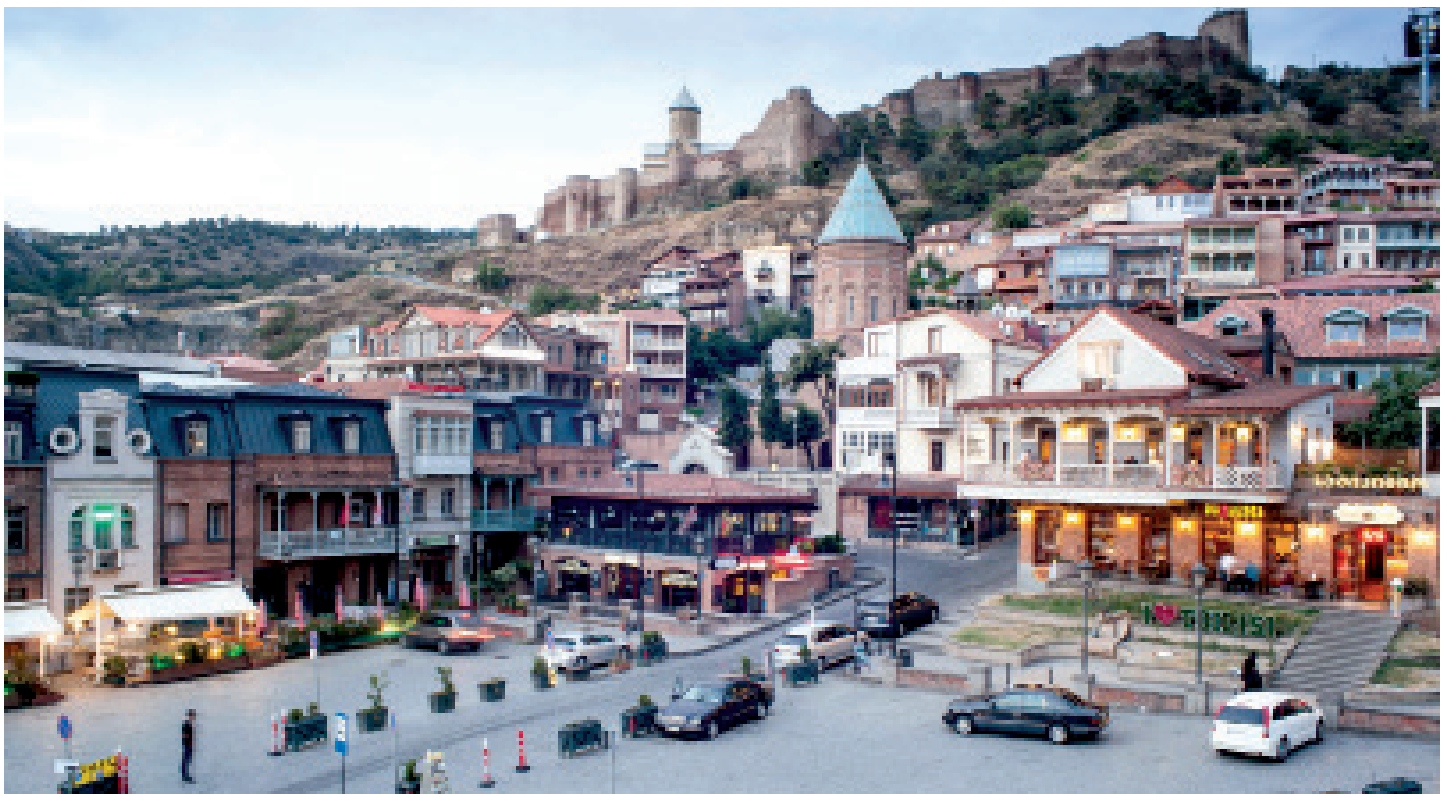
Deductions

Furthermore, according to the Labor Law, employers are authorized to deduct from the employee's remuneration overpayments or any other funds payable by the employee to the employer. The said deduction shall not exceed 50% of the remuneration.

No additional specific requirements are defined by the Labor Code of Georgia.

5. Banking requirements related to payroll

There are no specific requirements regarding the mode of payment except the currency rule. All payments within the territory of Georgia must be made only in GEL. As regards payroll, payments can be made in cash or by bank transfer. Taxes should be paid from the local bank account into the Georgian State Budget.





Doing Business in Germany – Payroll Operations

1. Government requirements

Registration requirements

Registration for wage tax

- ▶ A wage tax number must be applied for.
- ▶ The authority responsible for applications is the company tax office (in German: "Betriebsstättenfinanzamt") of the city where the business establishment (in German: "lohnsteuerliche Betriebsstätte") of the company is located. Even if there are several offices and stores, there should be one office where the main decisions about salaries, bonuses, etc., are made and calculated. This office is to be registered as the main business establishment for wage tax purposes.
- ▶ Wage tax calculation is based on the German income tax law (in German: "EStG - Einkommenssteuergesetz") together with wage tax regulations (in German: "LStR - Lohnsteuerrichtlinien"). The tax year is the same as the calendar year.
- ▶ A tax number can be applied for from the responsible tax authorities either by phone or letter. The authority will then send a questionnaire for the setup of the company data and will issue a tax number after approximately three to four weeks on the basis of the data provided.
- ▶ An application for a tax number can be prepared or supported by a tax consultancy. However, the questionnaire must be signed by an authorized person of the company.

Registration as an employer for social security insurance

- ▶ The company number must be applied for from the Federal Employment office.
- ▶ Social security insurance is based on the Social Security Law (in German: "SGB - Sozialversicherungsgesetzbuch").
- ▶ A company number can be applied for either by phone or online and is available immediately after application, on the same day. No registration with the social security institutions is necessary upfront as this is processed through the social security registration of the employee at the start of employment.
- ▶ An application for a company number can be made by a tax consultancy. No signature by an authorized person of the company is necessary.

Registration as an employer for statutory accident insurance

- ▶ An employer insurance number must be applied for at the responsible insurance authority, along with a classification for insurance (risk tariff).
- ▶ Insurance is based on the SGB.
- ▶ The application can be made either by phone or letter. The authority will then send a questionnaire for the setup of the company data and will issue an insurance number after approximately three to four weeks on the basis of the data provided.
- ▶ The application for an insurance number can be prepared or supported by a tax consultancy. However, the questionnaire must be signed by an authorized person of the company.

Ongoing compliance requirements

Filing and payment obligations

Payroll filing obligations are mentioned in the table below.

Tax rate

No wage tax is imposed on earnings up to EUR9,168.00 per annum in 2019 – this amount increases almost every year. There is no linear taxation in Germany. German taxation is calculated in a progressive and proportional manner. This means that with every euro, the employee earns more. The income tax percentage is increasing – taxation is increasing smoothly in the lower area of income, and is increasing even more in the higher area of income. The marginal tax rate starts at 14% on earnings higher than EUR9,408.00 per annum and ends at the top income tax rate of 45% with a solidarity surcharge of 5.5% (which is equal to an effective 47.48%) on earnings higher than EUR 256,304.00 per annum. (Note: From 2021, the solidarity surcharge is no longer valid for middle and lower incomes so that up to a taxable income of EUR61,717 no solidarity surcharge will be due in the future.)

There are no fixed percentages for wage tax existing in Germany, but tax brackets exist.

The list of wage tax brackets is as follows:

- ▶ Wage tax class 1 – granted to single people (or married people, who live separately)

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- ▶ Wage tax class 2 – granted to single people, who have at least one child
- ▶ Wage tax class 3 – granted to married people if the other spouse is taking wage tax class 5
- ▶ Wage tax class 4 – granted to married people if the other spouse is also taking wage tax class 4
- ▶ Wage tax class 5 – granted to married people if the other spouse is taking wage tax class 3
- ▶ Wage tax class 6 – granted to all people who work for two employers at the same time

The wage tax bracket is electronically transmitted to the payroll software of the employer on the basis of the tax ID number. If no tax ID number is provided, tax class VI should be used until receipt of proper data.

Social security insurance rates and obligations

The mandatory German social security branches are pension, unemployment, health and nursing care, and accident insurance. Pension, unemployment, health and nursing care insurance are shared by the employee and employer. Statutory accident insurance is borne at 100% by the employer. The calculation has to be processed on the basis of the gross salary each month. There are different percentage rates for each of the mandatory social security branches and social security ceilings which are changing each year.

2. Pension requirements

Registration requirements

Statutory pension insurance

There is an electronic data exchange process with the agency responsible for collecting the social security contributions. The deadline for registration of the employee is six weeks after the start of employment. The deadline for submitting the yearly information is 15 February of the following year. Both registrations are to be done via electronic data transmission through the payroll software.

Voluntary company pension schemes

Additional company pension schemes can be set up. However, conditions and rates are granted on a voluntary basis by the company and are not based on legal requirements and obligations.

Retirement

- ▶ Regular pensions are paid from the age of 65, but this has been gradually increased to the age of 67 since 2012.
- ▶ When an employee reaches the legal age to retire, employment within the payroll must be terminated.
- ▶ A corresponding social security notification has to be submitted to the health insurance company via electronic data transmission.
- ▶ The wage tax certification and last payroll is to be provided to the employee.

Ongoing compliance requirements

Statutory pension insurance

In general, any amendment with regard to employment has to be provided via electronic data transmission to the insurance authority, e.g., contributions as calculated through payroll each month, hire and termination information, change in hours or any change in the employment contract type, or insurance status.

3. Employment obligations

Minimum pay

- ▶ The new Act on minimum wage was established with effect from 1 January 2015.
- ▶ The minimum wage as of 2019 must be at least EUR9.35 per hour.
 - ▶ It is applicable to all companies with exemptions for the following employees:
 - ▶ Certain types of interns

- ▶ Children and young employees who have not completed their vocational training
 - ▶ Trainees within the meaning of the Vocational Training Act
 - ▶ Long-term unemployed people within the meaning of section 18, subsection 1 of the Social Security Law III
 - ▶ Volunteering workers
- ▶ Minimum pay should be determined on the basis of the working time accounts (documentation on the number of hours worked per week per month) or, if these do not exist, on the basis of the fixed working hours according to the employment contracts.

Non-compliance can result in fines of up to €500,000 and criminal liability for managing directors and executive boards.

Vacation entitlement

Generally, vacation entitlement is regulated by law (in German: "BUrlG-Bundesurlaubsgesetz") and also through employment contracts or collective agreements. Vacation is always related to working days, not hours. Full-time employees are entitled to full-day vacations, while part-time employees have their vacations adjusted accordingly. Employees in full-time employment are entitled to a minimum of four weeks (20 workdays) of holiday per calendar year.

Employment contract

The employee not only has the obligation to perform his or her contractual work duties but also the right to be appropriately employed. If the employment is impossible due to the temporary failure of a machine, the agreed salary still has to be paid because the risk of unavailability of the required equipment is borne by the employer. Likewise, the employer must adhere to the agreed working time if the employment contract does not explicitly provide for flexibility. However, flexible working hours also require timely agreement between the employer and his or her employees. If the employee is no longer able to exercise his or her duties for health reasons, he or she must be transferred to another place within the company within the scope of the company's possibilities.

Works council

The establishment of a works council is one of the fundamental rights of employees. The employer must allow appropriate election and enable the members of the elected body to exercise their functions. Likewise, every employee has the right to visit the works council during working hours.

Holiday

Holiday planning requires in-house arrangement so that not too many employees apply for leave at the same time. Rejection of a holiday application for urgent operational reasons is in principle possible, but the operational necessity may not be caused by negligence. Thus, the employer must employ enough staff or be willing to employ temporary workers in order to compensate for times when the employees have a higher-than-average sickness rate.

Data security

The employer holds a variety of different data employees. This may only be used for the purpose for which it was obtained. A transfer of employee data is not possible in principle, exceptions require the express consent of the employee. The prohibition of the passing on of personal data concerns not only transmission to third parties, but also includes unnecessary transmission to other departments of the company. If the employee is dealing with sensitive data, he or she must be expressly committed to data protection. In addition, there is the obligation to appoint a data protection officer, who prevents or at least reveals violations of data protection.

Health and the value of the worker's work

The employer's duty to take care is regulated by different laws and covers both the health and value of the worker's work. If the transport of personal belongings to the workplace is not permitted or not possible, lockable cabinets must be provided. Workers with activities that cause pollution of the body must be provided with showers. The regular cleaning of toilets is also part of the employer's obligation to respect its employees. An essential element of the employer's obligation to provide care is to ensure compliance with occupational health and safety regulations. Both the daily maximum permissible working time and the time between two

work shifts are regulated by law; exceptions are possible only in absolute emergencies. In the case of a recognizable illness of an employee, or if he or she is unable to work properly, the employer must influence him or her to visit the doctor.

Rehabilitation management after long sickness

After an extended illness, the company has to offer rehabilitation management to the employee. This includes a consultation as well as examination, even if operational reasons caused the circumstances which led to the illness.

4. Payroll requirements

Payment

A central duty of the employer is the payment of the agreed wage – the amount cannot be less than legal regulations, such as the minimum wage in many industries. Punctual payment and correct calculation of the amount is also an element of compulsory performance. If, instead of a fixed salary, the actual working time is paid, the employer must ensure that this is correctly recorded. According to the law, punctuality in money transactions is highly important. If the employee forgets to communicate his or her new bank account, the amount must be retransmitted as soon as possible. Transfer to the following month's salary is not allowed. Likewise, an erroneously inadequate transfer must be corrected immediately; in

the case of minor amounts, transfer to the subsequent period can only be made if the employee expressly agrees. The obligation to pay includes the granting of paid leave as well as the payment of wages in the case of the employee's incapacity for work.

Social security contributions and wage tax

Contributions to social insurance must be paid by both the employer and the employee. The employer carries out the technical implementation of the deduction of social security contributions and wage tax.

5. Banking requirements

Data files for payroll payments processed via data transmission to the bank can be prepared by EY payroll software; however, a German bank account for the employer bank is needed. Foreign bank accounts for the employer are not accepted by EY payroll software. If a foreign bank account is wished to be used, the client must arrange for the payroll payments. Also, refunds by the authorities might not be paid to an employer's foreign bank account.

In general, only a valid IBAN number is needed in order to prepare payroll bank files for the client (Germans as well as foreign clients within Europe).

What is to be filed when, with which authority and how?					
What is to be filed?	For which period?	When is it to be filed?	With which authority must it be filed?	How is it to be filed?	When is the payment due?
Payroll					
Wage tax return monthly ("Lohnsteueranmeldung")	If the total wage tax for the calendar year is more than €1000, a monthly return for the wage tax arising from the first calendar day of the month to the last calendar day of the month has to be filed.	By the 10th of the following month (e.g., for June, by 10 July)	With the tax authority where the company has been registered and/or the local tax authority of the city where the company is located	The return has to be transmitted electronically to the authority.	By the 10th of the following month (e.g., for June, by 10 July)
Wage tax return quarterly ("Lohnsteueranmeldung")	If the total wage tax for the calendar year is more than €1,000, but less than €4,000, a monthly return for the wage tax arising from the first calendar day of the quarter to the last calendar day of the quarter has to be filed.	By the 10th of the month after the past quarter (e.g., for the first quarter, by 10 April)	With the tax authority where the company has been registered and/or the local tax authority of the city where the company is located	The return has to be transmitted electronically to the authority.	By the 10th of the month after the past quarter (e.g., for the first quarter, by 10 April)
Wage tax return yearly ("Lohnsteueranmeldung")	If the total wage tax for the calendar year is less than €1000, a yearly return for the wage tax arising from the first calendar day of the year to the last calendar day of the year has to be filed.	By 10 January the following year	With the tax authority where the company has been registered and/or the local tax authority of the city where the company is located	The return has to be transmitted electronically to the authority.	By 10 January the following year
Premium statement for social security insurance (always monthly) ("Beitragsnachweis")	A monthly statement for the social security insurance premiums arising from the first calendar day of the month to the last calendar day of the month has to be filed.	By the fifth last working day of the corresponding month	With the health insurance companies of the employees	The statement has to be transmitted electronically to the health insurance companies.	By the third last working day of the corresponding month
Statement for compulsory accident insurance ("Meldung für die Berufsgenossenschaft")	A yearly statement for the total wages paid from the first calendar day of the year to the last calendar day of the year has to be filed in order to enable the authority to assess the yearly premium.	By 11 February of the following year	With the accident insurance company where the company has been registered	The statement has to be transmitted electronically to the health insurance company.	By the date is listed on the premium assessment notice which is sent by the authority to the company after the filing of the statement
Statement for the compensation levy for non-employment of severely handicapped persons ("Schwerbehindertenabgabe")	Only needed for companies with more than 20 employees. A yearly statement for the total wages paid from the first calendar day of the year to the last calendar day of the year has to be filed in order to enable the authority to assess the yearly premium.	By 31 March of the following year	With the Federal employment office where the company is registered	The statement has to be transmitted electronically to the federal employment office.	By 31 March of the following year

Kind of pension	Wage tax		Social security
	Contribution phase	Payout phase	Contribution phase
Direct commitment: ("Direktzusage")	Contributions by the employer as well as from salary waiver Free of wage tax	Payments by the employer to the employee Liable to wage tax On basis of individual tax rate; tax allowances for pensions are to be deducted	Free of social security insurance if <u>not</u> from salary waiver If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2017 up to €3,048
Support fund: ("Unterstützungskasse")	Contributions by the employer as well as from salary waiver Free of wage tax	Payments by the insurance company to the employee Liable to wage tax On basis of individual tax rate; tax allowance for pensions are to be deducted	Free of social security insurance if <u>not</u> from salary waiver If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2017 up to €3,048
Pension fund: ("Pensionskasse")	If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2017 up to €3,048 Free of wage tax Contributions by the employer in addition up to €1,800 Free of wage tax if pension entitlement after year 2004 Higher contribution by the employer Liable to wage tax On basis of individual tax rate; tax allowances for pensions are to be deducted Contribution from salary waiver up to €1,752 can be taxed at a flat rate of 20% if pension entitlement before year 2005 and disclaimer from employee is provided	Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return Payments by the insurance company to the employee Liable to income tax , to be declared as other income with the profit share (section 22 No. 1 s.3 Income Tax Law) through private income tax return	If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2017 up to €3,048 Liable to social security insurance Free of social security insurance up to €1,752 if paid in addition to the base salary
Direct insurance: ("Direktversicherung")	If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2017 up to €3,048 Free of wage tax Contributions by the employer in addition up to €1,800 Free of wage tax if pension entitlement after year 2004 Higher contribution by the employer Liable to wage tax On basis of individual tax rate; tax allowances for pensions are to be deducted Contribution from salary waiver up to €1,752 can be taxed at a flat rate of 20% if pension entitlement before year 2005 and disclaimer from employee is provided	Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return Payments by the insurance company to the employee Liable to income tax at full amount and to be declared as other income (section 22 No. 5 Income Tax Law) through private income tax return Payments by the insurance company to the employee Liable to income tax , to be declared as other income with the profit share (section 22 No. 1 s.3 Income Tax Law) through private income tax return	If employee-funded (by salary sacrifice), premiums are free of social security insurance only up to 4% of the income ceiling for contributions to statutory pension insurance - for 2017 up to €3,048 Liable to social security insurance Free of social security insurance up to €1,752 if paid in addition to the base salary

Doing Business in Ghana – Payroll Operations

1. Government requirements

Registration requirements

Pay As You Earn (PAYE)

When a business enters Ghana and employs people, it must register with the Ghana Revenue Authority (GRA) for PAYE. For the remittance and reporting of tax withheld, the company needs to have a Tax Identification Number (TIN). The TIN should be obtained during the registration process. The registration is free and the process usually takes up to 21 days.

New employees

The company is required to complete and submit to the GRA a Newly Engaged Employee Schedule (i.e., DT 0107b) when new employees are engaged. This must be done for each month in which new employees are engaged.

Disengaged employees

The company is required to complete and submit to the GRA a Disengaged Employees Schedule (i.e., DT 0107c) when employees are disengaged. This must be done for each month in which employees are disengaged.

Pension scheme

According to the National Pensions Act, 2008 (Act 766), as amended, every establishment, unless expressly exempted, should register with the Social Security and National Insurance Trust (SSNIT) and appoint an Occupational Pension Scheme Provider (i.e., an approved corporate trustee or an approved employer sponsored scheme).

Ongoing compliance requirements

Monthly and annual individual income tax (IIT) withholding obligations

The (deemed) employer is required to withhold taxes from the income of the employee and remit these to the GRA by the respective due dates.

The employer has two main filing requirements:

- ▶ Monthly PAYE filing and payment which should be done within 15 days following the end of the month to which the income relates
 - ▶ The following two returns should be provided to the GRA on a monthly basis on or before the 15th day following the month of deductions:
 - ▶ DT 0107 – Monthly PAYE Deductions Return Form
 - ▶ DT 0107a – Employer Monthly Tax Deductions Schedule
- ▶ An annual PAYE return filing which should be done within four months following the end of the calendar year, i.e., latest by 30 April
 - ▶ The following returns should be provided to the GRA on an annual basis within four months following the calendar year:
 - ▶ DT 0108 – Annual PAYE Deductions Return
 - ▶ DT 0108a – Employees' Annual Schedule of Tax Deduction
 - ▶ DT 0108b – Annual Employees' Information Schedule

At the year-end, the employer is required to prepare an annual reconciliation of the taxes withheld on a monthly basis to determine whether there are any differences. Where there is a shortfall, the employer is required to pay the difference within 15 days after the end of the year (i.e., on or before 15 January).

An employer who fails to pay tax on or before the date on which it is payable is liable to pay interest on the amount due for the period for which it is outstanding. The interest is calculated as 125% of the statutory rate, compounded monthly and applied to the amount outstanding at the start of the period.

Withholding certificate

The employer is also required to issue a withholding certificate to each employee for each calendar year by 30 January following the end of the year, or in cases where the employee has ceased employment with the employer during the year, not more than 30 days from the date on which the employment ceased.



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2. Pension requirements

Registration requirements

Ghana currently has no social security totalization agreement in place with any country.

The National Pensions Act, 2008, Act 766 (as amended) provides that every employee (i.e., whether a Ghanaian or an expatriate employee) within an establishment in Ghana is required to contribute toward the mandatory Pensions Scheme in Ghana unless the employee has been expressly exempted per the act.

The National Pensions Act, 2008, Act 766 (as amended) provides for the establishment of a three-tier pension scheme consisting of:

- ▶ A mandatory basic national social security scheme
- ▶ A mandatory fully funded and privately managed occupational pension scheme
- ▶ A voluntary fully funded and privately managed provident fund and personal pension scheme

In practice and not in law, an application can be made to both the National Pension Regulatory Authority (NPRA), and Social Security and National Insurance Trusts (SSNIT) for an exemption for expatriate employees who meet certain specified criteria.

The registration fee is free for both Social Security and National Insurance Trust (SSNIT) and the appointed Occupational Pension Scheme Provider (i.e., an approved corporate trustee).

Ongoing compliance requirements

- ▶ An employer shall deduct from the salary of every employee in the establishment, immediately at the end of the month, the employee's contribution of an amount equal to 5.5% of their salary for the period, irrespective of whether or not the salary is actually paid to them.
- ▶ An employer shall pay an employer contribution of an amount equal to 13% of each employee's salary during the month.
- ▶ Out of the 18.5% contribution made by both the employee and the employer, 13.5% must still be remitted to SSNIT for the First Tier Pension Scheme.
- ▶ Out of the 18.5% contributions made by both the employee and employer, 5% must still be remitted to any approved or licensed corporate trustee for the Second Tier Pension Scheme.
- ▶ An employer is required to furnish the entities in charge of the various pension schemes with a contribution report. This must be done no later than the last working day of the month to which the contributions relate.
- ▶ The remittance of the pension contributions by the employer to the entities in charge of the various schemes must be done within 14 days from the end of each month to which the contributions relate.
- ▶ Failure to pay the contributions on or before the due date will result in a surcharge or penalty of an amount equal to 3% per month of the amount in arrears.

3. Employment obligations

The Labor Act, 2003 (Act 651) provides that every employee has the right to form or join a trade union of his or her choice for the promotion and protection of their economic and social interest. A collective agreement, relating to the terms and conditions of employment of workers, may be concluded between one or more trade unions on one side and representatives of one or more employers or employers' organizations on the other side.

Annual leave

Every employee is entitled to not less than 15 working days of leave with pay for each calendar year of continuous service.

While the labour act does not specify a cap on the number of leave days in practice, some establishments do not allow employees to carry forward unused leave days. They forfeit the leave days once the financial/calendar year ends.

Every employee is entitled to enjoy an unbroken period of leave but an employer, in cases of urgent necessity, may require the employee to interrupt his or her leave and return to work. Where an employee is required by the employer to interrupt his or her leave, the employee shall not forfeit the right to the remainder of the leave but shall take the leave anytime thereafter.

Also, the hours of work for employees shall be a maximum of eight hours a day or 40 hours a week, except in cases expressly provided for in the Labor Act.

Sick leave

The law also provides that a period of absence from work owing to sickness, which is certified by a medical practitioner, and which occurs after the commencement of and during annual leave, shall not be computed as part of the leave.

Salary structure and minimum wage

Every contract of employment shall provide that the whole of the salary, wages and allowances of the employee shall be made payable in legal tender in addition to any non-cash remuneration and, accordingly, a contract of employment that contains provisions to the contrary is void.

Employees, including local employees, have the right to receive equal pay for equal work without discrimination of any kind. That is to say, for the same level of work done by two or more people with the same kind of expertise, experience, qualifications, etc., one should not be paid less than the other.

Employees should also not be paid below the daily minimum wage in Ghana which is currently pegged at GHC11.82.

Public holidays

Employees are entitled to receive remuneration for public holidays.

Currently, there are 13 specified public holidays in Ghana: New Year's Day, Constitution day, Independence Day, Good Friday, Easter Monday, May Day, Eid-Al-Fitr, Eid-Al-Adha, Founder's Day, Kwame Nkrumah Memorial Day, Farmers' Day, Christmas Day and Boxing Day.

Muslim festivals are timed according to local sightings of various phases of the moon.



Permitted deductions

An employer may, with the consent of the employee, make any permitted deductions from the remuneration except in cases expressly prohibited as per the Labor Act.

4. Payroll requirements

The contract of employment should also stipulate the rate, method and intervals of pay for each employee.

Payslips

In practice, employers provide payslips to all employees on a monthly basis.

Payslips are provided either in electronic form or hard copy.

5. Banking requirements related to payroll

Wages shall be paid in legal tender.

Foreign currency payments or USD

Generally, authorization is required from the Bank of Ghana (BoG) to make payment of salaries to persons working in Ghana in foreign currency. For tax purposes, however, all salary payments made in foreign currency are converted into GHS at the Bank of Ghana inter-bank exchange rate applying on the date the amount is paid.

Expatriates who work in Ghana can open the following types of accounts:

- ▶ Local currency account (LCA)
- ▶ Foreign currency account (FCA)
- ▶ Foreign exchange account (FEA)



For foreign exchange accounts, foreign currency derived from both outside Ghana and within Ghana can be deposited therein. However, in the case of a foreign currency account, only foreign currency derived from outside of Ghana can be kept in the account.

Payments from the foreign currency account to meet the foreign commitments of the company can be made by indicating the reasons of the transfer or the nature of the transfer on the Bankers Foreign Transmittal Form. Apart from this, there is no additional documentation requirement. However, payments from the local currency account or

foreign exchange account, to meet foreign commitments, shall require the provision of the following documentation (where applicable):

- ▶ Proof of payment of applicable withholding tax
- ▶ Employment contracts in place





Doing Business in India – Payroll Operations

1. Government requirements

Registration requirements

Permanent Account Number (PAN)

In accordance with the Income-tax Act, 1961, companies should register for a Permanent Account Number (PAN), which is a corporate income taxpayer's identification number. This is a corporate income tax registration when the company starts in India. This is generally applied once the incorporation is completed and a unique identity number is provided to the company, which has to be used by the company for all income tax filings.

Tax Deduction Account Number (TAN)

In accordance with the Income-tax Act, 1961, companies should register for a Tax Deduction Account Number (TAN), which is a corporate number required for withholding tax purposes. A company has to remit taxes under this identity when it withholds taxes from its employees or from its vendors. This is a unique identification number and has quarterly filing requirements. If the company has multiple locations, the company has an option to register the TAN in multiple locations; however, a company can choose to have a single TAN registration.

Ongoing compliance requirements

Tax compliance

As per the Indian tax laws, while making certain payments the employer is required to withhold taxes and deposit these into the Indian Government Treasury. The tax on payment of salaries needs to be withheld at the prescribed rates at the time of payment or credit to the account of the payee, or accrual in specific cases, whichever is earlier. The rates in force for the financial year in which payment is made (slab rates) are subject to amendment each financial year. The deduction shall be made proportionately at the time of every salary payment at the average rate of income tax, computed on the basis of slab rates and estimated income for the employee for that financial year. The Indian tax year is the period beginning on 1 April and ending the following 31 March.

The taxes for the months from April to February (except for the month of March) have to be deposited into the Government Treasury within seven days from the end of the month in which such tax is withheld.

If tax is withheld from the amount credited or paid in the month of March, then the due date for depositing tax into the Government Treasury is 30 April.

Quarterly withholding tax returns (Form 24Q)

Every company withholding tax from salaries is required to file quarterly returns using the prescribed forms within the following time periods:

- ▶ Quarter ending June - by 31 July
- ▶ Quarter ending September - by 31 October
- ▶ Quarter ending December - by 31 January
- ▶ Quarter ending March - by 31 May

The above dates are subject to change as prescribed by Central Board of Direct Taxes

Issuance of withholding tax certificate (Form 16)

Every company withholding tax from payments is required to issue a certificate to the deductee, certifying the amount of taxes withheld and deposited into the Government Treasury. This has to be issued by 15 June.

Form 24-e TDS returns

Electronic Tax Deducted at Source (TDS) returns are due on a quarterly basis. The filing dates end on 31 July, 31 October, 31 January and 31 May, which are Q1, Q2, Q3 and Q4 respectively.

2. Social Security and Pension Requirements

Registration requirements

Provident fund registration and pension registration.

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, this is a registration which covers the provident fund and pension scheme that are retiral benefits for employees. This registration is mandatory if the company has 20 or more employees (including

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contract staff). The provident fund has different rules for contributions relating to domestic and international workers and the pension scheme works differently for each of these categories. This registration can be a centralized registration or can be obtained on the basis of branch locations.

Effective September 2014, there has been a change in the pension guidelines. Whenever an employee joins, a declaration needs to be obtained from the employee using Form 11 to analyze the applicability of pension.

The provident fund and pension requirements are continually undergoing significant change and further guidance should be sought for the latest position.

Ongoing compliance requirements

Provident and pension funds

The provident fund (both employee and employer) need to be contributed at 12% of base wages. This needs to be deposited in the fund by the 15th of every month for the previous month. The employer's contribution is distributed between provident fund and pension fund and withdrawal of this fund is based on certain criteria. The allocation to pension fund is decided based upon the employee's declaration in "Form 11" and employee's base wages.

Furthermore, since the Electronic Challan cum Return (ECR) was launched by EPF Organization, India from March 2012, the company will need to generate the challan online and subsequently deposit the contributions into the provident fund account before the 15th of the subsequent month. From January 2017 there has been a new ECR launched which has new requirements and is a drastic change from the previous online filing version.

Form IW-1

A statement is required to be filed with details of international workers (IW). A nil statement is required to be mandatorily filed even if there are no IW joiners in the month. IW means:

- ▶ Indian employee working in a foreign country with which India has entered into a social security agreement and being eligible to obtain the benefits under the social security program of that country under the social security agreement
- ▶ Non-Indian employees (who are not holding an India passport), working for an establishment in India to which the Employees' Provident Funds and Miscellaneous Provisions Act applies (excluding those who have obtained a Certificate of Coverage from the social security authorities of their home country with which India has a Social Security Agreement or those who are contributing to a social security program of their home country with whom India has a bilateral comprehensive economic agreement containing a clause on social security prior to 1 Oct 2008)

3. Employment obligations

Profession Tax (PT) registration

This is a state-specific registration and is driven by the law in a particular state. Depending on the employee's work location, the company needs to identify whether there is a need to register in that place. If there is, the company needs to file the application with the respective state and complete the registration.

The compliances also vary from state to state. In some states, there is requirement to have PT registration while in others, the registrations are done on a monthly basis and in some, it is done on a half-yearly or annual basis.

Employee State Insurance Registration (ESI)

This is a state-specific mandatory health insurance registration for companies having 10 employees or more (including contract staff if any). Registration sometimes depends on the jurisdiction of the place of work.

If the employee head count is high, the company may attempt to approach for a centralized registration. In case the location does not have a designated government hospital, the company may be exempted from participating in this contribution at the discretion of the ESI officer.

The contributions are mandatory for employees drawing a salary below a certain threshold limit, as notified by the authorities. The company has to file nil returns if no employees come under this threshold salary limit. The covered employees are issued a card, which covers hospitalization.

The ESI remittance and the returns are due on or before the 15th of the following month.

Profession Tax

In accordance with the Profession Tax Act, there are a number of statespecific compliance and below is remittance and filing details for some of the key states:

- ▶ Karnataka (Bangalore): 20th of the following month
- ▶ Andhra Pradesh or Telangana (Hyderabad): 10th of the following month
- ▶ Maharashtra (Mumbai or Pune): end of the following month
- ▶ West Bengal (Kolkata): 15th of the following month
- ▶ Tamil Nadu (Chennai): half-yearly – 30 September and 31 March
- ▶ Delhi: not applicable

Labor Welfare Fund (LWF)

As stipulated by the Labor Welfare Fund, there are a number of statespecific compliance and below is remittance and filing details for some of the key states:

- ▶ Karnataka (Bangalore): 15 January of the following year
- ▶ Andhra Pradesh or Telangana (Hyderabad): 31 January of the following year
- ▶ Maharashtra (Mumbai or Pune): 15 July and 15 January
- ▶ West Bengal (Kolkata): 15 July and 15 January
- ▶ Tamil Nadu (Chennai): 31 January of the following year
- ▶ Delhi: 15 July and 15 January

Shops and Establishment Act and Labor Welfare Fund

These are labor-related registrations; they are not mandatory in all states, and have different filing deadlines in each state. This will depend on the employee's work location.

Further, there are many other labor related registrations and compliances like The Maternity Benefit Act (1961), The Employee Compensation Act (1923), The Payment Of Bonus Act (1965), The Equal Remuneration Act (1976), The Payment Of Gratuity Act (1972), The Minimum Wages Act (1948), The Payment Of Wages Act (1936) etc. which the company will have to register and comply with.

4. Payroll requirements

The salary has to be paid to the employee after making statutory deductions like income tax, provident fund or pension, and state-specific taxes (profession tax), labor welfare fund and employee state insurance.

5. Banking requirements related to payroll

Payment is in Indian rupee for all local employees. Any payments to expats outside India in any other foreign currency have to follow the requirements of the Foreign Exchange Management Act including a requirement to submit several documents to the bank along with certifications, including the details and nature of payment along with the withholding tax details in the income tax website, verified by an independent chartered accountant, that has been attested by the company as well.

Payments are generally transferred via the corporate bank and can be paid via National Electronic Funds Transfer (NEFT) to any of the employee's bank accounts in any bank in India. The banking regulations are governed by the main central bank in India – The Reserve Bank of India.



Doing Business in Iran – Payroll Operations

1. Government requirements

Registration requirements

Individual income tax

Taxable persons

Iranian legislation does not contain a concept of tax residence in relation to individuals. Tax is imposed on all payments in cash and in kind, which are received by individuals from sources in Iran for employment exercised within the territory of Iran.

Taxable individuals comprise of the following:

- ▶ all owners of personal and real property located in Iran;
- ▶ every Iranian individual resident in Iran, on all income earned in Iran or abroad;
- ▶ every Iranian individual residing abroad, on all income earned in Iran; and
- ▶ every non-Iranian person, with regards to income earned in Iran, as well as in respect of the income derived from Iranian sources for the grant of a license or other rights, for the provision of training and technical assistance, or from the screening rights of motion pictures.

Employment income

Both Iranian and expatriate personnel (with a work permit) working in Iran are subject to tax on their employment income. Local employees are taxed on their income and allowances declared on the local payroll of the company.

Expatriate employees are also taxed on the total salary and respective allowances for working on their assignment in Iran. Employers of expatriate personnel are required to submit the original employment agreement of each employee to the Tax Office after having it authenticated by the authorities in the country of domicile of the employee and certified by the nearest Iranian consular office. However, some foreign companies elect for their expatriate employees to be taxed at the deemed salary rates published by the Tax Office. These rates depend on the rank and the country of citizenship of the individual.

All salaries, wages and allowances paid to individuals, subject to certain exemptions listed below, are subject to personal income tax. The tax applies to salaries and wages paid in cash or in kind.

No expenses are specifically listed as deductible in arriving at income subject to the tax on salaries. The Iranian Direct Tax Act (DTA) does, however, provide for the general deductibility of two categories of expenditure in arriving at the taxable income of individual taxpayers. These are:

- ▶ expenses incurred during the tax year on medical treatment of the taxpayer, his/her spouse, children, parents, brothers and sisters; and
- ▶ life insurance premiums paid to Iranian insurance institutions.

For the taxation year ending on 19 March 2020, a yearly salary income of IRR330 million (or monthly salary income of IRR27.5 million) for both public and private sector employees is exempt from salary tax. Earnings exceeding the above amount are taxed at progressive rates, as follows:

Annual Calculation			Monthly Calculation		
Gross salary (IRR)	Rate	Tax (IRR)	Gross salary (IRR)	Rate	Tax (IRR)
330,00,000	–	–	27,500,000	–	–
495,00,000	10%	49,500,000	41,250,000	10%	4,125,000
825,00,000		49,500,000	68,750,000		4,125,000
330,00,000	15%	49,500,000	27,500,000	15%	4,125,000
1,155,00,000		99,000,000	96,250,000		8,250,000
495,00,000	20%	99,000,000	41,250,000	20%	8,250,000
1,650,00,000		198,000,000	137,500,000		16,500,000
660,00,000	25%	165,000,000	55,000,000	25%	13,750,000
2,310,00,000		363,000,000	192,500,000		30,250,000

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Exempt income

Individuals working in one of the eight designated free-trade zones (FTZs) are exempt from tax on their income earned in the FTZs. The FTZs are located in the following areas:

- ▶ Kish and Qeshm Islands in the Persian Gulf;
- ▶ Port of Chabahar in southeast Iran;
- ▶ Arvand (Abadan/Khorramshahr), in the province of Khuzestan in southwest Iran;
- ▶ Aras in northwest Iran;
- ▶ Bandar Anzali, a port on the south coast of the Caspian Sea in north Iran;
- ▶ Maku, near the border to Turkey;
- ▶ Imam Khomeini Airport, the latest FTZ opened in Iran with an estimated 1,500 hectares of FTZ and 2,500 hectares of SEZ land.

In addition, the following types of income are exempt from tax on salaries:

- ▶ Retirement pension, severance pay/termination benefits, dismissal compensation, pensions and annuities paid to the heirs, service life bonuses, payments for unused vacation days
- ▶ Travelling expense reimbursements and travelling allowances paid in connection with one's job
- ▶ Accommodation provided on the factory's site for the benefit of workers and low-cost housing provided by the employer outside the factory
- ▶ Amounts received under an insurance policy on account of compensation for physical injury or medical treatment and the like
- ▶ New Year bonuses or year-end allowances aggregating one twelfth of the amount of the tax exemption mentioned in article 84 of the DTA
- ▶ Employer-provided housing put at the disposal of civil servants by virtue of a legal permission or according to special regulations
- ▶ Amounts paid by an employer for the medical treatment of its employees or their dependents, directly or through the employee to the physician or hospital attending the employee, as substantiated by supporting receipts and documents
- ▶ Non-cash benefits paid to employees, not exceeding one sixth of the amount of tax exemption mentioned in article 84 of the DTA
- ▶ 50% of the employment income of employees working in less developed regions
- ▶ Salaries from a foreign source paid to various government, diplomatic or consular personnel who are not citizens of Iran, subject to reciprocity
- ▶ Salaries of foreign experts posted to Iran by a foreign government or institution under technological, economic, scientific or cultural grants in aid, in respect of the salary they receive from their respective governments or from said international institutions

2. Social Security and Pension Requirements

Registration requirements

Payroll social security contributions

All employees working in Iran should be covered by the employer under the contributory social security scheme of Iran. The social security charge is levied on a maximum ceiling, which is presently IRR3,539,389 per day for the Iranian fiscal year ending 19 March 2020 (this is revised annually at the beginning of each Iranian calendar year). The employee's contribution is 7%, and the employer's share is 23% for Iranian employees and 20% for expatriate employees.

Iran has a Pay-As-You-Earn (PAYE) system for the payment of payroll social security contributions. Employers (companies) should file a monthly payroll list with the Social Security Organization (SSO). Applicable social security contributions (both employee's and employer's shares) should be paid to the SSO with the monthly payroll list.

There are fines (for the employer) for not paying or late payment of social security contributions, and for not filing payroll lists. Employers (companies) must choose Iranian calendar months for salary social security filing and payment purposes.

The deadline for paying social security contributions and filing the payroll list with the SSO is the end of the Iranian month following the month in which salaries are paid, or salary expense is booked. Iranian months end on the 19th, 20th, 21st, or 22nd of Gregorian months.

Expatriate personnel might be exempted from the Iranian social security charge if they can prove to the SSO that they are insured under a similar scheme in their country of domicile. In order for a foreign employee to be exempt from Iranian social security, he/she must provide a certificate from his/her home country which states that he/she is covered under a similar scheme with the same coverage as required by the Iranian Social Security Law. The certificate must also be endorsed by the relevant Iranian Consular Office. The coverage must include accidents, sickness, pregnancy, wage compensation, disability, retirement, and death.

In general, the SSO is quite strict in granting exemptions, and, in any case, if exemption is granted, a compulsory accident insurance (premium is 3% of salary and fringe benefits - no ceiling - and is deductible from the employee's pay) must be paid instead.

Two-sevenths of the employee's share of the social security contribution is deductible from the taxable income of the employee.

3. Employment obligations

Tax returns and compliance

Iran has a PAYE system for the payment of salary tax. Employers should file a monthly payroll list with the Tax Office. Employers (companies) can choose either Iranian or Gregorian calendar months for salary payment. However, for salary tax payment and filing, Iranian calendar months must be used. As such, it is recommended that Iranian calendar months be used for salary payment as well. Applicable salary tax should be paid to the Tax Office with the monthly payroll list. There is no requirement to file individual tax returns in Iran with respect to the employment income.

4. Payroll requirements

Pension requirements

Per local Social Security law, the following individuals can benefit from pension:

- ▶ A man to have reached the age of 60, and a woman to have reached 55 years of age having paid at least SSO premium for 10 years prior to requesting requirement.

Note 1: Any individual who has worked full-time for 30 years and has paid the SSO premium for the term in question, can apply for a retirement pension (if the man is 50 years old and the woman is 45 years old).

Note 2: Insured individuals with 35 years of work and full SSO premium pay history can apply for retirement claim regardless of their age.

Note 3: Female workers can retire with 20 days of salary on a condition that they have 20 years of work experience and 42 years of age and have paid their SSO premiums fully.

5. Employment obligations

Employment contract

Employment contracts are required to be in writing, with two copies maintained in Farsi. The employer and employee each keep one copy of the employment contract, which must include certain information as specified in the Labor Law.

Working hours

As per the Labor Law, employees should not work more than 44 hours over a six-day (five 8 hrs. days and 4 hrs. on the sixth day) working week. It is common practice that private sector employees work five days a week, usually Saturday to Wednesday.

Annual leave

According to the Labor Law, each employee is entitled to receive 30 vacation days which includes four Fridays (but excludes other holidays). If a company has two weekend days (for example, foreign companies and embassies usually have Friday and Saturday as their weekend), the employee shall be entitled to receive 22 vacation days which are working days. The employee therefore accrues vacation days starting from the first day of employment at the rate of 1.83 days per month. Furthermore, according to the Labor Law, an employee can carry over maximum 9 days of leave from one year to the next; however, this is cumulative. That is, if an employee has worked 10 years for a company and is in his/her 11th year of employment, he/she could potentially have carried over 90 days of leave. If this employee has more than 90 days, say, 120 days, unused leave and is being terminated, the company may compensate him/her for the 120 days. However, according to the Law, the company has to compensate him/her for 90 days unused leave only.

Public holidays

Every employee is entitled to full pay for official holidays designated by the government. If employees are required to work during official holidays, they are entitled to overtime (paid at 1.4 times their normal rate). The weekly days off and the official holidays shall not be counted as part of the annual leave.

Sick leave

Each employee is entitled to three sick leave days per month. That is, the employer (company) is only obliged to pay for three days of sick leave per month to an employee. Therefore, if an employee is sick for up to three days in a payroll month, he/she will receive the full month's salary for that month. It is at the employer's discretion to require that the employee present a doctor's letter.

If an employee is sick more than three days in a payroll month, the situation becomes different. It is best to use an example here. Let us assume that an employee, whose monthly gross salary (base salary and all benefits) is IRR15,000,000, is sick for 10 days in a 30-day payroll month. In such a case, the employer only pays 20 days salary to the employee.

The employee's gross salary for the month becomes $15,000,000 \times 20/30 = \text{IRR}10,000,000$. Salary tax and social security premium for the employee will be calculated based on gross salary of IRR10,000,000.

The employee can then refer to the relevant SSO office after the payroll list for that month is filed with the SSO. The employee must go to the SSO office and present the doctor's letter that indicates the number of days (i.e. 10 days) the employee was sick. The SSO has its own formula for calculating how much to pay to the employee (there are certain deductions including the social security premium). The employee will not receive full 10 day's salary; the amount is less (approximately 2/3 of the full amount). However, what the employee receives is not subject to tax. The employee's employment record with respect to social security will remain intact.

The social security law is silent with respect to how many days sick leave the SSO shall pay an employee. Usually up to one month does not require any investigation by the SSO. However, if the employee remains sick and is not able to go to work for a longer period, a special committee within the SSO reviews the case and, based on evidence submitted, decides whether it will continue to pay the employee or not.

Performing pilgrimage

Every worker shall have the right to benefit from one month of privilege vacation or vacation without pay for performing the obligatory Hajj pilgrimage only once during the entire period of his/her work.

Maternity leave and paternity leave

Currently, the period of maternity leave for which the Social Security Office (SSO) pays the employee is six months. Maternity leave can start as early as three months before the date the baby is due. For the past couple of years, there have been discussions to increase maternity leave to nine months and also provide 15 days paternity leave for expecting fathers, to be covered by the SSO as well. However, the relevant directive has not been issued yet. Therefore, for now, it can be assumed that the period of maternity leave is six months and there is three days of paternity leave.

There are no such things as "paid" or "unpaid" leave for maternity. The employer does not pay anything to the employee during her maternity leave; the SSO does. As soon as the pregnant employee presents a letter from the doctor to her employer, mentioning the employee must go on leave, the employer shall take her out of the payroll. After six months, when she is back from her leave, she must take all the documents that the SSO requires to the relevant SSO office and receive her salary for that period. At the same time, she may resume work and be on the employer's payroll.

The amount she shall receive from the SSO is approximately two-thirds of her normal monthly salary (up to the SSO ceiling) and shall not be taxable. The employee may agree on a special arrangement with the SSO to receive a monthly amount on-account. At the end of six months, the on-account amounts shall be deducted from what the SSO is going to pay her.

Mission or assignment allowance

According to the Iranian Labor law, any worker who by contract or subsequent agreement is assigned to a mission away from the workplace shall be entitled to an assignment allowance. This allowance shall not be less than the fixed daily wage or basic wage of the worker. Furthermore, the employer shall be required to provide transport or to cover travel costs. This arrangement shall apply when the worker must travel 50 kilometers or more from his/her principal workplace in order to discharge his/her duties, or where he/she must spend at least one night at the place of assignment. Even when an employee travels outside the 50-kilometre radius of his/her place of work for not the full day, he/she is entitled to receive a full day mission pay for that day. Mission pay is exempt from salary tax.

Allowances and fringe benefits

The following allowances and fringe benefits must be provided by employers to employees in the Iranian year 1398 (21 March 2019 to 19 March 2020):

- ▶ A monthly housing allowance of IRR200,000 is payable to every employee.
- ▶ Monthly child allowance payable to any employee with children is as follows:
 - ▶ One child: IRR1,516,881
 - ▶ Two children: IRR3,033,762
- ▶ Monthly employer's contribution for the purchase of employees' subsidized vouchers of essential consumable goods: IRR1,900,000
- ▶ At the end of each Iranian calendar year, each employee is entitled to receive an end-of-the-year bonus, the amount being the lower of two months (60 days) salary or 90 days minimum daily wage (currently IRR505,627), prorated for the number of days worked in that Iranian calendar year.

The above allowances should be added to the employee's base salary and are subject to salary tax.

Annual increment

Employees are entitled to an annual salary increase the percentage of which is announced by the government on an annual basis. The minimum mandatory annual increase in the Iranian year 1398 was 13% plus a flat IRR87,049 per day.

Overtime pay

The overtime premiums for normal pay overtime worked during daylight, as well as weekends and holidays is 40% of basic salary.

Bonuses

The only mandatory bonus in Iran is the New Year's (Norooz) bonus. According to the directive issued by the Ministry of Labor and Social Affairs, Norooz bonus is payable on the basis of 60 days (two months) of last salary, provided that the amounts paid in this respect do not exceed 90 days minimum wage. Accordingly, the maximum compulsory amount of Norooz bonus for Iranian year 1398 (ending 19 March 2020) is IRR 45,506,430 and the minimum compulsory amount is IRR30,337,620. For employees with less than one full year of employment, the above limits will be observed pro rata.

Although employers can voluntarily pay bonuses in excess of the above limits, it should be noted that since Norooz bonus is legally exempt from payroll social security, amount paid in excess of the limits may be subject to payroll social security by the Social Security Organization.

New Year bonuses or year-end allowances aggregating one twelfth of the amount of the tax exemption mentioned in article 84 of the DTA are exempt from tax.

Minimum wage

The minimum wage in year 1398 is IRR505,627 per day.

Termination of employment

The employment agreement may be terminated in any of the following cases:

- a) Death of worker
- b) Retirement of worker
- c) Total disability of worker
- d) Expiry of duration of definite employment agreements and their non-renewal explicitly or implicitly
- e) Completion of work in the contracts for specific task.
- f) Resignation of worker

Note 1: Any worker tendering his/her resignation shall be obligated to remain on the job for one month, and to initially notify the employer of his resignation in writing. Should a worker notify the employer of his/her intention to withdraw his/her earlier resignation in writing within a period of 15 days, such resignation shall be deemed to be void, and the worker shall be required to submit copies of his/her resignation letter and the subsequent letter withdrawing his/her earlier decision to the Islamic Council of the workshop or the guild Society or the workers' representative.

Upon completion of work, all claims arising out of the employment agreement and the period of employment in the above cases shall be paid to the worker, and in the event of his/her death, to his/her legal heirs.

Note 2: So long as the heirs are not legally known and administrative procedures, have not been carried out, the Social Security Organization (SSO), shall be under the obligation to pay on account, the salary of the deceased to his/her dependent family members for a period of three months at the rate of his/her last salary.

In terms of receipt of salary or pension arising out of death, sickness, retirement, unemployment, suspension, total or partial disability or protective regulations and conditions relating to them, workers shall be covered by the SSO.

In the event of termination of the agreement, completion of definite works or expiry of definite agreements, the employer shall be required to pay to a worker who has worked on the job for one year or in excess of it under an agreement, an amount equivalent to one-month salary for each year of continuous or alternate service at the rate of the last salary as severance benefits.

In cases where an employment agreement has been concluded for a definite period or for performance of a specific work, neither party may cancel it unilaterally.

Note 3: Disputes arising out of such employments shall be decided by the fact-finding board and dispute settlement board.

Probation period

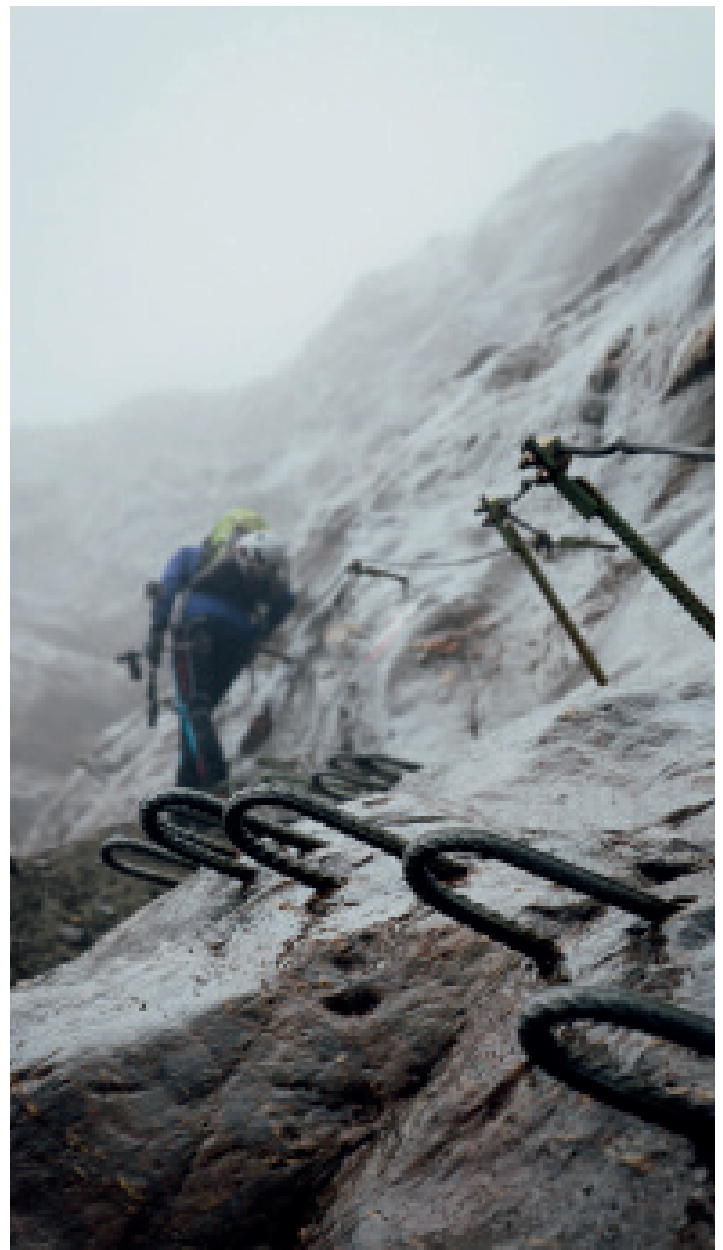
The parties may, through mutual agreement, determine a period as probation period. In the course of this period, either party shall have the right to terminate the agreement without prior notice and without any obligation to indemnify damages. Should the work relationship be terminated by the employer, the employer would be under the obligation to pay the salary for the whole probation period. If such a move is taken by the worker, he/she shall be entitled to collect salary only for the period of performance of work.

Note: The duration of the "Probation Period" must be stated in the employment agreement. This period shall not exceed one month in case of unskilled and semi-skilled workers, and three months in case of skilled workers possessing high level specialization.

End of service benefit

The Labor Law says that when an employee retires, resigns, or is let go, the company must pay at least one-month latest salary for every year the employee has been employed by the company as severance pay. For a partial year, the severance pay is prorated. The Labor Law does not put any cap on what can be paid as severance pay.

Severance pay is exempt from salary tax. However, the Tax Law is silent on the maximum amount of severance pay that is exempt from salary tax. As such, different tax inspectors deal with the taxation of severance pay subjectively, and thus, differently.





Doing Business in Iraq – Payroll Operations

1. Government requirements

Registration requirements

In order to legally carry out work in Iraq, it is a requirement under Iraq’s companies’ law that a company must be registered with the Iraqi Ministry of Trade. Depending on the proposed activities, additional or alternative registrations may be required; e.g., with the Iraqi Central Bank or with the Communications and Media Commission. The two most common forms of registration vehicles for companies intending to carry out commercial activities in Iraq are:

Limited liability company

A limited liability company in Iraq can conduct a wide range of activities and is generally not limited to the activities it was initially established to undertake. In addition, until recently, foreign investors were permitted to hold 100% of the shares of an LLC. On 9 September 2019, the Iraqi Federal Government released amendments to its Companies Law that introduced a 51% Iraqi ownership requirement for LLCs.

A limited liability company in Iraq is independent of any other affiliated entity registered within Iraq or outside Iraq and has its own identity for tax and legal purposes.

Registration can take up to a whole year to complete as it is a highly cumbersome legal process.

Branch office

A branch office in Iraq may be set up to conduct a specific set of objectives and is granted a license to conduct commercial activities if it meets certain conditions.

A branch office in Iraq does not have a separate legal existence. It is an extension of its head office company and carries out business under its name.

Registration takes four to eight weeks if all required documents are readily available in the required state of notarization, legalization and authentication.

Tax registration

All companies registered in Iraq are required to register with the General Commission for Taxes for tax filing, reporting and payment purposes. Upon successful registration, the company will obtain a single Tax Identification Number (TIN) for all types of taxes administered by the General Commission for Taxes, including corporate income tax and employee income tax.

Ongoing compliance requirements

Employee income tax

Iraqi nationals and foreigners working in Iraq are subject to tax on their income derived from Iraq. In addition, Iraqi nationals are subject to tax on income earned from all sources (Iraqi and foreign-sourced income). The General Commission for Taxes does not currently require each employee to be registered with the tax authority or to have a unique TIN for employee income tax filing and payment purposes.

Under Iraq’s Income Tax Law No. 113 of 1982 (as amended), the employer is the party responsible for deducting the employee income tax from its employees’ salaries and wages, filing the periodic returns, and remitting the deductions to the General Commission for Taxes.

The periodic returns include the monthly withholding declaration, the annual employee income tax return (form D/4A), and the annual summary schedule.

The employee income tax is levied according to the following scale:

Annual taxable income		
From IQD	To IQD	Rate %
0	250,000	3
250,001	500,000	5
500,001	1,000,000	10
1,000,001	No upper limit	15

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The payment of the employee income tax liability has to be made in Iraqi dinars via wire transfer or a certified check issued to the benefit of the Direct Deductions Department or the Large Taxpayers Department at the General Commission for Taxes (depending on the classification of the taxpayer) as per the current method of payment acceptable to the Iraqi governmental authorities.

The filing and payment of the monthly employee income tax liability is due by the 15th day of the month which follows the month of the deduction.

2. Pension requirements

Registration requirements

Social security

All companies registered in Iraq are required to register their employees (Iraqis and non-Iraqis) with the Department of Retirement and Social Security for social security filing, reporting and payment purposes. Upon successful registration, each employee of the company will be issued a social security number. A key requirement in order to be able to register employees for social security purposes is for the company's employment to be made up of at least 50% Iraqi nationals. The company should also ensure that its non-Iraqi employees have valid work permits.

Ongoing compliance requirements

Social security

According to Social Security Law No. 39 of 1971 (as amended), employees (Iraqis and non-Iraqis) should pay into social security. The general rates of social security are 12% for employers and 5% for employees. For oil and gas companies, the rates for social security contributions are 25% for employers and 5% for employees. An exemption from Iraqi social security may be available to non-Iraqis working in Iraq, after obtaining the authorities' approval.

It is the responsibility of the employer to withhold the social security contributions from the employees' income for each month of the fiscal year and file a monthly contributions form to the social security authority. An annual social security filing must also be made by the employer.

The payment of social security has to be made in Iraqi dinars via wire transfer or a certified check issued to the benefit of the Department of Retirement and Social Security, as per the current method of payment acceptable to the Iraqi governmental authorities.

The monthly social security contributions and filings are due by the 30th day of the month which follows the month of the deduction.

3. Employment obligations

Iraq's labor regulations are governed by the Labour Law No. 37 of 2015. The provisions of this law apply to all workers (Iraqis and non-Iraqis) employed in the private sector.

The contract of employment largely determines the terms and conditions of employment. When drafting an employment contract, an employer must comply with the requirements set out in the Labour Law, guaranteeing certain employee rights and benefits. The Labour Law includes a number of requirements to which an employer must adhere when dealing with employees. Some of these requirements include:

- ▶ Arabic must be used in all employment relationships, including contracts and other related documents.
- ▶ An employer must ensure sufficient health and safety measures are in place.

Annual leave

Employees are entitled to annual leave after a period of one full year of employment. The annual holiday is 21 days per year and is increased by two days for every five years of employment with the same employer up to 10 years, and three days for every five years after the first 10 years of service with the same employer. According to Article 79 of the Labor Law, any agreement to waive or abandon the annual holiday, in whole or in part, for compensation or other advantage, is null and void.

Sick leave

Sick leave is 30 days per year based on a valid medical report.

Maternity leave

Maternity leave is 14 weeks.

Marriage leave

Marriage leave is five weeks.

Bereavement leave

Bereavement leave is five days.

Pilgrimage leave

Employees are entitled to an unpaid pilgrimage leave once during the period of their service.

Unpaid leave

When necessary, the employer may grant the employee, upon request, unpaid leave.

4. Payroll requirements

According to Iraq's Labour Law No. 37 of 2015, an employer is required to maintain a wage and overtime register that includes all details of its employees' wages, wage deductions, and net wages paid. The wage register is subject to verification and inspection by an Iraqi Ministry of Labour inspector.

5. Banking requirements related to payroll

All companies in Iraq are required to open a bank account with a bank authorized in Iraq in order to make their payments due to the government authorities. Wages are to be paid in Iraqi dinars, unless otherwise stated in the employment contract. Wages may be paid by checks, bank transfers or payment orders.

Payment of the employee income tax liability and social security contribution has to be made in Iraqi dinars via wire transfer or a certified check issued to the benefit of the relevant government authority, as per the current method of payment acceptable to the Iraqi governmental authorities.



Doing Business in Ireland – Payroll Operations

1. Government requirements

Registration requirements

Employer registration with revenue commissioners

Any employer who makes payments exceeding EUR8 per week for a full-time employee, or EUR2 per week for an employee with other employment, must register for Pay As You Earn (PAYE) purposes with the Irish Revenue Commissioners. An employer is also required to notify Revenue of their name and address and of the fact that they are making such payments within a period of nine days after the date of commencement of payment to employees. The majority of employers are required to electronically register as an employer through ROS (Revenue Online Service). To register for PAYE or Pay Related Social Insurance (PRSI) as a non-resident company or individual and unincorporated bodies, Form TR1 must be completed for an individual or a sole trader, trader or partnership; Form TR2 must be completed for a company; or Form PREM Reg must be completed by employers that are already registered for income tax or corporation tax. The Payroll Registration should be in place before the first employee commences.

First-time worker in Ireland

When an employee commences employment for the first time, they should register for myAccount on the Revenue Online Service website, then register their new job by clicking on the 'Jobs and Pensions' section in myAccount. A Tax Credit Certificate will then be made available to their new employer to allow the employer to make the correct tax deductions from the employee's pay. If the employee has already worked in Ireland, then their previous employer will notify Revenue that the employee has left by including their leave date on the final payroll submission. The new employer will notify Revenue that the employee has commenced working with them through their payroll process. The employee can however also follow the same steps as a first-time worker and register their new job on the 'Jobs and Pensions' section in myAccount.

Ongoing compliance requirements

Income tax and employer's PAYE

Employees are taxed through the payroll in Ireland. The most common form of income tax is PAYE deducted by employers from employee's pay. The amount per employee is determined by Revenue who provide a certificate of tax rates and cut-off points. PAYE, PRSI and Universal Social Charge (USC) are deducted from the employee's earnings. The amount deducted will vary between each individual as earnings and personal circumstances will dictate the amount being deducted.

PAYE

PAYE is calculated at 20% and 40% of earnings depending on earnings throughout the year. Personal circumstances will determine how much tax will be paid.

PRSI

PRSI rates have a number of different classes and the amount of PRSI to be paid will be determined by which PRSI class an employee is put in. The most common class is Class A, which means the employee will pay 4% and the employer will pay 10.95% of earnings.

USC

The amount of USC deducted from an employee will also be determined by the employee's earnings and the employee's personal circumstances. The rates vary between 0.5% and 8%.

Revenue Payroll Notification (RPN)

The RPN provides the employer with the necessary information to deduct from their employees the correct Income Tax (PAYE), Universal Social Charge (USC) and Local Property Tax (LPT). It shows tax credits, PAYE and USC cut-off points, any previous pay, tax and USC deducted from 1 January (unless the certificate is on a week 1 or month 1 basis), PAYE and USC exemptions, the amount of LPT to be deducted (if applicable). The employer's payroll software will retrieve the relevant RPNs from Revenue as part of the normal payroll process. If the employer does not use a payroll package they can request the RPN through Revenue Online Service (ROS). An employer must always use the most up to date RPNs when calculating employees' pay and deductions. If an employer is unable to retrieve an RPN, they must operate the emergency tax basis on their employee's pay.

Payroll Submissions

On or before an employer makes a payment to their employees, they must report the payroll information to Revenue. Each payroll submission must include amount of pay, payment date and amount of Income Tax, Universal Social Charge, Pay Related Social Insurance and Local Property Tax deducted for each employee. Revenue will issue the employer with a monthly statement based on their submissions. This will be issued by the fifth day of the following month and will show a summary of the total liability. Once the monthly statement is available the employer has the option to view the statement, accept the statement, and/or amend the payroll submission (if errors are identified). If the employer takes no action, then the statement is automatically deemed as their

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return by the 14th of the following month. The employer can file the return on the Revenue website, through the ROS, by direct debit by the 23rd of the following month for ROS users who file and pay online or by the 14th of the following month.

2. Pension requirements

Registration requirements

Pension

A pension scheme is a method of saving for retirement and is considered a long-term investment. There are three main types of pension schemes available:

- ▶ Company pension schemes (occupational pension scheme)
- ▶ Personal retirement savings Accounts (PRSAs)
- ▶ Personal pension plans (retirement annuity contracts)

A pension scheme, regardless of the type, must receive Revenue approval in order to qualify for the various tax benefits associated with pensions such as tax relief on pension contributions or a tax-free lump sum on retirement. In addition, an occupational pension scheme and a PRSA must be approved by the Pensions Authority.

A company pension scheme, also known as a superannuation scheme or an occupational pension scheme, is a pension scheme set up by an employer on behalf of employees. Currently, an employer is not obliged to set up a company pension scheme for their employees. Where one is provided, contributions may be made by both the employer and the employee. The level of contributions depends on the particular scheme and is usually stated in the employee's terms of employment. A company pension scheme can be a defined benefit scheme, a defined contribution scheme or a hybrid scheme.

Employees may wish to make additional contributions to the pension scheme over and above the normal regular amount required by the rules of the pension scheme, and which are outlined in the employee's terms of employment. The mechanism for making such contributions is by way of additional voluntary contributions (AVCs).

Employers, regardless of the size of the workforce, who do not provide a company pension scheme for their employees, or where some employees are excluded from the company scheme, are obliged to enter into a contract with a PRSA provider to provide access for such excluded employees to at least one standard PRSA.

Where an employee makes contributions, including AVCs to the employer's pension scheme or PRSA, the employer is only permitted to allow tax relief up to the maximum age-related limits. Any contributions in excess of the age-related limit should be deducted from the employee's net pay as this does not qualify for tax relief. This generally only happens where an employee makes AVC contributions to the pension scheme. However, tax relief for any excess contributions, while not allowable in the year in which they are paid, are not lost. The employee can approach Revenue after the year end to claim relief for any excess contributions to be carried forward to a future year.

Ongoing compliance requirements

If the company decides to provide a pension scheme for employees, it will be collected or deducted through the employee's payroll. The company needs to agree with the employee and also the pension provider the percentage of contributions. The employee and employer contributions will be paid over to the pension provider. Regardless of the type of pension scheme, employers must pay over the contributions to the administrator of the scheme by the 21st of the month after the month in which they were deducted. Employers must notify employees in writing, at least once per month, of the total amount deducted from the employee's salary and the amount of the employer contribution, if any, paid to the pension trustees in the preceding month.

3. Employment obligations

Contracts and terms of employment

Under the Terms of Employment (Information) Acts, 1994-2014, while the full contract of employment does not have to be in writing, certain terms and conditions of employment must be given to the employee in writing within two months of them starting employment. This information must include the full names of the employer and the employee, and details

of the job title, the pay, hours of work and notice requirements. The minimum rate of pay from 1 January 2019 is EUR9.80 per hour.

Changes to the contract of employment can occur due to a change in the law, but otherwise, changes must be agreed between the employer and employee. Neither party can unilaterally decide to change the contract. This requirement for both the employer's and the employee's consent to changes in the terms of the contract is part of the Contract Law. This principle is not affected by the Terms of Employment (Information) Acts, 1994-2014 which set out the procedures for the employer informing the employee of any changes to the statement of the terms of employment.

Rates of pay

Most experienced adult workers are entitled to be paid a minimum wage of EUR9.80 per hour. There are, however, some exceptions to this minimum wage, including people employed by close relatives, people aged under 18 and trainees or apprentices. Employees must also be given payslips showing their wages and any deductions that have been made.

Hours of work, breaks and rest periods

Employers are responsible for ensuring that employees are given adequate rest. The Organization of Working Time Act 1997 sets the rules governing maximum working hours (the maximum average working week for many employees cannot exceed 48 hours) and daily and weekly rest breaks. The general rule on breaks is that employees are entitled to 15 minutes after a four-and-a-half-hour work period. If the employee works more than six hours, they are entitled to 30 minutes, which can include the first 15-minute break. They are entitled to 11 consecutive hours of rest in any period of 24 hours.

In addition, employees should get 24 consecutive hours of rest in any period of seven days, and this should normally follow on from one of the 11-hour rest periods already mentioned.

Leave

Nearly all employees, full-time, part-time, temporary or casual have annual leave and public holiday entitlements from the time they start work. Most employees are entitled to four weeks of paid annual leave per leave year. Part-time workers' entitlement is generally calculated as 8% of the hours worked, subject to a maximum of four working weeks per leave year.

Employers can determine the timing of annual leave, taking into consideration work and personal requirements; however, the employee or their union should be consulted in advance. Employees can request pay for annual leave in advance. Employers also obliged to allow employees to avail of statutory protective leave, such as maternity leave, paternity leave, health and safety leave, parental leave, adoptive leave, and carer's leave. There is specific legislation setting down the rules for each entitlement.

4. Payroll requirements

Payslips

The Payment of Wages Act, 1991, gives all employees a right to a payslip, which will show the gross wage and details of all deductions. A payslip is essentially a statement in writing from the employer to the employee that outlines the total pay before tax and all details of any deductions. It can be provided either in electronic format or in hard copy.

Form P60

Every employee is entitled to receive a Form P60 (an annual certificate showing their total pay, and the tax, PRSI, USC and LPT deducted) from their employer, provided the employee was employed on the last day of the tax year, i.e., 31 December. The P60 must be issued to the employee by 15 February following the end of the income tax year.

5. Banking requirements related to payroll

Payroll payments can be made by one or a combination of:

- ▶ Check or bank draft drawn on any of the commercial banks or a Trustee Savings Bank
- ▶ A payable order issued by a Minister of the Government or a public authority
- ▶ A postal order, money order, paying order or warrant issued by, or drawn on, An Post
- ▶ A credit transfer to an account specified by an employee
- ▶ Cash



Doing Business in Italy – Payroll Operations

1. Government requirements

Registration requirements

Registration with the Chamber of Commerce

From a general point of view, all companies that want to supply services, sales, trading, manufacturing and so on are obliged to register with the Chamber of Commerce and obtain a VAT number to be able to start a business.

The VAT number allows the company to be identified to the national authorities and for the payment of taxes to the Tax Office, and social security contributions to the social security authority – “Istituto Nazionale della Previdenza Sociale” (INPS).

Failure to register or the registration after start business, results in the payment of penalties.

Registration with the social security authority – INPS

All companies that want to hire employees must register with the social security authority (INPS) to obtain a registration number which will allow the Institute to identify the company when it pays employees’ social security contributions.

Depending on the sector classification of the company (trade, services, industry, etc.) and based on the type of employees (white or blue collars, executives, expatriates, etc.), specific contribution tables with different rates are provided.

Registration must be carried out immediately after hiring the first employee.

Failure to register or late registration results in the payment of penalties.

Registration with the Labor Office (“Centro per l’Impiego”)

All companies that want to hire employees must register with the Labor Office (“Centro per l’Impiego”) to obtain a username and password that will allow them to submit employee hiring and termination notifications.

Ongoing compliance requirements

Payment of withholding taxes and annual income certification

Employees, collaborators and any personnel who receive a payslip are required to pay their income taxes to the tax authority (“Agenzia delle Entrate”) on a monthly basis. The income taxes are calculated and withheld through the monthly payroll process. The tax rate varies according to the level of income between 23% and 43% of the taxable amount.

The employer, acting as withholding tax agent, makes the payment, through the F24 form (an electronic form), by the 16th of the month following the month to which the taxes make reference.

At the end of the fiscal year, or earlier in the event of termination of the employment, the employer is required to calculate the balance of taxes on the basis of the actual income paid to the employee. The balance takes place in December and the employer, through the payslip, calculates the taxes actually due by the employee, and retains those due or refunds those overpaid during the year. By the end of March of the following year, the employer issues a document called “Certificazione Unica” (CU) where the income paid to the employee, the taxes and contributions withheld, the benefits in kind provided and the “Trattamento di Fine Rapporto” (severance indemnity) related to the previous fiscal year are reported.

The employer does not act as a withholding agent for other personal income of the employee.

The late payment of taxes results in the payment of interest and penalties.

Annual statement of tax withheld from employees

Every year, companies that act as withholding tax agents, are required to submit the so-called 770 form. The 770 form is the document that the withholding tax agents, who liaise on behalf of the taxpayer with the tax authority, must submit electronically to the tax authority, usually by the end of October of the following year.

The form contains information about tax withheld and paid on behalf of employees, and may also include self-employed workers.

Failure to submit or late submission of the statement results in the payment of penalties.

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Payment of monthly social security contributions

Companies, employees or collaborators, and any personnel who receive a payslip, are required to pay, at varying rates, contributions to the INPS on a monthly basis. The social security contributions due by employees are calculated and withheld through the monthly payroll process. The employer, through the F24 form (an electronic form), pays its part of contributions and the part deducted to employees. The payment has to be made by the 16th of the month following the month to which the taxes make reference.

The social security contributions due by employees are about 10% of their gross salary; the social security contributions due by the employer range from approximately 27% to 31%.

Late payment of social contributions results in the payment of interest and penalties.

Mandatory hiring and termination notifications

Notifications about new hires must be submitted electronically, through the Labor Office portal, by the day before the beginning of the employment at the latest.

Notification of contract terminations must be submitted electronically, through the Labor Office portal, within five days of the end of the employment.

In both cases, late notification will be subject to penalties.

2. Pension requirements

Registration requirements

Registration with an integrative health fund

The health funds are the instrument provided by the Italian Law in order to ensure a second level of healthcare as a supplement to the national health system. They can be "open", accessible to all employees, or "closed", reserved only to employees hired with a specific National Collective Labor Agreement (NCLA).

Registration with the "closed" health funds (for companies or employees) is regulated by the NCLA and these funds are made applicable to employees. Specific funds are available on the basis of the type of NCLA (trade, industry, bank, etc.) and the employee's position (blue or white collar executive).

Registration with an integrative pension fund

The pension funds are the instrument (belonging to the so-called private pension system) provided by the Italian Law in order to guarantee to employees a supplementary pension, in addition to the national mandatory pension. They can be "open", accessible by all employees, or "closed", reserved only to employees hired with a specific NCLA.

Registration with the "closed" pension funds (for companies or employees) is regulated by the NCLA in force. Specific funds are available on the basis of the NCLA (trade, industry, bank, etc.) and the employee's position (blue or white collar executive).

Ongoing compliance requirements

Payment of contributions to integrative health funds

Companies and employees registered to integrative health funds are required to pay contributions to the fund at varying rates. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays its part of contributions and the part deducted from employees using the method established by each fund (usually a bank transfer). The payment can be monthly, quarterly or annual (depending on fund regulation).

Payment of contributions to integrative pension funds

Companies and employees registered to integrative pension funds are required to pay contributions to the fund at varying rates. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays its part of contributions and the part deducted from employees using the method established by each fund (usually a bank transfer). The payment can be monthly or quarterly (depending on the fund regulation).

3. Employment obligations

Mandatory insurance against workplace injuries with the National Institute for Insurance against Accidents at Work (INAIL)

Before beginning work activities with employees, all companies must register with INAIL to obtain a registration number which will allow the Institute to identify the company, and a specific number to identify each workplace located in Italian territory.

A specific risk classification and a contribution rate (in the range of 0.4% up to 9% of the gross salary) is attributed to the company on the basis of the type of activity performed by the employees.

The annual balance (related to the previous year) and advance payment of premium (related to the following year) is made in January. The premium (balance and advance) is computed on the basis of the salaries paid during the previous year.

Failure to register or late registration and late payment of premiums results in the payment of penalties.



Minimum salaries

The NCLAs establish the minimum salaries for employees on the basis of their rank (executives, managers, white collar, blue collar, apprentices, etc.). The NCLAs also establish the periodic salary increases (generally once per year) and employers are obliged to pay employees this increase.

In addition to the minimum wages, employers may provide a part of salary exceeding the minimum established by the NCLA. On the basis of the agreement with the employee, such an additional amount, called "superminimo", can be absorbable (it can be reduced when the mandatory minimum salary increases occur) or not absorbable (it cannot be reduced when the mandatory minimum salary increases occur).

"Trattamento di Fine Rapporto" (TFR) (severance indemnity)

The so-called Trattamento di Fine Rapporto (TFR) is an amount accrued on a monthly basis and paid to the employee at the end of their employment.

The TFR is calculated on the recurring elements paid to the employee, and it is about 7% of the gross salary and any other item (bonus, etc.) or fringe benefit (company car, etc.) provided to the employee.

The TFR is calculated and accrued by the company and paid out to the employee when they leave the company. In specific circumstances established by the Labor Law, the employee may request an advance of the TFR up to 80% of the accrued amount.

Since 2007 employees have been able to decide whether keep the TFR in the company or transfer it to an integrative pension fund. If the latter, the employer is required to transfer (on a monthly or quarterly basis) the accrued TFR to the pension fund chosen by the employee.

National Collective Labor Agreement (NCLA)

Leave days, paid permission hours, sick leave, rest hours, overtime and seniority increases, etc., are managed by the NCLAs. Each NCLA contains specific provisions that regulate each specific part of the employment.

Mandatory hiring of disabled people

Companies with more than 15 employees are obliged to hire one disabled person as soon as they have hired their 15th employee.

The number of disabled people to be hired depends on the total number of employees. Please see the below criteria:

- ▶ One disabled person for companies with 15-35 employees
- ▶ Two disabled people for companies with 36-50 employees
- ▶ Disabled people should make up 7% of the workforce for companies with more than 50 employees



4. Payroll requirements

The payroll for employees is processed on a monthly basis and employees receive a payslip every month.

The annual gross salary is payable through 13 or 14 monthly instalments depending on the provisions of the NCLA applied to employees. The 13th is paid in December and the 14th is paid in June.

The company policy sets out the day of the month in which the employees should receive the net salary. The most common date is the 27th of the month.

Payslips

Certain employees, for example, collaborators, administrators or specific roles not classifiable as employees, may receive quarterly, biannual (every six months) or annual payslips. In such cases, the terms of payment are agreed in advance between the parties.

All employees and collaborators must be provided with payslips on the same working day as the pay day. Payslips can be provided either in electronic form or hard copy. The electronic form must have the same information as the hard copy.

5. Banking requirements related to payroll

Net salary can be paid in Euro by one or a combination of the following methods:

- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

The most common way to pay the net salary is by bank transfer.





Doing Business in Jordan – Payroll Operations

1. Government requirements

Registration requirements

In order to legally carry out work in Jordan, it is a requirement under Jordan's Companies Law that a company must be registered with the Jordanian Ministry of Industry and Trade. Depending on the proposed activities, additional registrations may be required; e.g., with the Jordanian Construction Contractors Association and the Jordanian Engineering Association for companies intending to undertake engineering and construction activities. The three most common forms of registration vehicles for companies intending to carry out commercial activities in Jordan are:

Limited liability company

A limited liability company (LLC) may be established in Jordan with no explicit restrictions on the types of activities that it may undertake. Furthermore, an LLC can conduct a wide range of activities and is generally not limited to the activities it was initially established to undertake, as long as its Articles and Bylaws allow for this. Foreign investors are permitted to hold 100% of the shares of a Jordanian LLC, subject to certain restrictions.

A LLC in Jordan is independent of any other affiliated entity registered within Jordan or outside Jordan, and has its own identity for tax and legal purposes.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication, including the approval of the competent authorities in Jordan.

Branch office

A branch can be formed by a foreign entity to perform a specific contract that it has secured to undertake work in the country for a limited period of time. A branch may operate in Jordan permanently if a license by the authorities can be secured.

A branch office in Jordan does not have a separate legal existence. It is an extension of its head office company and carries out business under its name.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication including the approval of the competent authorities in Jordan.

Representative office

A representative office in Jordan (locally known as a non-operating foreign company) may be established in Jordan to study the market and evaluate contractual opportunities. The representative office cannot enter into contracts or conduct business. It may only carry out non-revenue generating activities.

A representative office in Jordan acts as a regional office representing operations conducted outside Jordan at the head office level.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication, including the approval of the competent authorities in Jordan.

Tax registration

All companies registered in Jordan are required to register with the Income and Sales Tax Department for tax filing, reporting, and payment purposes. Upon successful registration, the company will obtain a single Tax Identification Number (TIN) for all types of taxes administered by the Income and Sales Tax Department, including corporate income tax, sales tax, and employee income tax.

Ongoing compliance requirements

Employee income tax

Jordanian nationals and foreign individuals working in Jordan are subject to tax in Jordan on their income earned in, or derived from, Jordan, regardless of their residency status. The Income and Sales Tax Department requires each employee with taxable income to be registered with the tax authority and to obtain a unique TIN. Under Jordan's Income Tax Law No. 38 of 2018 the employer is responsible for deducting the employee income tax from its employees' salaries and wages, filing the periodic returns, and remitting the deductions to the Income and Sales Tax Department. The periodic returns include the monthly withholding declaration (AR/2 form) and the annual summary schedule. The employee, on the other hand, is responsible for submitting to the Income and Sales Tax Department his or her annual employee income tax return (AR/3 form).

The monthly employee income tax return must be filed and payment must be made to the Income and Sales Tax Department within 30 days from the month of the deduction.

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The employee income tax is levied according to the following scale:

From JOD	To JOD	Rate %
–	5,000.00	5
5,000.00	10,000.00	10
10,000.00	15,000.00	15
15,000.00	20,000.00	20
20,000.00	1 million	25
Above 1 million	–	30

Additionally, a national contribution tax of 1% is imposed on the taxable income of natural persons exceeding JOD200,000.

The payment of the employee income tax liability has to be made electronically (if the payment exceeds a certain threshold) in Jordanian dinars to the benefit of the Income and Sales Tax Department.

2. Pension requirements

Registration requirements

Social security

All companies registered in Jordan are required to register their employees (Jordanians and non-Jordanians) with the Social Security Corporation for social security filing, reporting, and payment purposes. Upon successful registration, each employee of the company will be issued a social security number.

Ongoing compliance requirements

Social security

According to Social Security Law No. 1 of 2014, employees (Jordanians and non-Jordanians) should pay into social security. The current rates of social security are 14.25% for employers and 7.5% for employees.

It is the responsibility of the employer to withhold the social security contributions from the employees' income for each month of the fiscal year and file a monthly contributions form to the social security authority. An annual social security filing must also be made by the employer.

The payment of the social security has to be made electronically in Jordanian dinars to the benefit of the Social Security Corporation.

The monthly social security form and payment must be made to the Social Security Corporation by the 15th day of the month which follows the month of the deduction.

3. Employment obligations

Jordan's labor regulations are governed by Labour Law No. 8 of 1996. The provisions of this law apply to all workers (Jordanians and non-Jordanians).

The contract of employment largely determines the terms and conditions of employment. When drafting an employment contract, an employer must comply with the requirements set out in the Labour Law, guaranteeing certain employee rights and benefits. The Labour Law includes a number of requirements to which an employer must adhere when dealing with its employees.

Furthermore, under Jordan's Labour Law, several types of leave are permitted including:

Annual leave

Employees are entitled to annual leave with full pay of 14 days, unless a longer period was agreed. The annual leave shall be 21 days if the employee remains in the service of the employer for five successive years. Public holidays, religious feasts and weekly holidays shall not be calculated as part of the annual leave unless they took place during the annual leave. If the employee's period of service has not reached a year, then he or she shall be entitled to pro rata paid leave for the period which he or she has worked.

Sick leave

Sick leave is 14 days per year based on a valid medical report.

Maternity leave

Maternity leave is 10 weeks.

4. Payroll requirements

According to Jordan's Labour Law No. 8 of 1996, an employer is required to maintain payroll records for all of its employees working in Jordan.

5. Banking requirements related to payroll

All companies in Jordan are required to open a bank account with a bank authorized in Jordan in order to make their payments due to the government authorities.

The payment of the employee income tax liability and social security contribution have to be made electronically in Jordanian dinars to the benefit of the relevant government authority.





Doing Business in Kazakhstan – Payroll Operations

1. Government (federal, state and local) requirements

Registration requirements

State registration in Kazakhstan follows a “one-stop shop” principle. Hence, there is no separate tax or social security registration; these registrations are done all at once. All registration documents should be submitted to a single government authority, the “Government for Citizens.” The procedure of the state registration is regulated by the Law of the Republic of Kazakhstan on state registration of legal entities and record registration of its branches and representative offices number 2198 dated 17 April 1995.

The procedure of state registration is different for legal entities and its branches or representative offices. State registration should take from 3 to 10 business days from the date of submission of a full set of the documents, provided that the government authorities do not find any irregularities in these documents. However, in practice, this process may take longer. Also, it should be noted that the above period does not include the preparation period for the submission of required documents to the state authority, which may take from three weeks to three months. Depending on the form of a legal entity or its business activities, the company should undergo a set of additional procedures registrations in order to become operational.

The state registration fee also depends on the form of a legal entity and varies from 1 minimum calculation indexes (MCI)¹ to 6.5 MCI.

Ongoing compliance requirements

On the basis of the Tax Code, a company is responsible for submitting to the tax authorities quarterly personal income tax and social tax reports by the 15th day of the second month following the reporting quarter.

Besides payroll withholding obligations levied on tax agents, a foreign individual may also have a personal tax filing obligation in certain cases.

Personal income tax

As required by the Tax Code, a tax agent is responsible for withholding and remitting income tax from payments made to resident and non-resident individuals.

Under the withholding mechanism, a tax agent withholds personal income tax and transfers it to the state budget on a monthly basis by the 25th day of the month following the month in which income was paid.

Special regime exists for shadow payroll in respect of income paid to individuals working in Kazakhstan under a service agreement between individuals’ home country employer and a counter party in Kazakhstan.

Tax rates

The following tax rates are applicable to resident and non-resident individuals depending on the type of income:

1. Employment income received by residents and non-residents: 10%
2. Capital gains, interest and winnings received by residents: 10%
3. Kazakhstan source dividends received by residents: 5%
4. Capital gains, dividends, interest royalties received by non-residents: 15%
5. Income received from sources registered in a tax haven: 20%
6. Other (non-employment) income paid to non-residents: 20%

Income received in foreign currency is converted to the local currency (tenge) at the exchange rate on the day prior to the date when the income is paid.

Social tax

On the basis of the Tax Code, employers pay social tax, but this is an additional direct tax on employers that is not earmarked for the social benefit of employees.

Social tax is assessed on the employer’s expenses in the form of employees’ income.

Social tax exemptions apply, but are not limited, to the following:

- ▶ Employees’ Social Medical Insurance fund contributions
- ▶ Obligatory pension fund contributions

¹ The MCI was established by the Law of the Republic of Kazakhstan “On the Republic’s Budget for 2020-2022.” Effective 1 January 2020, the MCI is KZT2,651.

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Employers are required to pay social tax at a flat rate of 9.5% of gross income, less income not subject to social tax (e.g., obligatory pension fund contributions). The minimum taxable base for social tax per employee is the Minimum Monthly Salary (MMS) (approximately US\$110 in 2020).

Monthly social insurance contributions are deducted from the monthly social tax to be paid to the state budget (see social insurance contributions). Social tax must be remitted to the state budget on a monthly basis by the 25th day of the month following the month of income paid.

Social insurance contributions

In accordance with the Law of the Republic of Kazakhstan, "On obligatory social insurance", employers pay social insurance contributions at a rate of 3.5% on income paid to employees who are citizens of Kazakhstan, foreigners and stateless persons holding a residence permit in Kazakhstan, or citizens of the Eurasian Economic Union (i.e., Russia, Belarus Armenia, Kyrgyzstan).

For 2020, income received in excess of 7 MMS (KZT297,500/ approximately USD 770) per month is not subject to social insurance contributions. The minimum monthly tax base for obligatory social insurance contributions per employee is the MMS (approximately USD110 in 2020). If income subject to social insurance contributions is less than the MMS, the monthly base for social insurance contributions per employee should be the MMS.

Obligatory social medical insurance

In accordance with the Law of the Republic of Kazakhstan No. 405-V "On obligatory social medical insurance" (OSMI), employers must make, at their own expense, employer contributions to the Social Medical Insurance Fund on a monthly basis at a rate of 2% of income paid to employees (applicable to Kazakhstan citizens, repatriated ethnic Kazakhs, citizens of the Eurasian Economic Union and foreign citizens holding Kazakhstan residence permit).

In addition to employer contributions, starting from 2020, employer, being a tax agent, should withhold and remit to the Social Medical Insurance Fund monthly contributions from income of employees (Kazakhstan citizens, repatriated ethnic Kazakhs, citizens of the Eurasian Economic Union and foreign citizens holding Kazakhstan residence permit) at 1% of such employee's income.

For 2020 income subject to employer and employee OSMI contributions is capped at 10 MMS (approximately USD1,110) per month.

An employer may also be responsible for submission of the following non-tax reports:

1. Annual and quarterly statistical reports (Form 1-T) should be submitted to the local department of statistics. Quarterly reports should be submitted by the 10th of the month following the reporting quarter; annual reports should be submitted by 12 February following the reporting year.
2. Form named "Information about demanded professions for the projected jobs" (1-forecast) should be submitted to the local district (city) labor authorities in case of a planned reduction in headcount (e.g., due to the employees reaching retirement age, recruitment into the armed forces and other labor flow reasons). This report should be submitted twice a year, not later than 1 April and 1 October.
3. Form named "Information on the demanded job vacancies and professions" (1-vrm) should be submitted to the local district (city) labor authorities in case of vacancies (e.g., due to a need to increase headcount, termination, reduction, retirement, maternity leave). This report should be submitted within three working days from the date a vacancy occurs.
4. Monthly reports on foreign employees who have settled in Kazakhstan should be submitted to the local district (city) labor authorities before the 25th day of the reporting month.

2. Pension requirements

Registration requirements

No additional registration is required for legal entities.

Ongoing compliance requirements

Pension fund contributions

In accordance with the Law of the Republic of Kazakhstan "On Pension Coverage in the Republic of Kazakhstan", obligatory pension fund contributions of 10% of the gross salaries of Kazakhstan citizens must be withheld and remitted to the pension fund by employers on a monthly basis.

Income received in excess of 50 MMS (approximately USD5,550 in 2020) per month is not subject to obligatory pension fund contributions. Obligatory pension fund contributions are deductible for personal income tax and social tax purposes.

These contributions apply only to citizens of Kazakhstan and to foreigners and stateless persons holding a residence permit in Kazakhstan.

Obligatory professional pension contributions

For employees in certain professions that involve hazardous working conditions (e.g., mining, oil and gas, pharmaceuticals, and consumer goods manufacturing), employers must also, at their own expense, make obligatory professional pension fund contributions at a flat rate of 5% (without a cap) of employees' gross salaries on a monthly basis.

3. Employment obligations

The governing authority on labor issues is the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan.

The obligations of the employer are regulated by the Labor Code, collective bargaining agreements, employment agreements and employers' acts, and include the obligations to:

- ▶ Pay to the employee the salary and other payments stipulated by the laws and regulations of the Republic of Kazakhstan, the employment agreement and employer's acts, in full and in a timely manner
- ▶ Review proposals from the employee's representatives and provide them with complete and accurate information required for the conclusion of a collective bargaining agreement, as well as for monitoring its implementation
- ▶ Comply with mandatory prescriptions of state labor inspectors
- ▶ Implement mandatory social insurance of employees
- ▶ Maintain workplace accident insurance for employees
- ▶ Provide paid annual vacation to employees
- ▶ Keep a record of working time, including overtime work in harmful and hazardous working conditions, and heavy work performed by each employee
- ▶ Conduct collection, processing and protection of employees' personal data in accordance with the legislation of the Republic of Kazakhstan

Minimum Monthly Salary

Kazakhstan law has an MMS requirement as determined by the Law on the Republic's Budget for the relevant year. For 2020, it is KZT42,500.

Working hours and leave

Normal working hours are 40 hours per week.

Resting hours depend on the working regime, but normally should not be less than 12 hours per day.

The minimum paid vacation period under the Labor Code is 24 calendar days (excluding official holidays). Additional vacation days should be provided for employees working in hazardous or harmful conditions.

Injury insurance

Under Kazakhstan law, an employer must insure employees against injuries during the performance of their work (official) responsibilities within the first 10 days upon commencement of operations.

4. Payroll requirements

Salary should be paid not less than once a month, within the first 10 days of the following month. The date of payment should be agreed and provided in the employment contract.

Upon payment of salary, the employer should provide employees with pay-slips containing information about all accruals and deductions in the relevant month.

5. Banking requirements related to payroll

Salary and any additional allowances should be set out in the employment contract and paid in local currency, tenge. Bank accounts can be opened with a local bank in Kazakhstan in tenge, with the option of using foreign currency as well.



Kazakhstan legal entities are permitted to hold bank accounts outside of Kazakhstan without restrictions, but they are required to notify the National Bank of Kazakhstan within 30 calendar days after an agreement is concluded with a foreign bank and to file regular statutory reporting. In practice, payment of some payroll taxes and contributions cannot be processed from foreign bank accounts. Therefore, it is recommended to open accounts with Kazakhstani banks.





Doing Business in Kenya – Payroll Operations

1. Government requirements

Registration requirements

Personal Identification Number (PIN)

When a business enters Kenya and employs people, it must register with the Kenya Revenue Authority (KRA) for a PIN. Once the business has obtained a PIN, it can register for Pay As You Earn (PAYE) by activating its PAYE obligation on the online KRA iTax system. The activation of the PAYE obligation will enable the business to settle its tax liabilities. Upon registration with the KRA, the business will be required to account for employment taxes withheld and remitted for all its employees (whether Kenyan nationals or expatriates). All the company's employees will also be required to obtain a PIN.

National Hospital Insurance Fund (NHIF)

The NHIF fund is a Kenya Government state corporation with a mandate to provide health insurance to Kenyans over the age of 18. The core mandate for NHIF is to provide accessible, affordable, sustainable and quality health insurance for all Kenyan citizens who have reached the age of 18 years and have a monthly income of KES1,000. An employer is required to register with the NHIF and make monthly contributions toward the fund for all its employees as per the NHIF Act.

National Industrial Training Authority (NITA)

NITA is an agency established under the Industrial Training (Amendment) Act of 2011.

The mandate of the authority is to promote the highest standards in the quality and efficiency of industrial training in Kenya and ensure an adequate supply of properly trained manpower at all levels in the industry. All employers must register with the NITA and pay a training levy of KES50 on a monthly basis for each employee.

Ongoing compliance requirements

Remittance of PAYE

Employers must remit to KRA monthly PAYE taxes for all its employees and file the returns online on the KRA iTax platform by the 9th of the following month.

KRA imposes penalties at 25% of tax payable and interest of 1% per month for late payment and non-payment of PAYE tax. A penalty of KES10,000 is also imposed for late submission or non-submission of the PAYE returns.

Annual reporting of PAYE and payment summaries

The employer should prepare and distribute Tax Deduction Cards (P9s forms) for employees immediately after 31 December.

Remittance of NHIF contributions

NHIF contributions are payable by the first day of the month following the month of deduction. However, in practice, the fund accepts payments made by the 9th of following month. Employers are mandated to remit this contribution for all employees as per the provisions of the NHIF Act applying the graduated rates, up to a maximum of KES1,700, however, individuals under self employment are required to pay KES500 every month.

A penalty equal to twice the amount of the contribution shall be payable by that person for each month or part thereof during which the contribution remains unpaid, and any such penalty shall be recoverable as a sum due to the fund, and when recovered, shall be paid into the fund.

2. Pension requirements

Registration requirements

The National Social Security Fund (NSSF) is a government agency responsible for the collection, safekeeping, responsible investment and distribution of retirement funds of employees in both the formal and informal sectors of the Kenyan economy. An employer (and all its employees) are required to register with the NSSF and make monthly contributions (employer and employee) as per the NSSF Act.

Ongoing compliance requirements

NSSF contributions are made at 5% of an employee's salary to a maximum of KES200 per month. The employer is required to contribute an equivalent amount for each employee. The employer is required to file the NSSF return with the authority by the 15th of the following month. In filing the return, the employer should indicate the employee's NSSF number. Foreigners who are members of

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social security in their home country and are in Kenya for less than three years are exempt from making contributions toward the NSSF.

Any amount paid after the due date attracts a penalty of 5% per month on the contribution due, or part thereof, for the period the tax remains unpaid.

3. Employment obligations

Annual leave

An employee shall be entitled to annual leave after every 12 consecutive months of service with their employer of not less than 21 working days leave with full pay.

Maternity leave

A female employee shall be entitled to three months of maternity leave with full pay.

A male employee shall be entitled to two weeks of paternity leave.

Sick leave

After two consecutive months of service with his employer, an employee shall be entitled to sick leave of not less than seven days with full pay, and thereafter to sick leave of seven days with half pay in each period of 12 consecutive months of service. Maternity and paternity leaves are provided with full pay.

Study leave

There are no specific provisions for study leave. The common practice is for the employer and employee to reach an agreement.

Study leave is also normally deducted from the annual leave entitlement.

4. Payroll requirements

Payslips

As common practice, employers are required to provide monthly payslips to their employees in either hard or soft copy, unless it is stipulated otherwise in their contracts. However, this is not mandated under the Kenyan Employment Act.

An employer is required to keep a written record of all employees with whom they have entered into a contract. The records can be kept in paper form or electronically (as long as the information can be accessed easily and converted into written form).

5. Banking requirements related to payroll

There is no standard method for making payments to employees. Employers can make payments to their employees by either cash, electronic transfers, check or a combination of these.

Payment to employees does not need to be in local currency however tax must be paid in local currency.

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.

Foreign exchange control considerations

There are currently no exchange control regulations in Kenya. Therefore, payments or remittances to foreign countries can be freely made by the Kenyan entity. However, as part of the Central Bank of Kenya's anti-money laundering regulations, local commercial banks will require documentary evidence for any remittances out of Kenya in excess of USD10,000 (or its equivalent in euros or sterling).





Doing Business in Kuwait – Payroll Operations

1. Government requirements

Registration requirements

Registration with the Ministry of Social Affairs and Labor (MOSAL)

The company's file must be opened with the MOSAL, which will determine the number of visas available to the company (on the basis of the company's sector and work specification being registered with the MOSAL). Accordingly, employees whose visas are issued through the file will need to be registered under the company's file. If the employee needs to move to another firm, their visa must be cancelled from the existing company's file in order to be registered in the new firm's file. This ideally takes two to three weeks, once each firm has processed this.

Employment contracts

Employees in Kuwait are entitled to obtain an employment contract issued and attested by the Ministry of Social Affairs and Labor, and signed by themselves and the employer. The contract details the job description, including responsibilities and performance standards, basic salary, job title, period of contract and the performance measures of the company. The contract also explains the termination conditions, including the notification period from either side for termination of contract, and the liabilities to be incurred in case of breaking the conditions of contract.

Income tax registration

There is no personal income tax (PIT) in the state of Kuwait. However, there is corporate tax applicable to foreign corporations. The Kuwaiti tax law does not define the concept of resident or non-resident and permanent establishment. As a result, there may be corporate tax implications where representatives or employees of the supplying or invoicing foreign entities are present in the country.

In practice, the Kuwait Tax Authority (KTA) considers even a single day's visit to Kuwait as a taxable presence in the absence of a double tax treaty between the corporation's country of tax residence and Kuwait.

Ongoing compliance requirements

There is no PIT in Kuwait.

MOSAL has to be notified whenever the company deposits salary to employee's bank accounts. Bank accounts opened with Kuwaiti banks provide access to an online salary portal through which the salary report would automatically be sent to MOSAL.

2. Pension requirements

Registration requirements

Social security

Every new Kuwaiti employee should be registered with Public Institution for Social Security (PIFSS) by the 5th of the following month to avoid penalties. Social security contributions are applicable to all Gulf Cooperation Council (GCC) nationals. However, the social security rates vary according to the nationality of the employee.

Ongoing compliance requirements

Social security

For Kuwaiti nationals, social security contributions must be paid as a percentage of their monthly basic salary plus their social allowance. The contributions by the employer and the employee are as follows:

- ▶ The employee's contribution toward social security is 10.5% up to KWD1,500 and 8% from sums above KWD1,500 and up to KWD2,750.
- ▶ The employer's contribution toward social security is 11.5%, with the cap amount being KWD2,750.

For foreign employees who have completed a minimum period of three years, it is generally necessary to make a terminal indemnity payment, calculated at 15 days remuneration for each of the first five years of service and one month remuneration for each year thereafter.

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3. Employment obligations

Annual leave

Employees are entitled to 30 days (excluding sick leave and public holidays) of annual paid leave for one year of continuous service.

Time off work

The employee shall be entitled to a weekly period of rest of not less than one day with pay, and in case the employee is made to work during the weekly rest, he or she shall be entitled to a wage in return for that day equaling the original wage per day plus at least 50%.

Working on official public holidays

Whenever an employee is made to work on an official public holiday they shall be entitled to a double wage for that day.

Minimum wage

In Kuwait, minimum wages vary depending on the job role and the job designation as per the visa.

Government medical insurance

It is mandatory for all employees to be provided government medical insurance.

4. Payroll requirements

Wages may be determined per hour, per day, per week, per month or per project. Wages shall be paid on one of the official work days and at the workplace of the employees, in the currency legally in circulation, subject to the following provisions:

- ▶ Employees appointed on monthly pay shall be paid the wage thereof at least once per month.
- ▶ Employees paid per hour, day laborers, employees on a weekly wage or paid on a project basis shall be paid the wage thereof at least once every two weeks.
- ▶ The employer shall be prohibited from transferring a monthly paid employee to the category of a day laborer, or to the category of an employee appointed on a weekly wage or on a project basis, except terminating the existing contract and sign a new contract and update the same with the MOSAL.

5. Banking requirements related to payroll

All salary payments must be made through a local bank account and paid in local currency.





Doing Business in Latvia – Payroll Operations

1. Government requirements

Registration requirements

State Revenue Service (SRS)

Within one working day of the legal entity being registered in the commercial register of Latvia, information is sent to the SRS. Data is exchanged electronically between state authorities. No later than three working days after the registration documents are received, the SRS registers the taxpayer in the taxpayers' register or takes a decision to refuse the registration of the new taxpayer. All new employees must be reported by the company to the SRS at least one day before the commencement of the employment relationship.

Electronic Declaration System (EDS)

All companies, regardless of their chosen form of business, should collaborate with SRS via the EDS. Tax returns and statements should be submitted in the EDS pursuant to the tax statutory deadlines.

Employment contracts

An employer and an employee shall establish a mutual legal employment relationship by concluding an employment contract. With an employment contract, the employee undertakes to perform specific work, subject to specified working procedures and orders of the employer, while the employer undertakes to pay the agreed work remuneration and to ensure fair and safe working conditions that are not harmful to health. The provisions of the Civil Law shall apply to contracts of employment. General rules of employment are stipulated in the Labor Law of the Republic of Latvia.

Mandatory state social insurance contributions (SSC)

An employer (including a micro-enterprise taxpayer) shall register each employee with the SRS, by submitting the information regarding them within the following timescales:

- ▶ Regarding new employees: not later than one day before they commence work, if information is submitted via paper form, or one hour before they commence work, if information is submitted via EDS
- ▶ Regarding employees who have changed or lost their status as an employee: not later than within three working days after the change or loss of status

The requirements mentioned above are described in Cabinet Regulations No. 827 "Regulations Regarding Registration of Persons Making Mandatory State Social Insurance Contributions and Reports Regarding Mandatory State Social Insurance Contributions and Personal Income Tax."

Ongoing compliance requirements

Personal Income Tax (PIT)

Personal Income Tax (PIT) shall be paid by all natural persons who are domestic taxpayers (residents) and who have obtained income in the Republic of Latvia and foreign states, if any, during the taxation period (calendar year). Foreign taxpayers who have obtained income in the Republic of Latvia during the taxation period is also subject to PIT.

Starting from 2020 PIT has progressive rate:

- ▶ For income up to EUR20,004 per year - 20%
- ▶ For income from EUR20,005 to EUR62,800 per year - 23%
- ▶ For income more than EUR62,800 per year - 31.4%

The tax rate of 31.4% is not applied to earned income during the tax year. The payer of income deducts tax of 23% from all income above EUR1,667 per month, and the final PIT calculation is made pursuant to the summary procedure. As part of this procedure, employees part of Solidarity tax in amount of 10.5% will be transferred to the PIT account with the State Treasury, except where a taxable person is holding an A1 certificate and statutory social insurance contributions are paid abroad.

If employee has not submitted tax book to the employer, 23% of PIT is calculated from the first Euro of income.

If employee has registered tax book following tax allowances are applicable:

- ▶ Non-taxable minimum which is calculated individually to each employee by Latvian State revenue services according to income declared in previous six months. The maximum non-taxable minimum is EUR300 and it is applicable if employee receives minimum wage. If employee's wage is above EUR1,200 non-taxable minimum is zero. We should be making reference to 2019 amounts.
- ▶ Allowances for dependents for year 2020 is EUR250 for each dependent per month.

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The Law of the Republic of Latvia on Personal Income Tax governs the PIT rates. PIT from salaries is calculated, withheld and paid by the company.

PIT and SSC reporting

By the date determined by State Revenue Service for making monthly mandatory payments, the employer shall submit to the State Revenue Service an employer's report on monthly calculated salaries and payroll taxes (e.g., SSC and PIT).

Notification of the amounts disbursed to a natural person

This notification shall be sent to the SRS no later than 1 February of the year following the taxation year, provided that the employment relations have existed until the end of the year. The notice regarding the amounts disbursed to an employee, considering one with whom employment relations have not existed until the end of the year, shall be sent by the employer to the SRS by the 15th of that month which follows the month of the termination of employment relations.

State social insurance contributions (SSC)

The standard SSC rate is 35.09% and it is calculated from employees' monthly gross income. SSC is divided into two parts – the employee's part and the employer's part. The standard distribution is 11% and 24.09%. SSC rates and splits between parties can differ based on special categories of people.

SSC shall be paid by the date determined by State Revenue service to State Treasury.

SSC is accounted from income up to EUR62,800 per year, if the employee's yearly income exceeds the threshold - deducted SSC above the threshold (employees part 11% and employer's part 24.09%) is transferred to Solidarity tax.

SSC is calculated and paid by the employer. The general rules of SSC calculation and application are described in the Law of the Republic of Latvia on State Social Insurance and Cabinet Regulation No. 786.

2. Pension requirements

Pension system in Latvia

Since July 2001, there has been a three-tier pension system in Latvia which includes the first tier (state compulsory unfunded pension scheme), the second tier (state funded pension scheme) and the third tier (private voluntary pension scheme). The underlying principle of the system is: the larger the contributions made the larger the pension will be. The simultaneous existence of all three pension tiers ensures the stability of the system, because it reduces the demographic and financial risk for each of the tiers.

All persons making SSC are involved in the first tier. Paid contributions are used to fund old age pensions for the existing generation of pensioners.

The SSC of those who participate in the second pension tier, through their chosen fund managers, are invested into the financial market and saved for their pensions.

The third pension tier provides the possibility for every individual to choose to create additional savings for his or her pension in private pension funds.

The pension system in Latvia is supervised by the State Social Insurance Agency (SSIA).

3. Employment obligations

Social insurance

All employees who have reached 15 years of age and are employed by an employer shall be subject to mandatory social insurance. Persons who have reached 15 years of age, whose permanent place of residence is of Latvia and who are not subject to mandatory social insurance, may join the state social insurance voluntarily in accordance with the procedures stipulated by the Cabinet. Health and life insurance is an additional benefit for employees and is optional to employers.

Minimum wage

The minimum monthly salary in Latvia is determined by the Cabinet. In 2020 it is EUR430 for normal working hours of 40 hours per week.

Annual paid leave

Every employee has the right to annual paid leave. Such leave may not be less than four calendar weeks, not counting public holidays. Employees under 18 years of age shall be granted annual paid leave of one month. With the agreement of the employee and the employer, annual paid leave in the current year may be granted in parts; but one part of the leave in the current year shall not be less than two uninterrupted calendar weeks. In exceptional cases, when the granting in the current year of the full annual paid leave to an employee may adversely affect the normal course of activities it is permitted for the employee to transfer part of the leave to the subsequent year, with their written consent. In such cases the part of the leave in the current year shall not be less than two consecutive calendar weeks. The part of the transferred leave shall, as far as possible, be added to the leave of the next year. Part of the leave may be transferred only to the subsequent year.

Resting hours

Daily and weekly rest time differs according to the type of employment (e.g., normal working hours, part-time work, or aggregated working hours).

4. Payroll requirements

An employer has a duty to pay work remuneration no less frequently than twice a month, unless the employee and employer have agreed on payment of work remuneration once a month.

There are three mandatory payroll taxes calculated and paid from salaries in Latvia. Two are Personal Income Tax and Social Security Contributions, which have been described in this guide. The third is an unemployment risk fee of EURO.36 for one reporting month is paid for each employee with whom the company has employment relationships. The company, on a monthly basis, calculates and pays this risk fee into the State Budget. The amount and payment procedures are determined by Cabinet Regulation No. 772.

Payslips

When paying work remuneration, an employer shall issue a written calculation in which the remuneration disbursed, the taxes deducted and the mandatory state social insurance payments made are specified. This should also include overtime hours, hours worked at night and hours worked on public holidays.

The employer has a duty to explain these calculations upon the request of an employee.

5. Banking requirements related to payroll

Payment requirements are described in the Labor Law. Work remuneration, in accordance with Labor Law, shall be calculated and paid in cash in local currency Euro. However, most companies have chosen to use non-cash payments. Work remuneration shall be calculated and disbursed in cash. An employer has the right to disburse work remuneration as non-cash payments only where the employee and the employer have specifically so agreed.



Doing Business in Lebanon – Payroll Operations

1. Government requirements

Registration requirements

Social security registration

Each company, with at least one employee, has to register itself with the National Social Security Fund (NSSF). A taxpaying company is required to register new employees with the NSSF within 15 days of their employment. Social security contributions are payable on a quarterly basis for companies with fewer than 10 employees, and on a monthly basis for companies with 10 or more employees.

Registration with the Payroll Tax Department

Each employer is required to register its employees within two months of their commencement of work. Certain forms (R3, R3-1) should be completed and submitted to the tax authorities.

Ongoing compliance requirements

Employees' income tax

As per the Lebanese Income Tax Law, the employer is responsible for administering employees' income tax relating to their salaries and benefits. On a monthly basis, companies must withhold the imputed tax from the employees' payments and remit it on a quarterly basis to the tax authorities.

The required forms and deadlines are as follows:

- ▶ R10 – employees' quarterly income tax return; deadline: within 15 days from the end of each quarter

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- ▶ R5 – employees' annual income tax return; deadline: before end of February of the following year
- ▶ R6 – individual's annual income tax return; deadline: before end of February of the following year
- ▶ R7 – list of employees who left the company during the year; deadline: before end of February of the following year
- ▶ R8 – personal return for an employee who works for more than one entity; deadline: before 30 April of the following year

The R10, R5, R6 and R7 forms are submitted online through the portal of the Lebanese Ministry of Finance (MoF).

Employees' income tax brackets are progressive from 2% to 25%.

2. Pension requirements

Registration requirements

Registration with the NSSF: A taxpaying company is required to register new employees with the NSSF within 15 days of their employment.

The registration forms for the SS are as follows:

- ▶ SS employment form for employees being registered with the NSSF for the first time
- ▶ SS notification form for employees previously registered with the NSSF

Ongoing compliance requirement

Each employer has to account for the following monthly contributions:

- ▶ From the employee's total income, 8.5% toward the end-of-service indemnity

- ▶ Six percent of the employee's total income (with an income ceiling of LBP1.5 million, approximately US\$1,000) toward family contributions
- ▶ Eight percent of the employee's total income (with an income ceiling of LBP2.5 million, approximately US\$1,670) toward sickness and maternity contributions, and an additional 3% contribution by the employee

3. Employment obligations

Employment obligations include official transportation allowance (LBP8,000, approximately USD5.3 per working day), official schooling allowance (LBP750,000, approximately USD500 per child, up to three children, the allowance per employee should not exceed LBP 1,500,000 (approximately USD 995) and fifteen days leave per year.

End-of-service indemnity

As per the SS law, each employee is entitled to end-of-service indemnity, which is calculated by multiplying his or her years of service by his or her last salary as on the date of cessation of employment.

4. Payroll requirements

Payslips must be provided to the employee on a monthly basis. In addition, these payslips must be signed and stamped.

There is no currency limitation on the payment of salary, however employee income tax returns and related payments made to tax authorities should be in local currency.





Doing Business in Lesotho – Payroll Operations

1. Government requirements

Registration requirements

Tax registration with Lesotho Revenue Authority (LRA)

Any business or organization registered in Lesotho, either as a company, partnership, professional, sole trader or association (including non-profit-making organizations), should apply to be registered with the LRA. Any such business should contact the Advice Centers, Taxpayer Education Office or One- Stop Business Facilitation Centre (OBFC) located at the Ministry of Trade, Industry, Cooperatives and Marketing for assistance.

Tax registration is governed by the Lesotho Revenue Authority (LRA). The governing legislation is the Income Tax Act No. 9 of 1993. The business registration form is called the Bus-reg-01 form and the individual's registration form is called the Ind-reg-01 form.

The following are the types of taxes that businesses are required to register for:

- ▶ Individual Income tax (IIT): An individual carrying on a business in their own name or under a trade name (sole trader) is required to register for IIT.
- ▶ Company Income Tax (CIT): An entity registered as a company should register for CIT.
- ▶ Employment Income Tax (EIT)/Pay As You Earn (PAYE): If the business or organization has employees earning taxable salaries, then it should also register for PAYE.
- ▶ Fringe Benefit Tax (FBT): If the business or organization provides any taxable fringe benefits, such as domestic assistance, meals or refreshments, a car, medical aid, electricity, a telephone, housing, debt waiver, a loan, or excessive superannuation contributions, then it should also register for FBT.
- ▶ Withholding Tax (WHT): If the business or organization outsources some services, then it should register for WHT.
- ▶ Value-Added Tax (VAT): If a business makes a taxable turnover of LSL850,000 or more per annum, it must be registered for VAT. This is referred to as compulsory registration. A business may, however, volunteer to register for VAT where it does not meet the above turnover threshold. This is referred to as voluntary registration.

Companies specifically are required to bring Memorandum and Articles of Association, Trader's license, certified copies of passports of the directors, certificate of incorporation and a schedule listing all employees, their salaries and fringe benefits offered, if any.

No tax registration fee is payable.

Ongoing compliance requirements

Corporate income tax

A taxpaying company that derives income in a year of assessment is liable to pay three instalments of tax due on 30 September, 31 December and 31 March of the year of assessment. A company is required to file a return annually but pay every quarter.

Fringe Benefit Tax

The return for FBT must be filed by a company within 14 days of the end of the period to which it relates, and payment of FBT is to be made quarterly:

- ▶ First quarter: 30 June
- ▶ Second quarter: 30 September
- ▶ Third quarter: 31 December
- ▶ Fourth quarter: 31 March

Individual Income Tax

An individual taxpayer is required to make an annual tax payment and file an annual tax return on 30 June.

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Pay-As-You-Earn (PAYE)

PAYE is to be withheld by employers monthly and is to be paid to the LRA on the 15th of every month.

Withholding Tax (WHT)

WHT is to be paid on the 15th of every month.

Value-Added Tax (VAT)

A VAT return is to be submitted on the 20th of every month and payment to be made on the same date.

2. Pension requirements

Registration requirements

There is no mandatory social security.

Ongoing compliance requirements

This is not applicable.

3. Employment obligations

Labor relations are governed under the Lesotho Labor Code Order, 1992.

Manner of fixing wages

Wages and conditions of employment may be fixed by the terms of a contract of employment, a collective agreement, an arbitration award, an industry-wide order under Section 54 or by a wages order issued by the Minister upon the recommendation of the Wages Advisory Board.

Weekly rest and public holidays

Except as otherwise provided by the Code, every employee shall be allowed a weekly rest period of at least 24 continuous hours which shall, whenever practicable, include Sunday as the day of rest. If the circumstances of a particular employment so require, the employer may, after consultation with the employee or his or her representative, at not less than three days' notice, grant a different period of at least 24 continuous hours in that week as the period of weekly rest for the employee concerned.

Whenever an employee is required to work on his or her day of weekly rest or on a public holiday, the employer shall pay him or her for such work at double the employee's wage rate for an ordinary work day. This shall be without prejudice to an employee's entitlement to payment at a higher rate for work performed on that day of rest or public holiday under the terms of a collective agreement applicable to the employee.

Holiday

An employee shall be entitled to one working day's holiday on full pay in respect of each month of continuous employment with the same employer. An employee shall be entitled in each year to a minimum holiday of 12 working days on full pay, to be taken at such times as may be agreed between the employer and the employee.

Ordinary hours of work and overtime

Except as otherwise provided in the Code, the normal hours of work for any employee shall not be more than 45 hours per week, calculated as follows:

- ▶ For an employee who ordinarily works a five-day week: nine hours of work on any day
- ▶ For an employee who ordinarily works a six-day week: eight hours of work on five days and five hours of work on one day

Dismissal

An employee shall not be dismissed, whether adequate notice is given or not, unless there is a valid reason for termination of employment, which is:

- ▶ Connected with the capacity of the employee to do the work he or she is employed to do (including but not limited to an employee's fraudulent misrepresentation of having specific skills required for a skilled post)
- ▶ Connected with the conduct of the employee in the workplace
- ▶ On the basis of the operational requirements of the undertaking, establishment or service

Any other dismissal will be unfair unless, having regard to all the circumstances, the employer can sustain the burden of proof to show that he or she acted reasonably in treating the reason for dismissal as sufficient grounds for terminating employment.

4. Payroll requirements

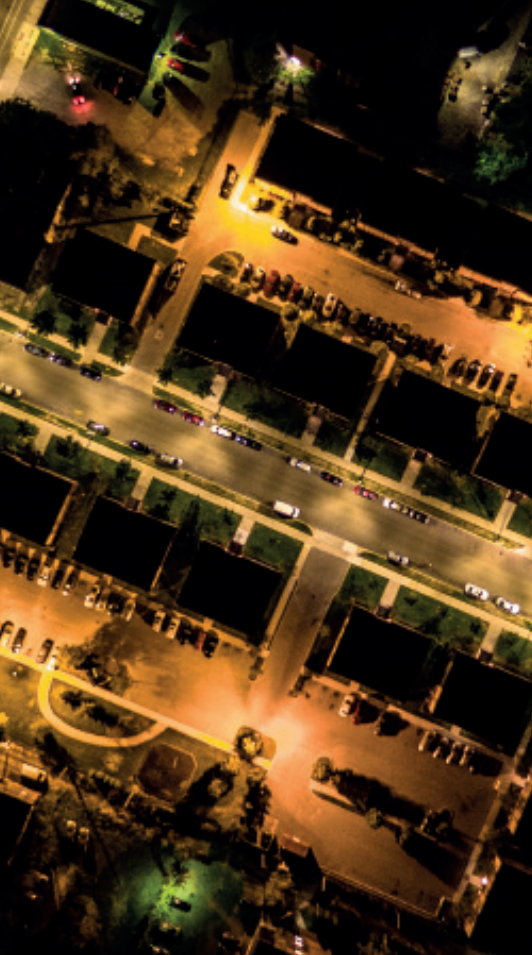
The wages of every employee shall be made payable in legal tender only, and any agreement whereby the whole or any part of the wages of an employee are made payable in any other manner shall be void. However, nothing in the Code shall render illegal an agreement or contract with an employee to provide the employee, as partial remuneration for his or her services in addition to money wages, with food, a dwelling place or such other allowances or privileges as may be customary in the trade or occupation concerned. The Minister may make regulations whereby, in specified classes of employment or in particular cases, contracts may provide for the partial payment of wages in the form of allowances in kind.

The following conditions shall apply to the partial payment of remuneration in any form other than money wages:

- ▶ Under no circumstances shall an employer give to an employee any noxious drug or any intoxicating liquor by way of remuneration or wages.
- ▶ Any allowances in kind shall be appropriate for the personal use and benefit of the employee and his or her family.
- ▶ The value attributed to any allowance or privilege shall be fair and reasonable in accordance with prevailing prices and in any case shall not exceed the cost to the employer of supplying the same.
- ▶ Where the employee is provided with accommodation, the statutory minimum wage applicable to that employee may be reduced by such amount as may be determined by the relevant wages order.
- ▶ An employee may at any time (by a fortnight's notice in writing to take effect from the next date for the payment of wages after the expiry of such notice) renounce his or her right to any such allowances or privileges and require the same to be replaced by a sum of money equivalent to the value thereof.

5. Banking requirements related to payroll

No specific banking requirements, depending on the employment contract.



Doing Business in Libya – Payroll Operations

1. Government requirements

Registration requirements

Labor Office

All companies must register at the Labor Office and subsequently state their employee requirements. A national must be employed if a person with relevant skills is available, and certain jobs are restricted to nationals.

A foreigner may be employed if a national is not available, subject to having appropriate qualifications. Supporting documents must be submitted and an annually renewable work permit will be issued.

Employers must register an employment contract in a form determined by the Labor Office.

Employment is governed by Labor Law 12/2010.

Registration with the Tax Department

All companies must register with the Tax Department under Income Tax Law 7/2010.

A notification letter stating the name of the employee or employees, along with the corresponding salaries and starting date of employment, should be submitted.

Registration with the Social Security Department (INAS)

All companies must register with INAS under Social Security Law 13 of 1980.

A notification letter stating the name of the employee or employees, along with the corresponding salaries and starting date of employment, must be submitted to the department. A copy of the labor contract must be attached. Each employee is given an INAS number and card.

INAS provides health and retirement benefits to both national and foreign employees.

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After five years of continuous employment and subject to stringent conditions, a foreign employee may recover a small proportion of deductions upon leaving the country.

Ongoing compliance requirements

Tax Department

A monthly filing must be made by the company and the company is responsible for deducting taxes and paying them.

Taxes must be filed within 60 days of month end. Late payment penalties of 1% per month (to a maximum of 12%) apply to the late payment of taxes.

There is no requirement for an employee to file a tax return if his or her employment is his or her only source of income, and there are no annual requirements on a company.

Social security – INAS

A monthly filing must be made by the company and the company is responsible for deducting the contribution and paying it.

Taxes must be filed within 10 days of month end but there are no late payment penalties.

There is no requirement for an employee to file any documentation regarding his or her contributions.

2. Pension requirements

Registration requirements

The monthly social security payment includes an amount of contribution to the state pension.

The pension is payable upon retirement by the Social Security Fund (on the basis of either age or years of employment) and is a proportion of the final three years of salary.

3. Employment obligations

In addition to the minimum wage, employers must provide the minimum leave entitlement set out in law.

The minimum requirements are 30 days paid of annual leave per year and 45 days if the person is over 50 years of age or after 20 years of employment.

The employee is entitled to 45 days of sick pay if continuous, and 60 days in total, per year.

Maternity leave is payable. Other benefits are payable.

Termination indemnity based upon years of employment may also be payable.

4. Payroll requirements

Both the Social Security and Labor Law state that the employee is entitled to receive a monthly payslip.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- Cash
- Check payable to the employee
- Electronic funds transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid.



Doing Business in Lithuania – Payroll Operations

1. Government requirements

Registration requirements

Registration with the State Social Insurance System (SSIS) and State Tax Inspectorate (STI)

After the legal entity is registered in the commercial register of Lithuania, the information is sent to SSIS and STI. Access to the SSIS portal and STI systems (My STI, an online services area where relevant personal information is provided to the taxpayer, and EDS, an online declaration system, with an area where tax forms should be submitted) is automatically given to the company manager, who can assign other representatives to access these tools. All companies, regardless of their chosen form of business, should communicate with SSIS via the portal and with STI via My STI and EDS. The respective tax returns and statements should be submitted in the SSIS portal and EDS system, pursuant to the tax statutory deadlines. These processes are described by the Law of the Republic of Lithuania on State Social Insurance and Government regulations and by the Law of the Republic of Lithuania on Personal Income Tax (PIT).

Employment contracts

An employer and an employee shall establish a mutual legal employment relationship by concluding an employment contract. With an employment contract, the employee undertakes to perform specific work, subject to specified working procedures and orders of the employer, while the employer undertakes to pay the agreed work remuneration and to ensure fair and safe working conditions that are not harmful to health. The provisions of the Civil Law shall apply to contracts of employment.

General rules of employment are stipulated in the Labor Law of the Republic of Lithuania.

Registration in the state social insurance system (“SoDra” in Lithuanian language)

An employer (including a micro-enterprise taxpayer) should register each employee with the SSIS, and submit information regarding them within the following time periods:

- ▶ Regarding persons who start working – not later than one day before a person commences working (report on insurance beginning).
- ▶ Regarding employees who have changed or lost the status of the employee – not later than within one working day after change or loss of the status (report on insurance end).
- ▶ Regarding employees who have taken unpaid absences (study leave, paternity/maternity leave etc.) and sick leave: not later than three working days after the start of the unpaid absence or the end of the sick leave

Regulations mentioned above regarding the state social insurance system are described by the Ministry of Social Security and Labor part IV in the document named DUOMENŲ APIE APDRAUSTUOSIUS IR DRAUDĖJUS PATEIKIMO IR TIKSLINIMO TAISYKLĖS in Lithuanian language.

Ongoing compliance requirements

Personal Income Tax

This must be paid by all natural persons who are domestic taxpayers (residents) and who have obtained income in the Republic of Lithuania or foreign states during the taxation period (calendar year). Foreign taxpayers income obtained in the Republic of Lithuania during the taxation period is also subject to PIT. The standard PIT rate in Lithuania for 2020 is 20% and it is governed by the Law of the Republic of Lithuania on Personal Income Tax. Usually, PIT from salaries is calculated, withheld and paid by the employer.

PIT reporting

Reports on PIT are required from the State Tax Inspectorate and the regulations are described in Income Tax Act.

Every month, not later than the 15th calendar day, the employer shall submit the PIT report on monthly paid salaries. The PIT report should include the taxable amount, the PIT from salaries paid until the 15th calendar day of the previous month and the PIT from salaries paid from the 15th to the last calendar day of the previous month, and the total PIT amount (20%).

Annual PIT report

An annual PIT report for the tax period (one year) shall be submitted by the next tax period (calendar year) – by 15 February. The annual PIT report should include: the taxable amount, the PIT amount per year for each employee, the sum of exempt income, the sum of particular payments that are not subject to PIT or are exempted (e.g., daily allowance for business trips, amounts paid by the employer for the employee’s private health and accident insurance) and the employee’s personal code.



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Social security contributions (SSC)

The standard rate is 21.27% and this is calculated from employees' monthly gross income. SSC is divided into two parts – the employee's part (from 19.50% to 22.50%) and the employer's part (1.77%). The SSC is calculated and paid by an employer. The general rules of SSC calculation and application are described in the Law of the Republic of Lithuania on State Social Insurance and Government regulations.

SSC reporting

The information regarding insurance for the accounting period is obtained from the state social insurance system and the regulations followed are described by the Ministry of Social Security and Labor.

Every month, not later than the 15th calendar day, the employer shall submit the statutory report on monthly calculated salaries. The social security taxes return should include: the number of employees, the taxable amount, the social security contribution amount (comprising an employee contribution from 19.5% to 22.5% and an employer contribution of 1.45% as well as guarantee fund contribution of 0.32%) and employee information (personal code, social contribution code).

2. Pension requirements

Registration requirements

When an employee is registered in the state social security system (SoDra), he or she is automatically registered for state pension accounts. There are no additional requirements.

Ongoing compliance requirements

The pension system in Lithuania

There is a three-tier pension system in Lithuania. The pensions for working people who pay social insurance contributions are guaranteed by the state social insurance system. Paid contributions are used for the payment of first tier old age pensions to the existing generation of pensioners. Every month, 21.27% of contributions from an employee's salary are paid for social insurance: 12.52% is paid by the employee and 1.77% by the employer, and 6.98% is also paid by the employee for health insurance.

The social insurance contributions of those who participate in the second pension tier, through their chosen fund managers, are invested into the financial market and saved for their future pensions. However, once you have participated in this system, you cannot choose not to. Since 2019 (tax reform), up to 3% of salary has been transferred to the pension fund from the social security contributions. Social security fund will also transfer an additional 1.5% of the average salary of employee to the employees's pension fund from the state budget of Lithuania as an incentive to participate in the second pension tier.

The third pension tier provides the possibility for every individual to choose to create additional savings for his or her pension in private insurance funds.

The pension system in Lithuania is supervised by the social insurance system (SoDra).

3. Employment obligations

Minimum wage

The minimum monthly salary in Lithuania is determined by the Government. Since 2020, it has been EUR 607 for normal working hours of 40 hours per week.

Annual paid leave

Annual leave shall be calculated in working days and granted to an employee for rest and rehabilitation irrespective of the job designation. The minimum annual leave is 20 working days. Annual leave of 25 working days shall be granted to:

1. Employees under 18 years of age
2. Employees who are single parents, raising a child before he or she has reached the age of 14 or a disabled child before he or she has reached the age of 18
3. Disabled persons
4. Other persons provided for by law

By agreement of the employee and the employer, annual paid leave in the current year may be granted in parts, but one part of the leave in the current year shall not be less than 10 uninterrupted working days or two uninterrupted calendar weeks. In exceptional cases when the granting in the current year of the full annual paid leave to an employee may adversely affect the normal course of activities, it is permitted for the employee to transfer part of the leave to the subsequent year, with their written consent. Extended annual leave of up to 41 working days shall be granted to certain categories of employees whose work involves greater mental and emotional strain and professional risk, as well as to those employees who work in specific working conditions. Additional annual leave days are granted to employees working in conditions which are not in conformity with normal work conditions, for long uninterrupted periods of employment, for special kind of work. The annual leave system is supervised by Lithuanian Labor Law (Articles 125-138). The annual leave period and unused vacation days are calculated in working days.

Categories of special-purpose leave

Special-purpose leave shall be maternity leave, parental leave before the child is three years of age, educational leave, sabbatical leave, leave for performance of official or public duties, unpaid leave (see Lithuanian Labor Law Articles 137).

Additional privileges for persons raising children

Employees who are raising a child with disabilities before he or she has reached the age of 18, or two children before they reach the age of 12, shall be granted an additional day of rest per month or their weekly working time shall be shortened by two hours. Employees who are raising three or more children under the age of 12 shall be entitled to two additional days of rest per month or their weekly working time shall be shortened by four hours and shall still be paid at the rate of the average wage (Lithuanian Labor Law Article 138, part 3.).

Breaks in work

As well as annual vacation, breaks in work are regulated by Labor Law. Daily and weekly rest time differs according to the type of employment (e.g., normal working hours, part-time work or summary working time).

4. Payroll requirements

There are three mandatory payroll taxes calculated and paid from salaries in Lithuania. Two are Personal Income Tax and Social Security Contributions, which have been described in this guide. The third is an unemployment risk fee. The fee for one reporting month is 0.32% for each employee with whom the company has an employment relationship. The company, on a monthly basis, calculates and pays the risk fee into the State Budget. The amount and payment procedures are governed by the Law of Republic of Lithuania on Guarantee Fund.

An employer has a duty to pay work remuneration no less frequently than twice a month, unless they and the employee have agreed on payment of work remuneration once a month. Working hours and wage accounting documents, and documents related to employees' personal information, must be stored for 50 years.

Payslips

When paying work remuneration, an employer shall issue a written calculation of the work remuneration in which the remuneration disbursed, the taxes deducted and the mandatory state social insurance payments made, as well as the hours worked, including overtime hours, the hours worked at night and on public holidays, have been specified.

The employer has a duty to explain these calculations upon the request of an employee.

5. Banking requirements related to payroll

Payment requirements are described in the Labor Law. Work remuneration in accordance with the Labor Law, Article number 139, shall be calculated and paid in cash or non-cash payments (bank transfer).



Doing Business in Luxembourg – Payroll Operations

1. Government requirements

Registration requirements

Employer's obligation

The company has to first get registered with the social security authorities by filing the dedicated form (in French - "déclaration d'exploitation"). Luxembourg's social security authorities will then provide the company with a social security number. The employer has to register with the social security authorities within eight days, starting from the date the first employee is employed.

In addition, for every newly hired employee to be covered under the Luxembourg social security scheme, the employer has to register the employee with the social security authorities by filing the dedicated form (in French - "déclaration d'entrée pour salarié du secteur privé"). The employee will then be attributed a social security number (if one doesn't already exist). This number is always built as follows: year of birth, month of birth, day of birth plus an additional three digits allotted by the authorities (e.g., for someone who is born on 10 Feb 1976, it would be 1976 0210 XXX). The registration of each new employee is to be done within eight days, starting from the joining date of the employee as mentioned in the employment contract.

Both of the above mentioned forms are to be sent to "Centre Commun de la Sécurité Sociale, Département Affiliation, L-2975 Luxembourg". It generally takes up to four weeks to have the registration process completed (for both the company and the employee).

No specific formalities have to be followed to register the company with the Luxembourg tax authorities in charge of withholding tax (in French - "Service d'imposition - Section RTS, retenue d'impôt sur les traitements et salaires" in French). The first withholding tax return on salaries filed by the company will serve as a registration. The competent Retenue d'impôt sur les Traitements et Salaires (RTS) office at which the employee has to register will depend on the Luxembourg town where the company is located.

Employee's obligations

Tax card

At the beginning of the employment contract and toward the beginning of each calendar year, the Luxembourg tax authorities will deliver a tax card to the employee. This card consists of all the necessary information regarding the amount of withholding tax which is to be levied on his or her remuneration. Such tax cards need to be transmitted by the employee to the employer as soon as possible to avoid application of heavier taxation (see below).

The tax card is delivered automatically to employees after the employer completes the registration process with the social security authorities, regardless of whether the employee resides in Luxembourg or not. The tax card will no longer be applicable once the employee is deregistered by the employer. For new registration, a new tax card will be issued.

Every year, a new tax card is automatically issued based on the card issued in the previous year.

It is recommended that the employee carefully verify the data mentioned in the tax card since it will be used by the employer to run his or her payroll. In case, a change is to be made, Form 164 has to be completed and filed to the competent withholding tax office (for a Luxembourg resident, it depends on the town where the employee is living and for a Luxembourg non-resident, the competent tax office is the office RTS non-residents in French).

Tax classes

Tax card notably includes the tax class under which the employee is classified and will influence the way the withholding tax is computed.

Tax class 1: It is applicable to individuals under 64 years of age as on 1 January of the tax year and who are single, separated or divorced without children.

Tax class 1a: It is applicable to widows with or without children; individuals who are at least 64 years of age as on 1 January of the tax year and who are single, separated or divorced with children.

Tax class 2: It is applicable to married couples who are jointly taxable, or widowed, separated or divorced individuals who have been single for less than three years.

When several employment activities are performed in the same tax household, a fixed rate is granted on the second and subsequent employment activity (note that the first employment activity leads to the application of the above tax classes).

From the tax year 2018, married couples residing in Luxembourg have the opportunity to opt to be taxed separately. They can either opt for a single tax payment (with tax class 1 applicable) or separately with reallocation of income (with an average tax rate determined based on household income and tax class 2 applicable - the average rate determined is then indicated on the tax card).

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For married couples who are not residing in Luxembourg, tax class 1 is automatically applied, unless assimilation as a Luxembourg resident is jointly asked for (average tax rate is determined based on household income by applying tax class 2, the average tax rate determined is indicated on the tax card). There are some conditions that have to be fulfilled by the non-resident married couples to be able to request for joint taxation (e.g., at least 90% of the worldwide income of one spouse is taxable in Luxembourg).

In both cases, Forms 164, 165 and 166 have to be completed and filed to the competent individual withholding tax office (for a Luxembourg resident, it depends on the town where the employee is living and for a Luxembourg non-resident, the competent tax office is the office RTS non-residents in French).

Ongoing compliance requirements

a. Tax formalities

i. General comments

Salaries paid by Luxembourg employers generally subject to monthly salary withholding tax (e.g., employee working in Luxembourg on a full-time basis).

The employer is responsible for withholding and paying taxes in a correct and timely manner. The salary subject to withholding tax includes all benefits granted by the employer in cash or in kind, and is computed during the month the compensation or benefits are paid or granted.

Non-recurrent payments (e.g., bonus, 13th month, etc.) are subject to a specific withholding tax scale (non periodical withholding tax scale). Those payments are normally taxed at the employee's marginal tax rate (i.e. the one already reached with the base salary). Non recurrent payments are reported on separate payslips.

The withholding tax is computed based on the withholding tax card provided by the employee to the employer (see section related to employee requirements for tax purposes). If the tax card is not available to the employer, he has to apply a flat withholding rate of 33% (or apply the tax scale for a single taxpayer if less favourable than the flat rate).

The employer should declare and pay the withholding tax to the Luxembourg tax authorities (in French - "bureau de recette") latest by 10th of the month following the month of payment (e.g., the withholding tax corresponding to the salary paid in January must be declared and paid on 10 February) using Form 950 (in French - "déclaration de la retenue d'impôt sur les rémunérations et crédits d'impôt").

ii. Specificities for non-resident employees

The Organisation for Economic Cooperation and Development (OECD) model convention and most of the double tax treaties signed between

Luxembourg and foreign countries foresee that non-resident individuals who are employed by a local company and who perform their professional activity in Luxembourg are taxable on the remuneration related to workdays carried out in Luxembourg only. And, the remuneration related to any workdays on which a non-resident employee is not performing on the Luxembourg territory should not be subject to withholding tax in Luxembourg, and it is the employer's responsibility to withhold taxes accurately.

From a more practical point of view, the remuneration related to foreign workdays has to be exempted (only tax) from the payroll so that withholding tax is not computed on such amount. In such cases related to foreign workdays, specific withholding tax scale (daily salary withholding tax scale) is to be applied. Exempted remuneration has to appear on a separate line in the payslip (under the caption "other exemptions").

Also, under such specific circumstances, the payroll is to be run based on a travel calendar.

Double tax treaties concluded between Luxembourg and respectively Germany, Belgium and France, provide a maximum number of working days which can be spent outside Luxembourg by a non-resident while remuneration stays fully taxable in Luxembourg (19 working days for a German resident, 24 days for a Belgian resident and 29 days for a French resident).

It will be then the employee's responsibility to file a tax return in his or her home country (or countries where his or her activities have been performed), so that all his or her remuneration is duly subject to tax.

b. Social security formalities

Every month, the social security authorities issue a "monthly salary report" in which the employer needs to report the remuneration (benefits-in-kind (BIK) included) paid out to each employee and the related number of hours of work.

On the basis of this information, the social security authorities will compute the amount of contributions due (by both the employer and the employee) and address a bill to the employer. Within 10 days of receiving such a bill, the employer has to pay both the employer's and employees' contributions to the social security authorities. It is the employer's responsibility to withhold the accurate amount of social security contributions due by the employee, on his remuneration.

It is worth mentioning that in Luxembourg, social security contributions (on both i.e., the employee and employer) are capped. Over an annual salary of EUR128,519.64 (ceiling applicable from 1 January 2020, i.e., EUR10,709.97 per month), there will not be any social security contributions due anymore (only Care Insurance of 1.4% remains payable by the employee and not the employer).

c. Overview of wage taxes (withholding tax and social security contributions)

Employee taxes					
Name of tax	Type of tax	Wage ceiling or exemption	Rate of tax	Agency receiving payment	Additional comments
Withholding tax	Wage tax	There are no ceilings.	The Luxembourg marginal rate is 44.94% (or 45.78%)	Administration des Contributions Directes (RTS)	The marginal rate can vary depending on unemployment fund contributions (7% or 9%).
Unemployment fund contribution	Income tax	There are no ceilings.	7% or 9%	Administration des Contributions Directes	For income not exceeding EUR200,004 for taxpayer in tax class 1 (or EUR400,008 for taxpayer in tax class 2) at 7% rate is applicable, then for the part above, at 9% rate is applicable.
Dependence insurance	Social security	There are no ceilings.	1.4%	Centre Commun de la Sécurité Sociale	It is payable by the employee on total gross income after a monthly deduction of EUR535.50.
Pension	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	8%	Centre Commun de la Sécurité Sociale	Social security contributions apply to wages and salaries, and must be withheld by the employer.
Illness	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	3.05%	Centre Commun de la Sécurité Sociale	Social security contributions apply to wages and salaries, and must be withheld by the employer.

Employer Taxes					
Name of tax	Type of tax	Wage ceiling or exemption	Rate of tax	Agency receiving payment	Additional comments
Pension	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	8%	Centre Commun de la Sécurité Sociale	None
Illness	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	3.05%	Centre Commun de la Sécurité Sociale	None
Accident	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	0.675% to 1.125%	Centre Commun de la Sécurité Sociale	The rate varies depending on the cost of work accident incurred for each employer.
Health at Work	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	0.11%	Centre Commun de la Sécurité Sociale	The Health at Work tax is payable only by employers that are members of the National Service for Health at Work.
Mutual insurance	Social security	For 2020, the monthly ceiling is capped at EUR10,709.97 (the annual ceiling is capped at EUR128,519.64).	0.46% to 2.70%	Centre Commun de la Sécurité Sociale	The rate varies depending on the risk class of the employer base and the rate of absenteeism of the employees.

Year-end formalities

Closing of the payroll

At the end of the year, once all salaries are booked, all the salary accounts and the payrolls have to be closed. The employer has to fulfil the following year-end payroll formalities:

- ▶ Filling in the employee's annual certificate of remuneration (Form 160, in French - "certificate de salaire, de retenue d'impôt et de crédits d'impôts bonifiés"); and
- ▶ Fulfilling all the information mentioned in the certificate of remuneration in the tax authorities' online tool before 1 March of the following year in which the annual salary payment was made. For non-residents, the employer will have to mention whether the employee has worked fully, partially or not at all on the Luxembourg territory. In case the employee worked partially on the Luxembourg territory, the number of days effectively worked in Luxembourg is to be reported. This part is really important since the Luxembourg tax authorities will automatically exchange the information with the tax authorities of the employee's country of residence.

Audit payroll

On an average, the tax authorities (bureau RTS) verify the regularity of the withholding tax made on salaries every three years. The purpose of such audit is to check whether the remuneration (whatever be their kind) of all employees have been duly subjected to withholding tax. They control if the amounts of withholding tax calculated, declared and paid are correct. To do so, tax authorities will re-do the payroll calculations and compare their results with the withholding tax payments made by the employer.

In such a situation, the employer will have to provide the tax inspector with all relevant payroll documentation e.g., tax cards delivered by the employees and salary ledgers in order to enable him to perform his review, for all years not audited so far. The salary ledgers must mention all items paid to the employees (i.e., gross remunerations as well as taxable BIKs).

For delay, a late payment interest of 0.6% can be applied per month. A late filing fine amounting to maximum 10% of the withholding tax due can be accrued in case withholding tax return is not filed on time. Additional fine of maximum EUR 25,000 can also be charged.

Obligation to retain payroll documents

Based on Luxembourg legislation, companies have the obligation to save or archive its documentation for at least 10 years.

2. Pension requirements

Registration requirements

Registrations requirements related to pension

There is no obligation for a Luxembourg employer to implement a second pillar pension plan. The only requirement here is to contribute to the state pension (see table above). Although a second pension plan is not mandatory by law, most employers offer a second pillar pension plan (depending on the size of the employer). The occupational pension scheme in line with Luxembourg legislation is subject to a specific tax treatment.

Ongoing compliance requirements

In case the provisions of the law are complied with, specific tax treatment applied on employer contributions include:

Employer's contributions subject to a flat 20% withholding tax plus a surcharge of 0.9% for financing of the supervisory authorities.

- The flat tax and the surcharge are payable by the employer.
- Benefits paid out are tax exempt in the hands of resident taxpayers.

In case the pension scheme is not approved by "IGSS" (Luxembourg social security bodies in charge of control) - taxation as salary, and other tax implications have to be considered.

Employee contributions to a recognized occupational pension scheme can be deducted directly in the Luxembourg payroll. The maximum amount that can be deducted annually is EUR1,200.

3. Employment obligations

Employment contract

In Luxembourg, an indefinite-term employment contract is generally used. The employee must be provided with essential information, such as identity of the employer, title and duties, place of work, working time and remuneration.

Fixed-term employment contracts are also possible, but they are strictly regulated by the Luxembourg Labor Code and are limited to specific cases (such as replacement of an absent employee and exceptional increase of business). A fixed-term employment contract must be written and delivered to the employee within the first two days of work.



Paid holidays

According to the Luxembourg Labor Code, full-time employee benefits start with a minimum 26 working days per year in 2020.

Additional paid vacation days may be granted by the collective bargaining agreements or the employers. For example, the collective bargaining of the banking sector grants 8.5 additional paid vacation days.

Vacation rights are expressed in working days for full-time workers and are expressed on a pro rata basis in hours for part-time workers.

Working time

The normal working time is 40 hours per week with a maximum overtime of 2 hours per day and 8 hours per week.

Overtime is subject to a prior notification to the labor authorities and also with a specific compensation in rest or payment with increased rates.

Work on Sunday is prohibited, unless under certain circumstances or for specific sectors; for which specific compensation should be paid.

Minimum wages

In 2020, the minimum monthly gross salary for unqualified employees amounts to EUR 2,141.99 and for qualified workers, it amounts to EUR 2,570.39.

Indexation of the wages

An automatic increase of salaries called Index is provided by the Luxembourg Labor Code.

This automatic increase occurs only when the average cost of goods increases by 2.5% over a certain period. If such an "inflation rate" is observed by the Luxembourg Statistics Agency, then the Government triggers the index mechanism and all the wages for any employee must be increased by 2.5% by the employers.

This general increase of salaries is mandatory and cannot be avoided by the employers, even if the employee would accept to do so. The last general increase occurred on 1 January 2020.

4. Payroll requirements

According to the Luxembourg Income Tax Law, the implementation of a payroll is mandatory for local employers and foreign employers under certain conditions (notably if the foreign employer has a Permanent Establishment (PE) in Luxembourg and to a lesser extent when an economic employer exists in Luxembourg). At the end of each month, a monthly salary payslip has to be delivered to each employee. Such a salary pay slip has to show each taxable compensation item (i.e., gross remuneration and BIK), the amount of employee's social security contributions paid and the amount of tax withheld.

The employer is the only point of contact toward the Luxembourg tax and social security authorities in the sense that he is responsible for declaring and remitting withholdings (tax and social security) made on the employee's remuneration.

5. Banking requirements related to payroll

XML file for processing salary payments can be generated by a payroll software. Companies can then upload the XML file in their banking tool. There is no obligation to have the net salaries paid to a Luxembourg bank account. Foreign bank accounts for the employer and employees are accepted, and only valid International Bank Account Number (IBAN) number and swift code are needed in order to prepare payroll bank files. The net salaries have to be on the employees' bank accounts before the end of the month for which the salary is paid (e.g., salary for the month of January should reach the employee bank account before 31 January).

The Luxembourg law does not impose any currency. The parties may agree on the currency and in practice wages are very frequently paid in Euros.

Doing Business in Madagascar – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

The tax authorities and the Economic Development Board of Madagascar are the governing authorities. In accordance with the General Tax Code, companies should register for tax as one of the setup requirements, in addition to all other requirements related to its constitution.

The following are the fees related to a company setup:

- ▶ Statute registration: 0.5% of the share capital
- ▶ Installments: MGA320,000 - If option is for Corporate Income Tax regime; and between MGA16,000 to MGA150,000 (depending on the activities of the company) if option is for Synthetic Tax
- ▶ Commercial lease: 2% of the total rent for the duration of the lease including any expenses supported by the lessee
- ▶ Registration minutes: MGA2,000
- ▶ Trade register: MGA16,000
- ▶ Statistical card: MGA40,000

National Social Security Fund

The governing authority is Caisse Nationale de Prévoyance Sociale (CNAPS) and in accordance with the Social Welfare Code, employers and employees must make contributions to the CNAPS, which uses the contributions to make payments for various purposes, including pensions and compensation for work accidents and occupational diseases. Companies should follow registration procedures (Demande d'immatriculation employeur (DIMM)). The DIMM must include the following documents:

- ▶ The DIMM application
- ▶ Statutes
- ▶ Statistical card
- ▶ Tax card
- ▶ Trade register extract
- ▶ Certificate of existence issued by the fokontany
- ▶ Bank account statement

The employer must be affiliated within 15 days following its business acquisition or constitution or first employee hiring. There is no registration fee applicable.

Inter-company medical service (SMIE)

The governing authority is the SMIE. In accordance with the Labor Code, employers and employees must make monthly contributions to one of the "Services Médicaux Inter-Enterprises" (SMIEs) agreed in Madagascar. The major SMIEs are OSTIE, AMIT, ESIA and FUNHECE, all of which provide medical insurance. The contribution rates are 5% for employers and 1% for employees. The rates are applied to the gross monthly remuneration of each employee for OSTIE, ESIA and FUNHECE. Employers may purchase medical insurance from private companies in addition to mandatory insurance from SMIEs. Both the employer, upon setup of the company, and the employee, during his hiring process, should be registered to the chosen SMIE. The registration fee differs by SMIE.

Ongoing compliance requirements

Payroll tax

In accordance with the General Tax Code, companies are required by law to calculate the tax payable on remuneration provided to its employees, withhold the tax payable, remit the tax withheld to the State Treasury and then report the tax withheld on the monthly payroll tax return to the tax authorities. The following documents must be attached to the tax return:

- ▶ Sheet of ventilation (template used for all tax return in Madagascar)
- ▶ Nominative status
- ▶ Payslips
- ▶ Bank debit notification

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The payroll tax obligation is performed on a monthly basis. The return submission is due by the 15th of the following month.

A filled overtime table in a template provided by the tax authority should also be attached to the returns.

Applicable tax rates

The first MGA350,000 of monthly income is subject to a flat tax of MGA2,000. Monthly income exceeding MGA350,000 is subject to a proportional tax of 20%. Observations to note include:

- ▶ There is no different tax treatment for local, national or expatriate employees.
- ▶ There is no annual payroll tax reporting obligation in Madagascar.
- ▶ First 20 overtime per month are exempted from payroll tax. This exemption is not applicable for executives employees.

2. Pension requirements

Registration requirements

Social security

As detailed under government requirements, companies should register with CNAPS. In Madagascar, the pension scheme is the social security, mentioned above. As long as the company and the employee are registered for social security, no further registration is required.

Employee affiliation

Besides the company registration with CNAPS and in accordance to the Social Welfare Code, all employees must also be affiliated during the course of their employment. Every time an employee is hired, the employer should follow registration procedures (Avis d'embauchage) and register him or her to CNAPS before his or her first day of work. The application should include:

- ▶ The "Avis d'embauchage" application
- ▶ A copy of their ID card (if the employee is over 18 years of age) or birth certificate (if the employee is under 18 years of age)
- ▶ A copy of the resident card, for foreign employees

There is no registration fee applicable.

Ongoing compliance requirements

CNAPS statement

The company is required:

- ▶ To calculate the employee contribution on remuneration provided and withhold the contribution
- ▶ To pay the total amount of employee and employer contribution to CNAPS
- ▶ To submit a return to CNAPS on a quarterly basis

The due date for submission is the last day of the month following the quarter. The CNAPS return should contain the following information:

- ▶ Relevant period (month)
- ▶ Salaries paid
- ▶ All the information related to employees, such as names and social security registration numbers

Contribution rates applicable (employee and employer):

For non-agricultural sectors:

- ▶ Employee contribution: 1% of the earnings but capped at MGA16,000
- ▶ Employer contribution: 13% of the earnings but capped at MGA208,000

For the agricultural sector:

- ▶ Employee contribution: 1% of the earnings but capped at MGA16,000
- ▶ Employer contribution: 8% of the earnings but capped at MGA128,000

Employers withhold the employees' contributions from their wages.

In addition to the above classic social contributions, the employer is also required to make contributions at the rate of 1% of gross payroll for the benefit of the National Fund for the financing of vocational training in Madagascar or the National Fund for Industrial Development.

3. Employment obligations

Working hours

In accordance with the Labor Code, (Article (Art.) 75), working hours equal 173.33 hours per month, equal to eight hours per day. Art. 80 to Art. 82) refers to rest: a minimum of 24 consecutive hours per week and vacations: 2.5 days per calendar month of work.

Minimum wages

According to Decree No 2019 - 927 dated 3 May 2019, the current minimum wage amounts to MGA200,000 per month for nonagricultural sectors and MGA200,000 per month for the agricultural sector.

Labor disputes

Individual labor disputes may be resolved by settlement before the Labor Inspectorate or before Labor Courts (Title VII).

Other employment obligations

In Madagascar, there are various other employment obligations related to Occupational Safety and Health (Title VI), Special Protection for Female Staff (Art. 93 to Art. 99) and Workers and Juvenile Workers (Art. 100 to Art. 103), and Vocational Training (Title VI).

4. Payroll requirements

In accordance with the Labour Code, payment must be recorded by the issuance of a manual or computerized payslip, drawn up by the employer and signed by the employee. Payments must be made in Madagascar and in money that is legal tender at the time of payment.

Payment must be made at regular intervals:

- ▶ Of not more than eight days for day or week laborers
- ▶ Of not more than 20 days for workers engaged on a fortnightly basis

Monthly payments must be made within eight days after the employment month, at the latest. Delays may be justified by force majeure (Act of God).

5. Banking requirements related to payroll

In accordance with the Labor Code, all wages must be entirely paid in Madagascar in money that is legal tender at the time of payment. Payroll payments can be paid by one or a combination of the following methods:

- ▶ Cash
- ▶ Check
- ▶ Electronic funds transfer (mobile banking or bank transfer)

Payment must be recorded by the issuance of a manual or computerized payslip, drawn up by the employer and signed by the employee. It may also be recorded in a bank document or a computerized document.

Doing Business in Malawi – Payroll Operations

1. Government requirements

Registration requirements

Registration for Pay As You Earn (PAYE)

Any employer liable to pay remuneration of or exceeding MWK540,000 per annum to an employee shall register with the Malawi Revenue Authority within 21 days of becoming an employer. Form P1 is used for registration, where all the employer details and appropriate number of employees eligible for PAYE are supplied. A unique Taxpayer Identification Number (TPIN) for the employer is issued upon registration with the Domestic Taxes Division of the Malawi Revenue Authority. The requirement is governed by Section 102(1) of the Taxation Act (Cap 41:01) and no fee is attached to the registration.

Employee registration for Msonkho online

Every employee is required to complete Form E1 and is to be submitted by the employer in order to be allocated a Taxpayer Identification Number (TPIN) for each employee. This will enable the employee to access Msonkho Online, a tool that will enable employers to submit PAYE returns online. All employers are therefore requested to register all their employees using the prescribed forms. The completed forms can either be uploaded onto MRA website, or through e-mail or hand-delivered to the nearest tax office.

Ongoing compliance requirements

Monthly PAYE returns

Every employer who pays a remuneration of or exceeding MWK45,000 per month shall deduct PAYE at the specified rates and remit this to the Malawi Revenue Authority within 14 days after the end of the month in which it was deducted. PAYE is due and payable monthly following the deductions made by the employer at the time of making payments. The payment shall be accompanied by monthly return forms P12 and P12A and can be made by cash, check or electronic fund transfers. The following are the prevailing monthly PAYE rates:

- First MWK45,000 at 0%
- Next MWK5,000 at 15%
- MWK50,000 to MWK2,950,000 at 30%
- Excess over MWK3,000,000 at 35%

PAYE certificates

Every employer shall complete a PAYE Deduction Certificate (Form P9), supplied by the Commissioner General, in respect of each employee, and this shall be handed to the employee by the employer on the date of cessation of his or her employment, or within 21 days from the year of assessment to which it relates, whichever is the later. Copies of the P9 certificates shall be filed at the Malawi Revenue Authority within the same period.

Annual PAYE return

Every employer to whom PAYE Deduction Certificates are supplied shall be required to distribute the PAYE Deduction Certificates with employees thereof within 21 days of the end of the year of assessment in respect of which they are supplied. The accounting shall be done on Form P16 and shall be accompanied by copies of the P9 certificates as described above.

Both foreign and local employees shall be subject to PAYE at the same rates and under the same rules.

2. Pension requirements

Registration requirements

Section 12(1) of the Pension Act governs pension contributions for both employers and employees. Employers are required to make a minimum contribution of 10% of each employee's gross salary. In addition, employees are required to contribute 5% of their gross earnings, which is normally withheld by the employer and remitted to the respective pension fund managers (Section 9 of the Pension Act) on a monthly basis, i.e., between the date salaries are paid and the 14th of the month following the month to which such deductions relate. There are no prescribed reporting regulations or return forms. A payroll summary indicating the contributions may be provided with the remittance. Employment contracts, payroll records and payslips may be required for inspection.

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Ongoing compliance requirements

Refer to the above registration requirements related to pension. Foreign employees working in Malawi and in possession of a Permanent Residence Permit (PRP) are subject to pension legislations as opposed to Temporary Employment Permit (TEP) holders (Government Notice No.32).

3. Employment obligations

Minimum salary requirements

Under the provisions of the Employment Act, employees shall be entitled to a minimum wage of MWK35,000 per month (MWK1,354 per day for both urban and rural areas) and pension contributions.

Leave days

The minimum annual leave is 18 days for employees working six days a week and 15 working days for employees working five days a week respectively. In addition, employees shall be entitled, after completing 12 months of continuous service, to at least four weeks of sick leave on full pay and eight weeks of sick leave on half pay during each year. Female employees shall be entitled, every three years, to at least eight weeks of maternity leave on full pay.

4. Payroll requirements

According to the provisions of the Taxation Act, PAYE shall be deducted from the payroll and it shall be the first deduction made to the payment, prior to any other deduction whether such other deduction be deductible under any court order or under any other law. The pension is also another mandatory deduction after PAYE, in accordance with the provisions of the Pension Act.

The Employment Act stipulates that wages payable to an employee shall be paid in accordance with the terms of the employment contract in the following manner:

1. No less than once a week or fortnight in the case of an employee whose wages are fixed by the hour, day or week or calculated on a project basis
2. No less than once a month in the case of an employee whose wages are fixed on a monthly or yearly basis

The Employment Act also stipulates that every employee must receive, with each payment of wages, an accurate itemized statement from the employer in writing, in a form which sets out the employee's gross wages due at the end of the pay period, the amount of every deduction from his or her wages during the pay period, the purpose for which each deduction was made and the employee's net wages payable at the end of the pay period. Payslips are therefore a requirement each time wages and salaries are paid.

5. Banking requirements related to payroll

For foreign employees, the Central Bank's foreign exchange control regulations state that non-residents/foreign employees can remit the whole amount (100%) to their home countries effective 1 January, 2015.





Doing Business in Malta – Payroll Operations

1. Government requirements

Registration requirements

Registration for a Private Employer Number

The Commissioner for Revenue is responsible for the administration of the Final Settlement System (FSS) Rules which involves the collection of employment income tax, social security and maternity fund contributions. Employers must register with the Commissioner for Revenue within 15 days from the date the first emoluments due to be paid to a payee start to accrue, and must submit an application to obtain a Private Employer (P.E.) Number. This enables the employer to withhold, remit and report emoluments. This refers to income tax and social security contributions deducted from employees' salaries, in addition to, employers' social security and Maternity Fund contributions.

Employment registration

A "Declaration of Commencement of Employment" form should be completed for any new employment and submitted to JobsPlus on the same day of commencement of employment. Failure to submit the necessary documentation may result in fines.

All employees are required to complete an FS4 form within the first seven days of commencement of any new employment and whenever any material details of a current FS4 form change. Section 1 of this form needs to be completed by the employee, detailing the tax status of the employee and any tax to be deducted by the employer and Section 2 details the Employer P.E number. Once both sections are completed, the employer must submit the form to the Commissioner for Revenue, retain the second copy for audit purposes and return the third copy to the employee for his or her retention.

There is no applicable registration fee.

Ongoing compliance requirements

There are a number of forms to be prepared by the employer as part of their FSS obligations.

- ▶ Employers are required to report gross emoluments paid to the employees, income tax and social security contributions deducted from the employees' salaries, and the employer's part of the social security and Maternity Fund contributions.
- ▶ These are payable on a monthly basis to the Commissioner for Revenue by submitting the FS5 form together with payment (if any) by the last working day of the following month after the salaries are paid.
- ▶ Every year, the employer should prepare and submit an FS7 form reporting gross emoluments paid to the employees, including a summary of taxes, social security and Maternity Fund contributions due to the Commissioner for Revenue, by the 15 February of the following year.
- ▶ In addition, the employer should annually provide each employee with an FS3 form which is an individual annual document that provides a summary of gross emoluments received by that employee, all taxes and social security contributions paid throughout the year by the respective employee, and the employers' contributions too.
- ▶ The amounts on the FS7 form should reconcile to the amounts of all the FS3 forms when added together.

Employers can honor all their tax obligations either online or by hand at the Commissioner for Revenue. Employers having 10 employees or more are obliged to submit their end-of-year FSS documents by electronic means only through the IR Services online, while those with nine employees or less have the option to submit the documents either manually or electronically.

2. Pension requirements

The Social Security Act entitles all employees who pay a minimum amount of social security contributions to a basic pension on retirement. The responsibility of such pension falls under the Social Security Department in Malta.

Statutory pension age varies according to the year of birth as follows:

Born between	Pension age
1952 and 1955	62
1956 and 1958	63
1959 and 1961	64
Born after	Pension age
1961	65

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Once retirement age is reached, the person will automatically be eligible to a retirement pension, without the need to fill in an application. The Government has also introduced incentives for persons keeping their employment beyond their pensionable age.

Registration requirements

Each individual has to register at the Department of Social Security office to obtain a social security number. This number has to be provided to the employer upon commencement of work.

Ongoing compliance requirements

For every person who is employed in insurable employment, three contributions per week shall be payable in accordance with the provisions of the Social Security Act; one by the employed person, one by his or her employer and one out of the Consolidated Fund (Government). The employee and employer contributions are to be paid on a monthly basis to the Commissioner for Revenue through the FSS.

3. Employment obligations

National minimum wage

The national minimum wage for full time employee's for 2020 is EUR179.33 per week for an employee aged 18 and over, EUR172.55 per week for an employee aged 17 and EUR169.71 per week for an employee aged under 17. Employees with a minimum wage are also entitled to the statutory bonus and weekly allowance.

The national minimum wage for part-time employees shall be calculated pro rata at the same hourly rate of a comparable full-time employee in accordance with the relevant Wage Regulation Order.

Working hours

The standard working hours as stipulated in the Wage Regulation Orders are 40 hours per week but not exceeding a maximum of an average of 48 hours a week spread over a reference period of 17 weeks.

Regarding overtime rates, most sectors have minimum rates, which are regulated by the respective Wage Regulation Order, responsible for regulating their activity of work. Normally the overtime rate is 1.5 times the normal rate for work carried out, in excess of a 40-hour week.

Vacation leave

Full-time employees who work 40 hours per week are entitled to 21.6 hours of paid annual leave for 2020, excluding public holidays, adjusted accordingly if the employee works fewer hours. The law specifies that a minimum period equivalent to four weeks cannot be replaced by any allowances, except where employment is terminated. Upon termination from employment, an employee has the right to claim financial compensation for any balance of outstanding leave that is due.

Sick leave

Full-time employees are entitled to two working weeks per year unless their sick entitlement is covered by a Wages Council Wage Regulation Order. A medical certificate has to be presented to the employer. Once the employee exceeds this entitlement, the Social Security Department will continue to pay the sickness benefit for which he or she may be entitled.

Maternity leave

Women are entitled to maternity leave for an interrupted period of 18 weeks, from which the first 14 weeks are paid by the employer whereas the rest is paid by the State.

Employers are also obliged to allow employees to take other statutory leave, such as bereavement leave, marriage leave, parental leave, court witness leave, jury service leave, injury leave and birth leave.

4. Payroll requirements

In Malta, payroll calculations involve the deduction of income tax and social security contributions by the employer from employees' salaries under the FSS Rules which are reported and remitted to the Commissioner for Revenue on a monthly basis. Such calculations are based on the employment contract and the applicable Maltese legislation.

Payment frequency and payslips

Employers are required to provide payslips to all employees either in electronic form or hard copy.

Wages are to be paid at regular intervals and shall not exceed four weeks in arrears.

Under the FSS rules, every payer shall at all times maintain up-to-date records in respect of each payee relating to emoluments and the FSS tax deductions.

5. Banking requirements related to payroll

Employees' salaries are made payable in legal tender and are typically paid by employers to their employees by either electronic transfers or cheque payments.

Payments for the remittance of tax and other contributions may also be effected by bank transfer or cheque payment to the Commissioner for Revenue.





Doing Business in Morocco – Payroll Operations

1. Government requirements

Registration requirements

Social security registration with the CNSS (social security organization)

1. Employer registration with the CNSS:

When a business enters Morocco and employs people, the business must register with the "Caisse Nationale de Sécurité Sociale" (CNSS) (social security organization) by completing forms available on their website. If the business has already obtained an affiliation number, it can register for DAMANCOM by completing an additional business form which is also available on the CNSS website. DAMANCOM is an internet platform through which employers can declare and pay social charges on a monthly basis.

2. Employee registration with the CNSS:

Each new employee must have a CNSS number. If the employee already has a number, this number will be kept as each employee has one CNSS number for all his or her professional career. For each new employee, a form must be completed and provided to the CNSS.

These requirements are governed by Dahir No. 1-59-148 of 30th jourmada II 1379 (Arab calendar) (31 December 1959), and Dahir regarding Law No. 1-72-184 of 15th jourmada II 1392 (27 July 1972)

3. Employer – Health Insurance (AMO)

The affiliation to "l'assurance maladie obligatoire" (AMO) (mandatory medical insurance) is mandatory by law in Morocco, according to "Article 114 du Texte de Loi No. 65-00".

Ongoing compliance requirements

Monthly individual income tax (IR) withholding obligation

The employer is obliged to withhold the "Impôt sur le revenu" (IR) (payroll tax) from the employee's payroll on a monthly basis and settle this on behalf of the employee. The employer should file the employee's IR return with the local tax office and settle the IR payable before the 30th of the following month, i.e., Tax payroll of October should be paid at least by 30 NOVEMBER (Before 1 December).

The salaries and wages received by the employee are subject to Morocco IR at six progressive tax rates ranging from 0% to 38%, and five specific rates from 10% to 30%, i.e., 30% specific rate eligibility are for providers of services with no professional tax.

The requirements are governed by Article 6 of Finance Law No. 35-05 for 2006, approved by the "Dahir No. 1-05-197 du 24 kaada 1426 (26 December 2005)".

Annual individual income tax (IR) declaration

The employer is obliged to declare the annual payroll under the "Etat 9421" (annual payroll return) form. This declaration should be made by the end of February each year.

2. Pension requirements

Registration requirements

Retirement pension – "Caisse Interprofessionnelle Marocaine de Retraites" (CIMR) (Moroccan interprofessional retirement fund)

The retirement pension is not mandatory in Morocco. However, a company can choose to be affiliated to the CIMR. The firm should subscribe to one of the two existing CIMR retirement pensions. The social charge rates depend on which offer the company chooses.

More details can be found at www.cimr.ma.

CIMR payment

The employee social charge is deducted from his or her payslip.

The employer social charge must be paid within 45 days after the end of the quarter.

More details can be found at www.cimr.ma.

Ongoing compliance requirement

The same treatment as CIMR should be applied. This is not mandatory by Moroccan law.

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3. Employment obligations

The employer should follow the Labor Law for all employment issues including:

Working hours

44 hours per week, Law Article 184 "code du travail" (Labor Code), with a maximum of 10 hours per day.

Vacation days

The minimum vacation allowed is 1.5 days per month (18 days per year).

Minimum wage

The minimum wage is MAD14.13 per hour and MAD2,698.83 per month for industry, trade and services (since July 2019).

Notice period ("préavis")

It differs depending on the function of the employee and his seniority. For executives and such similar designations, the notice period according to their tenure is:

- ▶ Less than one year of tenure: one month
- ▶ One to five years of tenure: two months
- ▶ More than 5 years tenure: three months

Workplace accident – "accident du travail" (AT)

Workplace accident (AT) insurance is mandatory in Morocco. The employees are entitled to a compensation payable by the company for accidents that occur inside the company and also during the journey between home and the workplace.

Legislature: "Dahir No. 1-60-223 du 12 ramadan 1382 (6 février 1963) portant modification en la forme du dahir du 25 hija 1345 (25 juin 1927) relatif à la réparation des accidents du travail". (Amendment of the law relating to the compensation for work accidents)

4. Payroll requirements

The employer is required to make a salary payment to the employee each month.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

If paying wages by cash, the employer and the employee should sign a record to confirm the amount of money that has been paid each pay period.



Doing Business in Mozambique – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

When a business starts in Mozambique, the entity should register with the revenue authorities.

The information required to register an entity is as follows:

1. Certificate of registration of legal entity
2. Tax registration via obtaining the Unique Tax Identification Number (NUIT)
3. Operating license
4. Declaration of commencement of activity

No fee is payable for the tax registration.

Social security registration

After the submission of the declaration of commencement of activity to the revenue authorities, the entity has 15 days to register with the national social security system and this should be accompanied by a copy of the license, a copy of the declaration of commencement of activity and a copy of the ID of the entity's legal representative. After registration, the Social Security Institute notifies the entity of their social security registration number and access codes for the online database (Decree 53/2007, 3 December).

For employee registration, the employer should pre-register the employee online and the system generates a declaration with the employee's number. Within 30 days, the employer should present a copy of the declaration generated online and a copy of the employee's ID for the final registration.

The Social Security Institute does not charge any fee to register the company or the employee.

Ongoing compliance or filing requirements

Payroll tax – Pay As You Earn (PAYE)

For the payment of PAYE, the employee should have a minimum remuneration of MZN20,250 and if the amount is below this then they are exempt from tax on their salary. The rates for tax calculation vary according to total remuneration earned and can reach 32%. The employer is responsible for deducting tax from the employee and paying this to the revenue authorities. For the payment of PAYE, the company should complete, in triplicate, a form (M/19) that should be submitted to the revenue authorities by the 20th of the following month, or otherwise risk penalties and interest. The tax payment should be made by cash, check, deposits or bank transfer.

The employer is obliged by law to provide annual income statements to employees which include the total earnings and total tax withheld (PAYE and social security contributions), by 20 January of each year. The employee should file their Annual Income Tax Return (M/10) for the previous year with the revenue authorities between January and March each year.

The company should file the Annual Accounting and Fiscal Information Form (M/20H) for the previous year to revenue authorities between January and March each year. The M/20H contains the total earnings and total tax withheld during the year.

Social security contributions

The social security contribution is based on all regular earnings. The social security rates are 7% (4% for the employer and 3% for the employee). The company should upload the salaries online and generate the payment slip that contains the payment reference number. The company is responsible for the payment of the entire contribution of 7% by the 10th of the following month. In the case of expatriates, when there is evidence that they are contributing to a similar pension scheme in their home countries, they are exempt from social security payments. It is important to note that the exemption is not automatic but needs to be approved by the relevant authority (INSS).

2. Pension requirements

Registration requirements

The pension registration is included in social security as mentioned above.

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Ongoing compliance requirements

Employees that reach 55 years of age for women and 60 years of age for men are entitled to a pension, if they have been registered with the social security system for at least 20 years and have completed 10 years of contributions.

Employees are also entitled to a pension, regardless of their age, if they have been registered with the social security system for at least 30 years and have completed 25 years of contributions.

According to the Law 4/2007, 7 February, employees are also entitled to a pension if they have an illness or accident which invalidates them.

3. Employment obligations

Minimum wages

The Mozambique monthly gross remuneration for employees depend on the sector and are updated on an annual basis. Currently, the fishing sector has the lowest (MZN4,266.68) and the financial sector has the highest (MZN12,760.18).

Leave days

According to Mozambican Labor Law, an employee is entitled to take the following annual leave with pay when the next calendar year starts:

1. One day a month of the effective work during the first working year
2. Two days a month for the effective work during the second year
3. Thirty days a year for the effective work during the third year onward.

By means of the law, the employer and employee may agree in writing about the accumulation of a maximum of 15 days of leave for each year.

It is, however, not allowed by the law to anticipate the days of leave for more than 30 days and accumulate days of leave for more than 60 days during the year, under penalty of expiration (shall lose the right to the leave days).

Rest hours

According to the Mozambican Labor Law, the normal hours of any employee shall not exceed eight hours per day and 48 hours per week. The normal working hours of eight hours a day can be extended to nine hours if the employee is given a complementary half day a week for rest.

4. Payroll requirements

Salaries must be paid at least once a month.

Payslips can be provided either in electronic form or hard copy.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- Cash
- Check
- Bank transfer

Salaries can be paid using an onshore or an offshore account.

Payments have to be made in local currency but tax payers can use other bank account currency. Taxpayers will need to instruct the bank the exact amount in local currency to be transferred to the Mozambican tax authority.





Doing Business in Namibia – Payroll Operations

1. Government requirements

Registration requirements

Registration as employer

In terms of the Income Tax Act, Act 24 of 1981, every person who pays or is liable to pay any person (other than a company) any amount by way of remuneration must register with the Directorate: Inland Revenue in Namibia as an employer. Form 6-0/0044 should be used to apply for the registration as employer in Namibia.

Integrated Tax Administration System (ITAS)

Namibia has recently introduced an electronic tax administration system known as ITAS. All taxpayers are required to register on this system to file tax returns electronically. In practice manual submission of returns are no longer accepted.

Application to register as an employer can be made on ITAS. Employees can also register on ITAS for a tax number (TIN).

Workmen's compensation

In terms of the Workmen's Compensation Act 30 of 1941, workmen's compensation is payable at a marginal rate in respect of all employees earning less than NAD81,300 per annum. The payment is made annually upon receipt of an assessment from the Commissioner. Form E.A.S 1 should be used for the registration of employers not engaged in agriculture.

Social Security

In addition to the workmen's compensation that is payable in respect of all employees as detailed above, all Namibian citizens or permanent resident employees under the age of 65 should be registered with the Social Security Commissioner in accordance with the Social Security Act 34 of 1994.

Employers and employees are each required to contribute an amount equal to 0.9% of the basic wage limited to a minimum of NAD2.70 and a maximum of NAD81.00 per month. These contributions must be paid over to the Commissioner by the 30th day of the month following the month in which the deduction is made. Form 1 should be used for registration as an employer.

VET levy

The Vocational Education and Training Act (VET), Act 1 of 2008, provides that an employer with an annual payroll of NAD1,000,000 or more is liable to pay the VET levy. The levy is calculated as 1% of the value of the annual payroll which includes the total value of all payments in money or in kind made or owing to an employee arising from the employment of that employee.

The levy is payable on the 20th day of the month following the end of the month during which the remuneration was paid to the employee. Employers are required to register with the NTA by completing the registered form via the NTA website.

Ongoing compliance requirements

Remittance of Pay-As-You-Earn (PAYE)

Every employer who pays an amount by way of remuneration to an employee shall deduct or withhold an amount of PAYE. The PAYE is calculated on the basis of the tax tables and has to be paid over to Inland Revenue within 20 days after the end of the month it was deducted or withheld. The payment of the PAYE is accompanied by a monthly PAYE return (PAYE4 Tax Return) and should be submitted electronically on ITAS. The monthly PAYE return must be accompanied by an excel spreadsheet which requires the employer to disclose the components (cash and allowances) of the employee's remuneration. Remuneration also includes fringe benefits.

PAYE 5 certificates

Within 30 days after the end of the year of assessment for individuals (i.e., the end of February), an employer should issue PAYE 5 certificates to employees. The certificates should detail the period of employment as well as the total amount paid as remuneration to the employee during the year of assessment. PAYE 5 certificates can be issued manually or electronically. Inland Revenue provides the employer with the serial numbers to be used.

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Annual PAYE reconciliation

Within 30 days after the end of the year of assessment for individuals (i.e., the end of February), an employer should submit an annual PAYE reconciliation (Form 6-0/0033) and reconcile the PAYE 5 certificates issued to each employee for the year of assessment, and the total monthly PAYE deducted and paid to Inland Revenue by the employer in respect of the year of assessment.

2. Pension requirements

Registration requirements

Employers are not required to register a pension fund.

Pension contributions are tax deductible to the extent that the contributions are made to a Namibian registered pension fund and is limited to NAD40,000 per tax year.

Ongoing compliance requirements

This is not applicable.

3. Employment obligations

The Labour Act, Act 11 of 2007, provides for the minimum basic conditions of employment.

Overtime

Overtime may not exceed more than three hours per day or 10 hours per week.

Overtime rates are 1.5 times the hourly rate on normal working days and double the hourly rate on Sundays and public holidays.

Compassionate leave

An employee is entitled to a total of five days of compassionate leave with full pay for each period of 12 months of continuous employment. Compassionate leave may be taken when there is a death or serious illness of an employee's close family member, i.e., a child, spouse, parent, grandparent, brother or sister, or father-in-law or mother-in-law. Compassionate leave does not form part of annual, sick or maternity leave and any untaken compassionate leave lapses at the end of the 12-month period.

Sick leave

Sick leave entitlement is as follows:

- ▶ Five-day work week: Employees are entitled to 30 working days of sick leave in a 36-month cycle
- ▶ Six-day work week: Employees are entitled to 36 days of sick leave in a 36-month cycle

Employers do not need to pay an employee for sick leave if the employee has been absent for more than two consecutive days without providing the employer with a medical certificate.

Maternity leave

This leave is offered to female employees who are pregnant. After six months of continuous service, a female employee is entitled to 12 weeks of maternity leave:

- ▶ Four weeks of leave before the expected date of delivery
- ▶ At least eight weeks of leave after the date of delivery

A medical practitioner should certify the birth. The rights of any female employee, including seniority, promotion and other benefits, shall continue uninterrupted during the period of maternity leave.

Annual leave

An employee is entitled to four weeks of consecutive leave in a 12-month leave cycle. Therefore, the employee will be entitled to the following amount of days depending on the length of the work week:

- ▶ Six-day work week: 24 working days of annual leave
- ▶ Five-day work week: 20 working days of annual leave

- ▶ Four-day work week: 16 working days of annual leave
- ▶ Three-day work week: 12 working days of annual leave
- ▶ Two-day work week: eight working days of annual leave
- ▶ One-day work week: four working days of annual leave

4. Payroll requirements

Payslips

In accordance with Chapter 3 of Part B of Schedule 11 of the Labour Act, each payment to an employee should be supported by a written statement of particulars in the prescribed form. Employees should, as a minimum, be paid on a monthly basis. The minimum requirements of particulars which should be included in a payslip include:

1. Employer name
2. Employee name
3. Monthly payment
4. Basic salary
5. All allowances
6. Total earnings
7. PAYE deducted
8. Employee's social security contribution
9. Any other deductions from the employee's salary, e.g., medical aid, pension
10. Total deductions
11. Net salary
12. Company contributions, e.g., pension, medical aid, social security
13. Leave movement, i.e., opening balance, accrued, taken during the period, closing balance

5. Banking requirements related to payroll

Payroll payments can be made by one or a combination of: cash or electronic funds transfer (EFT). Where wages are paid in cash, the employer and the employee should sign a record to confirm the amount of money that has been paid as remuneration.

In terms of exchange control requirements salaries should be paid into a local bank account. On written application to the Bank of Namibia approval may be granted to pay part of an employee's salary into a foreign bank account. The application must be accompanied by a motivation for payment of part of the salary into a foreign bank account.

Tax rates for individuals for the year of assessment ending 29 February 2020

Taxable amount			Tax	
From (NAD)		To (NAD)	Amount (NAD)	Marginal %
0	-	50,000	0	0
50,001	-	100,000	0	18
100,001	-	300,000	9,000	25
300,001	-	500,000	59,000	28
500,001	-	800,000	115,000	30
800,001	-	1,500,000	205,000	32
1,500,001	-	and over	429,000	37



Doing Business in The Netherlands – Payroll Operations

1. Government requirements

Registration requirements

Registration with the Chamber of Commerce

All companies that want to be able to supply services, sales, trading, manufacturing and so, and want to start a business in the Netherlands are obliged to subscribe to the Chamber of Commerce.

Registration with the Dutch tax authorities as an employer

In the Netherlands, wage taxes consist of wage tax and social security contributions. The social security contributions consist of national insurance contributions (i.e., insurance for old age government pension, surviving dependents and long-term care), employee insurances (i.e., insurance for unemployment and disability) and the income-dependent contribution to the Dutch health care insurance. The wage tax and national insurance contributions are due from the employee, but withheld and remitted by the employer. The employee insurance contributions and the income dependent contribution to the Dutch healthcare insurance are due from the employer. In some international situations, an employee might not be covered by the social security system of the Netherlands (see 3. Employment obligations/Social security). An A1 statement or a Certificate of Coverage confirms this. In this case, only wage tax is due if the Netherlands has the right to levy tax on the employment income.

The Netherlands, as a general rule, apply the formal employer definition (the company with whom the employee has an employer or employee relationship). When the employer has a Dutch wage tax withholding obligation for its employees it should calculate and remit the wage tax and the social security contributions due each pay period (monthly or every four weeks) to the Dutch tax authorities. In order to do so, the employer has to:

- ▶ Set up a Dutch payroll
- ▶ Provide employees with a monthly payslip and an annual statement
- ▶ Register with the Dutch tax authorities as a Dutch wage tax withholding agent, and the Dutch tax authorities will then provide the employer with a Dutch wage tax number
- ▶ Perform a sanity check on the mandatory industry affiliation, as determined by the Dutch tax authorities in a letter to the employer – some social security contributions (if applicable) depend on the industry affiliation and the number of employees
- ▶ File the monthly Dutch electronic wage tax return and remit the Dutch wage taxes and social security contributions correctly and in time.

Registration with the Dutch tax authorities as an employee

To arrange Dutch fiscal affairs, a Dutch fiscal number, “Burgerservicenummer” (BSN), should be obtained. For a resident, a BSN can be obtained at the municipality where the employee resides. For a non-resident, a BSN can be obtained at one of the 19 designated “Register Niet Ingezetenen” (RNI) desks by registering as a non-resident.

Ongoing compliance requirements

Wage tax return and payment

An employer is required to make electronic filings within one month after each pay period. The payment also has to be made within one month after each pay period. These filings and payments are mandatory and automatic penalties may arise for late submission.

Dutch personal income tax (PIT) return

The Dutch tax year runs from 1 January through 31 December. The normal filing deadline for tax returns is 1 May of the following tax year; however, it may be possible to apply for an extension of the filing deadline. For taxpayers, it is mandatory to file a Dutch income tax return if they receive an invitation from the Dutch tax authorities, or if the amount of income tax due will exceed EUR60 (as of 2018).

2. Pension requirements

Registration requirements

Pension

A Dutch employer is, in principle, not obliged to offer their employees a pension arrangement, unless a mandatory industry pension fund applicable or collective labor agreement is applicable. Although a pension plan is not mandatory by law, most employers offer a pension arrangement.

In general, employees pay a contribution to the pension plan of 33% to 50% of the pension cost.

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Ongoing compliance requirements

Payment of contributions to pension funds

The way in which contributions to the fund have to be made depends on the fund. The rates vary per fund. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays their part of the contributions as well as the part due by employees, usually by bank transfer. The payment can be monthly, quarterly or annually.

3. Employment obligations

There are several requirements according to Dutch employment legislation. Below we have summed up a non-limitative list of these requirements:

Employment contracts

The employer should, in principle, draft a new employment contract taking into consideration the Dutch employment law and the collective labor agreement (if applicable).

Minimum wages

The employer should pay employees at least the minimum wage, which is a fixed monthly rate and is increased annually (as of January 2019, it is EUR 1.615,80 for those aged 22 and over in full-time employment of 40 hours per week), and take into account the obligatory annual holiday allowance of 8% when drafting the Dutch employment contract.

Holiday leave

The employer is obliged to give each employee paid holiday leave at a minimum of four times the average number of days worked per week.

- ▶ The employer is obliged to continue paying 70% of the gross monthly salary during the first two years of illness, but not less than the statutory minimum wage.
- ▶ The employer is required to have a work council if it has 50 employees or more.

Compensation and benefits package

Dutch employers are, within the limits of employment legislation and, if applicable, a collective labor agreement, free to offer their staff a package of compensation and benefits. Review of the formal employment contracts, pension plans and especially the level of compensation are essential for an employee offering. A review of collective labor agreements (especially for a group offering) or benchmarking are recommended to achieve an optimal compensation strategy. For employees, an annual merit increase (up to a defined maximum) and annual compensation correction for inflation are common practice.

An employee who works full-time (i.e., 40 hours per week) is legally entitled to a minimum of 20 days of holiday per year. Most employers offer more days of holiday (i.e., 25 to 30 per year). The number of bank holidays in the Netherlands is about six to eight per year, depending on calendar dates.

Extraterritorial costs and the 30% facility

Employees from another country who come to work in the Netherlands often receive a reimbursement for the additional costs incurred for their stay away from their country of origin. These costs are referred to as the extraterritorial costs. An employer can either reimburse the actual extraterritorial costs incurred by the employee or apply for the 30% facility.

Reimbursement of the actual costs

The actual extraterritorial costs may be reimbursed tax-free provided that these costs are substantiated. Qualifying extraterritorial costs include, among others, cost related to double housing, language courses, residence permits and home leave.

30% facility

The 30% facility provides special tax benefits to employees with specific expertise who are recruited from abroad. In general, the main benefit of the 30% facility is that the employer may pay the employee a tax-free allowance for extraterritorial costs up to 30% of current employment income. There are several conditions that need to be met to apply for the 30% facility, such as a salary threshold and the obligation that the

employee lived outside a radius of 150 km from the Dutch national border for more than two-thirds of the two-year period prior to employment in the Netherlands. In general, starting 2019, 30% facility can be applied for a maximum period of five years. A longer period can (still) be applicable for existing 30% facilities based on a grandfathering arrangement. In order to make use of the 30% facility, a joint request by the employer and employee should be filed with the Dutch tax authorities. The application for the 30% facility has to be filed with the Dutch tax authorities within four months after the start of the employment in the Netherlands to have retroactive effect from the start of the employment.

Immigration

No immigration requirements are applicable to European Economic Area (EEA) and Swiss nationals. For non-EEA and non-Swiss employees, it should be determined whether a residence permit and work permit or a combined single permit should be requested.

Social security

With respect to social security, an employee is, in principle, covered by the social security system in the country in which the employee performs the employment activities. This general rule also applies when the duration of the activities is very limited. In the following paragraphs, we will describe two exceptions.

EEA and Switzerland

The social security position of an individual living in the EEA and Switzerland, and working in a different EEA country or Switzerland (or different countries) needs to be determined on the basis of the European Union (EU) regulation for social security purposes. The main rule of the EU regulation is that the employee is covered by the social security system in the country where the employment activities are performed. However, there are several exceptions to this main rule, such as if the employee is assigned to another company or if the employment activities are performed for two companies where one company is situated in the country of residence and the other is in another EEA country or Switzerland.

If an exception is applicable, it is recommendable to confirm the social security position of the employee with the social security authorities of the country where the employee resides by requesting a so-called A1 statement. If a copy of the A1 statement is kept in the employee file, the employer does not have to withhold or remit Dutch social security contributions. However, social security contributions may be due on the Dutch employment income paid to the employee in the country that provided the A1 statement.

Social security treaty

The social security position of an individual from a non-EEA or non-Swiss country with which the Netherlands has a social security treaty should be based on the applicable social security treaty. Therefore, we recommend performing a check on the applicable social security treaty.

Foreign company pension

As a general rule, for employees who are assigned to the Netherlands and during their assignment continue to participate in their home company pension scheme, the employer contributions into the foreign pension scheme are regarded as taxable income in the Netherlands and the employee contributions are not deductible in the Netherlands. However, if certain criteria are met and a corresponding approval is obtained with the Dutch tax authorities, the foreign pension scheme can have a favorable tax treatment in the Netherlands (i.e., employee contributions deductible and employer contributions not taxable).

Healthcare

In principle, all residents of the Netherlands are obliged to obtain Dutch healthcare insurance. The following exceptions exist:

- ▶ An employee from an EEA country or Switzerland with an A1 statement is not obliged to obtain Dutch healthcare insurance. The employee will have to take healthcare insurance in the country where they remain covered by a social security system. If the employee is not moving to the Netherlands and will only stay for a short period of time they will be able to claim healthcare in the Netherlands in emergency situations with a European Health Insurance Card (EHIC). If the employee moves to the Netherlands, an S1 statement should be obtained in the country in which they remain covered by a social security system. The S1

statement provides confirmation that the employee has the right to receive healthcare they do not live in the country where they are insured. The foreign S1 statement should be registered with the Dutch health insurance company CZ. This enables any healthcare expenses in the Netherlands to be directly borne by the foreign health insurance company.

- ▶ An employee from a non-EEA or non-Swiss country with a Certificate of Coverage is not obliged to obtain Dutch healthcare insurance. The employee will have to take healthcare insurance in the country where they remain covered by a social security system.

Employee file

The employer is obliged to hold an employee file. Below, we have provided a list of items that can be included in the employee file. The items with an asterisk are mandatory. The other documents are highly recommended. If the mandatory documents are not in the employee file, this could result in additional assessments from the Dutch tax authorities and fines.

- ▶ A copy of the signed Dutch employment contract
- ▶ A copy of the front and back of a valid identification document*
- ▶ A completed and signed Dutch wage tax statement or comparable documentation*
- ▶ A copy of the 30% ruling (if applicable)*

- ▶ A copy of an A1 statement or Certificate of Coverage (if applicable)
- ▶ For employees outside the EEA and Switzerland, a copy of the residence permit and work permit or a combined single permit (if applicable)

Occupational health service

An occupational health service helps employers and employees in the understanding and implementation of working conditions and disability. The statutory health and safety obligations require specific expertise which the employer usually does not have. An occupational health service advises and takes over tasks from the employer in the areas of:

- ▶ Working conditions
- ▶ Illness and disability
- ▶ Rehabilitation counselling
- ▶ Risk inventory and evaluation (RI&E)

In addition, an employer can also buy sickness insurance to cover payments to employees during the first 52 weeks of sickness.

4. Payroll requirements

The payroll for employees is processed on a monthly basis or every four weeks and employees receive a payslip every period.



Work-related cost scheme

A special system is mandatory for all employers with respect to determining the Dutch wage tax implications of providing allowances and benefits to employees in the Netherlands. The essence of the so-called work-related costs scheme (WRCS) is that the employer will be subject to 80% tax on benefits and allowances (including VAT) granted to employees, to the extent that these amount to more than the tax-free work-related cost budget of 1.2% of the total taxable wage bill. The final levy system is applicable, i.e., the 80% tax is due by the employer and they cannot pass this on to their employees. Not all allowances and employment benefits fall under this 1.2% budget. Exceptions include specific exemptions, intermediary expenses, facilities with a zero valuation for tax purposes and items that are considered mandatory taxable wage (e.g., a company car). In the following paragraph, we will describe the reporting obligations and practical details of WRCS.

Reporting obligations

The employer is obliged to calculate the final levy tax payable for the WRCS once a year. If the tax-free budget of 1.2% is exceeded, the 80% final levy must be specified and remitted through the Dutch wage tax return in the first tax period of the next calendar year. As a result, for 2018, the final levy should have been reported in the January 2019 Dutch wage tax return, which had to be filed no later than 28 February 2019.

From our practical experience, we recommend setting up an adequate administrative system beforehand. On the basis of the current view of the Dutch tax authorities, an explicit designation as work-related costs should take place. Without an explicit designation, the specific exemption would not be applicable. In order to benefit from the applicable exemptions and the tax-free budget, the employer should be able to reasonably substantiate that allowances and benefits that are not processed on the payslip are explicitly designated as work-related costs.

5. Banking requirements related to payroll

Payroll net payments should be made in local currency but can be made by any method and from either a Dutch or an overseas bank account.

Liabilities to Dutch Authorities

Liabilities to Dutch Authorities can be made from a Dutch or overseas bank account. If paying from an overseas bank account, the charges should be accepted by the remitting bank so that the payments received by Dutch Authorities are not reduced by charges or exchange rate differences. Any differences will result in interest charges being levied on underpayments.





Doing Business in Nigeria – Payroll Operations

1. Government requirements

Registration requirements

Registration for Pay As You Earn (PAYE)

When a business enters Nigeria and employs people, it must register with the State Internal Revenue Services for Pay As You Earn (PAYE) in accordance with the Personal Income Tax Act. Employers must complete the PAYE registration forms. There is no fee applicable for PAYE registration.

Registration with National Housing Fund (NHF)

Businesses must also register with the National Housing Fund.

Ongoing compliance or filing requirements

PAYE

Every employer who pays an amount by way of remuneration to an employee shall deduct or withhold an amount of PAYE tax. Monthly returns must be filed and payment must be made monthly on or before the 10th day of the following month. Tax rates applicable vary on a progressive scale between 7% and 24%.

Employers are also required to file Annual Declaration and Certificate (Form H1) with the State Internal Revenue Service - this annual filing should also include Form A (Income Tax Form for Returns of Income and claims for allowances and relief) and Form H1 (Annual Income Declaration). In accordance with the Personal Income Tax Act (PITA), the returns must be filed on behalf of the employees on or before 31 January each year.

National Housing Fund (NHF)

In accordance with the NHF Act, employers must submit NHF remittance schedules on a monthly basis, in addition to making NHF payment. The payment is made up of 2.5% of employees basic salary.

2. Pension requirements

Registration requirements

Pension scheme

In accordance with the Pension Reform Act, the National pension scheme will apply to employees who are in the employment of an organization in which there are 15 or more employees. Such organizations (employers) are required to register a pension fund with the National Pension Commission upon completion of applicable forms. Local employees are mandated by law to be registered and contribute to the pension scheme, whilst foreign employees are not mandated to contribute to the pension scheme.

Group Life Insurance

Group Life Insurance is governed by the National Pension Commission and stipulates all employers must register for group life insurance through the completion of applicable forms.

Ongoing compliance requirements

Pension scheme contributions

Employees are required to contribute a minimum of 8% of the sum of basic, housing and transport allowances on a monthly basis and employers are required to contribute a minimum of 10%. In accordance with the Pension Reform Act, payments must be made monthly on or before the seventh working day after salary payment.

Group Life Insurance payments

Employers are required to pay a minimum of three times the annual total emolument of the employee and premium shall be paid not later than the date of commencement of the group life insurance cover.

3. Employment obligations

Workplace accidents - Employee Compensation scheme

In accordance with the Employee Compensation Act, employees are compensated by the Nigeria Social Insurance Trust Fund (NSITF) in case of workplace accidents. It is mandatory for employers to remit a minimum of 1% of the total monthly payroll to NSITF.

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Training - Industrial Training Fund (ITF)

In accordance with the Industrial Training Fund Act, employers with either 5 or more employees or less than 5 employees, but with a turnover of NGN50 million and above per annum must contribute to the ITF. Employers can receive up to 50% of the amount contributed for the purposes of employees training. It is mandatory for employers to remit a minimum of 1% of the total monthly payroll to ITF.

Maternity leave

In accordance with the Nigeria Labour Act, expectant mothers are entitled to six weeks pre-delivery with full pay. Nursing mothers are allowed 1 hour for a period of 3 months. There is no difference between treatment for local and foreign employees.

4. Payroll requirements

In accordance with the Labour Act, salaries are payable at intervals not exceeding one month. Payment must be made in legal tender, and can be made by cash, cheque or electronic transfer.

5. Banking requirements related to payroll

Every bank account holder in Nigeria must obtain a Bank Verification Number (BVN) in order to receive payments.

Foreign exchange control considerations

In accordance with the Exchange Control Act, Nigeria has tightened foreign exchange controls due to the high demand for foreign currency in the country.





Doing Business in Norway – Payroll Operations

1. Government requirements

Registration requirements

To set up a new business in Norway, it must be registered (at brreg.no). Employees also need to have a Norwegian ID number.

Ongoing compliance requirements

Monthly payroll

Electronic reporting through Altinn (“a-melding”). The deadline is the fifth of every month (adjusted for weekends and bank holidays).

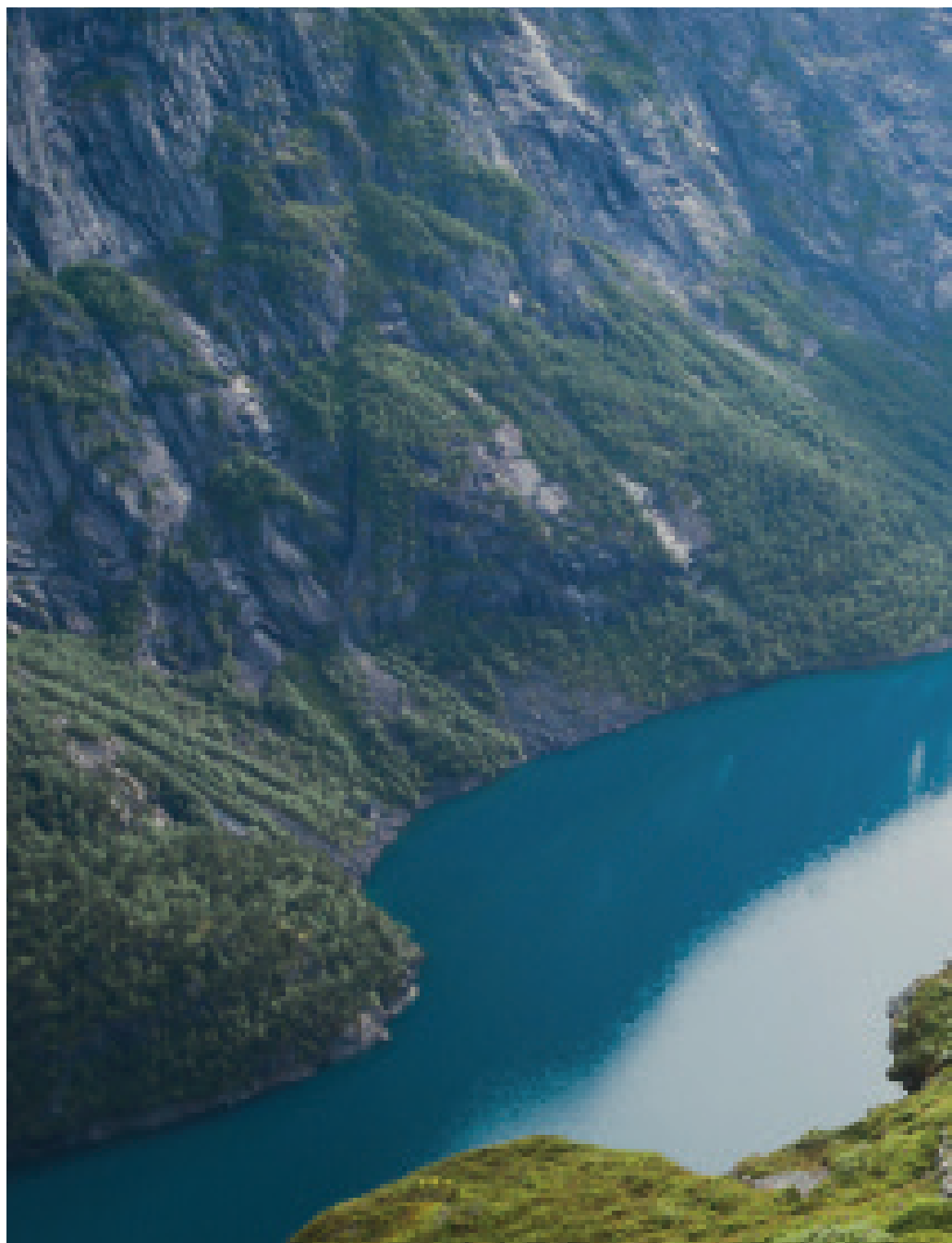
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2. Pension requirements

Registration requirements

Most employers are obliged to have an occupational pension scheme (OTP) for their employees. The pension is mandatory for all companies with more than one employee.

Ongoing compliance requirements

The pension scheme must be established within six months of the date on which the obligation to have an occupational pension scheme arose. It should be reported monthly or in the month when payment has been made.

3. Employment obligations

Mandatory Occupational Pension

The Mandatory Occupational Pension (2%) is not taxable to employees, but it gets 14.1% of employers' national insurance contributions.

Other obligations

There are detailed rules regarding sick leave, minimum wages, working hours, holidays and monthly contributions.

Contributions, such as tax and national insurance, need to be paid bi-monthly.

4. Payroll requirements

There is no specific regulation related to payment frequency. It depends on the company policy or the employment contract. Monthly payment is the most common payment frequency in Norway.

Payslip

The company is required to issue payslips to each employee, unless under shadow payroll.

5. Banking requirements related to payroll

The payroll payments must be transferred to employees' bank accounts (no cash payment allowed).

The Norwegian tax authorities only accept local currency (NOK). However, payments can be made from a foreign bank account using IBAN (EU/EØS) or similar arrangements.



Doing Business in Oman – Payroll Operations

1. Government requirements

Registration requirements

Employment contract

The contract of work shall be confirmed by writing and issued in Arabic with two copies, one copy for each party. If the contract is written in a language other than Arabic, at least one copy in Arabic shall be annexed thereto and approved by the two parties to the contract which shall be equally authenticated. If there is no written contract of work, a worker may establish his or her rights by all means of proof. The worker shall be given a receipt for the documents and certificates which he or she might have deposited with the employer.

Registration with the Commercial Registry of the Ministry of Commerce and Industry (MOCI)

Entrepreneurs can check the availability of the desired company name online. To register, the entrepreneur submits a duly completed application form along with the required documents to the one-stop shop of the Ministry of Commerce and Industry (MOCI).

Notification to the Tax Department of the Finance Ministry

The company must register with the Tax Department within three months from the date of incorporation or date of commencement of business, whichever is earlier, under the Income Tax Law. The registration includes submitting a declaration of details relating to the company, using Form 3 if registering as a company or Form 4 if registering as a foreign branch.

Registration with the Ministry of Manpower

The company needs to register with the Ministry of Manpower at incorporation. This can be done at the Ministry of Manpower desk at the MOCI.

On 18 April 2019, a new Commercial Companies Law (New CCL) entered into force in the Sultanate of Oman (Oman), and the previous Commercial Companies Law that had been in force since 1974 (Repealed CCL) was repealed.

Limited liability companies – The New CCL has introduced a new corporate vehicle: the single-shareholder limited liability company (LLC), whose capital is wholly-owned by a single natural or legal person.

The minimum share capital requirement of twenty thousand Omani Rials for a LLC has been removed. Instead, the New CCL merely provides that the capital with which the LLC is incorporated should be included in its incorporation documents.

Note that the minimum share capital requirement of 150,000 Omani Rials set by the FCIL for LLCs that have foreign shareholders remains in place.

Capital contributions in the form of services or labour are now expressly forbidden for LLCs. The New CCL has formalised a higher standard to be met by the managers and partners of a LLC. For instance, it is now expressly forbidden for a manager or partner to benefit from a loan or guarantee from the LLC. Furthermore, the New CCL clarifies that the managers of a LLC are subject to the same duties and liabilities as the directors of a joint stock company (JSC).

The maximum number of shareholders in a LLC has been increased from 40 to 50.

Restrictions on registration for different type of entities

There are restrictions for some entities such as a representative (Rep) office, limited liability company (LLC) and public joint stock company (PJSC). For an LLC, Omani ownership should be at least 35% therefore foreign ownership is allowed up to 65%. However companies under US Free Trade Agreement (FTA) foreign owners can hold up to 100% of shareholding of LLC companies subject to certain conditions.

Registration with the Public Authority for Social Insurance (PASI)

All employer/companies need to register their firm/company with the PASI authorities and obtain a PASI registration number.

All private companies within Oman and GCC with Omani employees are required to register with the PASI within 15 days from the date of commencement of employment. This means that registration of Omani employees employed by the private sector should be made with the authority and they should be brought under the umbrella of the Social Insurance Law. The registration is usually made by the company's Public Relations officer. The PASI number does not change when the employee changes companies, but the PASI authority must be informed about the change in companies. The registration of employees is preceded by the registration of employers. Registration is free of charge. Citizens and businesses can register with PASI and should follow the steps listed below.

- ▶ Completed employee registration form
- ▶ Copy of ID card or passport of the endorsed employee
- ▶ Copy of employee contract registered by the Ministry of Manpower



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- ▶ For Omanis working outside GCC countries: employee to complete registration of Omanis Working Abroad Form
- ▶ Authorized representative to submit supporting documents to registration counter in one of PASI's nine branches
- ▶ Permanent Insurance Number (PIN) generated and PIN card issued

Requirements when only Omani employees are being registered

- ▶ The employer should provide a copy of the job contract registered by the Ministry of Manpower.
- ▶ The employee should not be less than 15 years of age or above 59 years of age at the time of first registration.
- ▶ The employee should not be active with other employers.
- ▶ A valid ID card or passport should be provided by the employee.
- ▶ Special condition (if the employee is a GCC national)

Note: PASI should be notified of the registration of the employee or his service-end within a maximum period of 15 days from the date of joining or the date of end of service. An additional amount of OMR5 will be charged per month against any delay beyond this period of time.

The employee should not be the owner or partner of the same company.

The maximum salary cap for the calculation of the PASI contributions is OMR3,000 per month. Even if the salary exceeds OMR3,000 per month per employee, for the purpose of the PASI employer contribution and the employee contribution, the salary will be restricted to OMR3,000 per month per employee, or equivalent.

Salaries should be stated in Omani rials for employees working in Oman. For employees working in other GCC countries, salaries should be in the corresponding currencies.

Ongoing compliance requirements

Personal taxes for nationals and expatriates

Income is currently not subject to personal income taxes in Oman and there is no requirement to file income tax returns.

Employees who are Omani nationals are subject to a social security regime in Oman. Generally, the social security payment is at a rate of 18.5% of the employee's gross remuneration as stated in an employee's employment contract and applies regardless of free zone tax holidays: 7% is payable by the employee and the remaining 11.5% (including a 1% payment for work-related injuries) is payable by the employer. The withholding obligation is on the employer. There are no social security payments for expatriates.

Expatriates employed by an Omani employer are entitled, under the Oman Labor Law, to a gratuity payment (or an end-of-service benefit). End-of-service benefits are not applicable to Omani national employees.

2. Pension requirements

Registration requirements

End-of-service benefit (EOSB)

Employees not registered with the PASI and expats are only eligible for EOSB payments as mentioned below.

This is calculated based on the last basic salary received by the employee at the end of his or her service – 15 days of basic salary for the first three years of service and, after that, one month of basic salary for each completed year of service (from the fourth year onwards).

Maximum limit for Omani national employee contribution to the PASI is OMR210 (7% of salary) and for employer contribution to the PASI is OMR345 (11.5% of salary). In both cases, even if the salary exceeds OMR3,000 per month, for the purpose of calculation for the PASI salary will be limited to OMR3,000. Contributions paid by the Government is 5.5% of the gross salary.

3. Employment obligations

Annual minimum increment

3% of salary for Omani national employees on the first of January every year (if the length of service exceeds six months) but no minimum

increment criteria for expatriates.

Maternity leave

The Omani Labor Law (OLL) now entitles working women to maternity leave of 50 fully paid days to cover the pre- and post-maternity period. (Restricted to 3 times during the entire service with the same employer.) Working women may be entitled to extra days of leave provided they have valid medical reasons for absenteeism.

Annual leave

The provision governing the annual leave entitlement of an employee was amended by Royal Decree 113/2011 to provide that an employee is entitled to take annual leave with full salary for a period of not less than 30 calendar days per year, upon completion of six months of service.

4. Payroll requirements

There is no specific rule for payslips or payment frequency, however, in general practice, payslips are released to employees monthly. While there are no personal income tax obligations in Oman, it is important to comply with all labor law requirements together with certain mandatory requirements, such as the Wage Protection System (WPS). The WPS applies to employees registered with Oman's Ministry of Manpower.

A key requirement under the WPS is to pay employees' wages in the local currency, by way of bank transfer into their local bank accounts. Employers non-compliant with the WPS could face financial penalties and problems with renewing or processing new visas for their workforce.

5. Banking requirements related to payroll

Wage Protection System (WPS)

The WPS was introduced by the Ministry of Manpower and Central Bank of Oman in January 2014. In accordance with Article 53 of the Omani Labor Law, employers are required to pay their employees in the local currency through Omani banks. The local banks are required to report all salary payments to the Ministry of Manpower for comparison with the employees' contractual salaries. Any late or short payments require valid justifications from the employer.

A key requirement under the WPS is to pay employees' wages in the local currency, by way of bank transfer into their local bank accounts. Employers non-compliant with the WPS could face financial penalties and problems with renewing or processing new visas for their workforce.

In order to avoid any potential risks related to non-compliance with the WPS regulations in Oman, employers should take the following steps:

1. Request that employees open local bank accounts
2. Confirm that their Omani corporate banking partner is able to facilitate salary payments in accordance with the WPS regulations
3. Ensure that all employees are paid their full contractual salary in the local currency

Steps to set up the WPS mechanism:

1. The company should open an account with one of the banks operating in the country, in case it doesn't have one upon joining the WPS system.
2. The company shall enter into contract with a WPS agent that is approved and authorized by the Central Bank of Oman to provide this service, be it a bank, bureau de change or a financial institution.
3. The employer shall issue instructions to its bank to transfer wages to employees. Instructions shall be accompanied by a detailed wages list and a copy of the list shall be sent to the agent.
4. The WPS will send employees' details and wages, as well as salary transfer instructions, electronically to the Central Bank of Oman, who will then forward these details to the Ministry of Labor database in order to make sure that the details received correspond with those registered with the Ministry.
5. The WPS will send the approved information to the appointed agent in order to start paying the wages.



Doing Business in Pakistan – Payroll Operations

1. Government requirements

Registration requirements

Income tax

Governing Authority: Federal Board of Revenue (FBR)
 Jurisdiction: Federal
 Governing Law: Income Tax Ordinance, 2001
 Registration: Company:
 In accordance with the Income Tax Ordinance, 2001, no separate registration is required for employer tax registration, company registration is sufficient at the time of setting up the company.

Employees:

Local employees are not required to have separate registrations, valid National Identity Card (NIC) is sufficient. Foreign nationals are required to register with FBR. Registration for foreign nationals is filed by the foreign national in person at the FBR office.

Employees' Old Age Benefits (EOBI)

Governing Authority: EOBI Institution (Ministry of Overseas Pakistanis and Human Resource Development)

Jurisdiction: Federal

Governing Law: Employees' Old-Age Benefits Act, 1976

Registration: Company:

Online registration, for each office separate registration is required, if offices are in separate cities.

Employees:

Online registration, valid National Identity Card (NIC) is required for registration.

Social security

Governing Authorities: SESSI, PESSI, BESSI, KPKESSI, IESSI

Jurisdiction: Provincial

Governing Law: Separate laws for each jurisdiction

Registration: Company:

Online registration, except for Baluchistan (BESSI)

Employees:

Employees having monthly salary up to PKR 22,500. Online registration, valid National Identity Card (NIC) is required for registration. except for Baluchistan (BESSI)

Professional Tax

Governing Authorities: Excise and Taxation Department

Jurisdiction: Provincial

Governing Law: Separate laws for each jurisdiction

Registration: Company:

Manual registration

Employees:

Not required

Ongoing compliance requirements

Income Tax

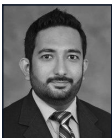
▸ Governing authority: FBR

▸ Filing obligations: Online

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- ▶ Frequency of lodgement and payment arrangements: Withheld income tax from salaries to be deposited within seven days from the week in which salaries are paid.
Bi-annual statement to report taxes withheld by employer to be submitted by January 31st for six months ending December 31st and July 31st for six months ending June 30th.
Annual statement to report taxes withheld by employer to be submitted by July 31st for the year ending June 30th.
- ▶ Details of requirement: All entities withholding income tax
- ▶ Rates applicable:

S. No	Taxable Income	Rate of Tax
1	Where taxable income does not exceed Rs. 600,000	0%
2	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
3	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,800,000	Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000
4	Where taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000	Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000
5	Where taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 3,500,000	Rs. 195,000 plus 17.5% of the amount exceeding Rs. 2,500,000
6	Where taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 5,000,000	Rs. 370,000 plus 20% of the amount exceeding Rs. 3,500,000
7	Where taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 8,000,000	Rs. 670,000 plus 22.5% of the amount exceeding Rs. 5,000,000
8	Where taxable income exceeds Rs. 8,000,000 but does not exceed Rs. 12,000,000	Rs. 1,345,000 plus 25% of the amount exceeding Rs. 8,000,000
9	Where taxable income exceeds Rs. 12,000,000 but does not exceed Rs.30,000,000	Rs. 2,345,000 plus 27.5% of the amount exceeding Rs. 12,000,000
10	Where taxable income exceeds Rs. 30,000,000 but does not exceed Rs.50,000,000	Rs. 7,295,000 plus 30% of the amount exceeding Rs. 30,000,000
11	Where taxable income exceeds Rs. 50,000,000 but does not exceed Rs.75,000,000	Rs. 13,295,000 plus 32.5% of the amount exceeding Rs. 50,000,000
12	Where taxable income exceeds Rs.75,000,000	Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000

Employee Old Age Benefit

- ▶ Governing authority: EOBI Institution
- ▶ Filing obligations: Online
- ▶ Frequency of lodgement and payment arrangements: By 15th of every subsequent month
- ▶ Details of requirement: Entities having more than 5 employees
- ▶ Rates applicable: Employer contribution: 5% of minimum salary
Employee contribution: 1% of minimum salary

Social security

- ▶ Governing authority: SESSI, PESSI, BESSI, KPKESSI, IESSI
- ▶ Filing obligation: Monthly contribution required for all employees registered with Social security
- ▶ Frequency of lodgement and payment arrangements: By 15th of every subsequent month
- ▶ Details of requirement: Specific data of employees as per online portal requirement
- ▶ Rates applicable:

Province	Percentage	Contributor
Federal, Sindh, Baluchistan	6% of salary	Employer
Punjab, Khyber Pakhtunkhwa	7% of salary	Employer

Professional Tax

- ▶ Governing authority: Excise and Taxation Department
- ▶ Filing obligations: Manual
- ▶ Frequency of lodgement and payment arrangements: At the start of each tax year, i.e. July
- ▶ Details of requirement: For all employees
- ▶ Rates applicable:

Province	PKR per employee	Contributor
Sindh	500	Employee
Islamabad (Capital)	1,000	Employee
Punjab	200	Employee
Baluchistan	50	Employee
KPK	See table below	Employee

Khyber Pakhtunkhwa	
Monthly Salary Range	Tax per Annum
Up to 20,000	0
from 20,001 to 30,000	1000
from 30,001 to 50,000	1200
from 50,001 to 100,000	1500
from 100,001 to 200,000	2000
from 200,001 to 500,000	5000
Above 500,000	10000

2. Pension requirements

Registration requirements

Provident Fund

- Governing authority: Federal Board of Revenue
- ▶ Governing legislature or law: Provident Fund Act 1925
- ▶ Jurisdiction: Provincial
- ▶ Registration: 1. Concerned Sub-registrar of Trusts
2. Commissioner Inland Revenue under the Sixth Schedule of Income Tax Ordinance, 2001.
- ▶ Registration procedures: Manual registration
- ▶ Details of requirement: All companies need to register either in Provident Fund or Gratuity Fund
- ▶ Related registration fee: Not applicable

Gratuity Fund

- ▶ Governing authority: Federal Board of Revenue
- ▶ Governing legislature or law:
 1. The Industrial and Commercial Establishments (Standing Orders) Ordinance, 1968 (applicable in ICT and Balochistan).
 2. Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 (adapted by the province of Punjab through Amendment Act of 2012).
 3. The Khyber Pakhtunkhwa Industrial And Commercial Employment (Standing Orders) Act, 2013.
 4. The Sindh Terms of Employment (Standing Orders) Act, 2015.
- ▶ Jurisdiction: Provincial
- ▶ Registration:
 1. Concerned Sub-registrar of Trusts
 2. Commissioner Inland Revenue under the Sixth Schedule of Income Tax Ordinance, 2001.
- ▶ Registration procedures: Manual registration
- ▶ Details of requirement: All companies need to register either in Provident Fund or Gratuity Fund
- ▶ Related registration fee: Not applicable

Pension Fund

- ▶ Governing authority: Federal Board of Revenue
- ▶ Governing legislature or law: The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968
- ▶ Jurisdiction: Provincial
- ▶ Registration:
 1. Concerned Sub-registrar of Trusts
 2. Commissioner Inland Revenue under the Sixth Schedule of Income Tax Ordinance, 2001.
- ▶ Registration procedures: Manual registration
- ▶ Details of requirement: All companies need to register
- ▶ Related registration fee: Not applicable

Ongoing compliance requirements

Semi Annual

- ▶ Governing authority: Security Exchange Commission of Pakistan
- ▶ Filing obligations: Manual
- ▶ Frequency of lodgement and payment arrangements: Semi annual
- ▶ Details of requirement: Investment annexure as per "S. R. O. 731 (I)/2018. the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018".



Annual audit

- Governing authority: Federal Board of Revenue
- Filing obligations: Manual
- Frequency of lodgement and payment arrangements: Annual
- Details of requirement: Not applicable

Annual Income tax return

- Governing authority: Federal Board of Revenue
- Filing obligations: Online
- Frequency of lodgement and payment arrangements: Annual
- Details of requirement: Not applicable
- Contribution rates applicable: As per applicable rates in the Income tax Ordinance, 2001.

3. Employment obligations

General employer obligations

Annual leave

According to law, every employee (except for temporary and contract workers) who has completed 12 months of continuous service has the right to be granted 14 consecutive days of leave in the subsequent period of 12 months. This is inclusive of weekly holidays that may occur during the leave term.

Maternity leave

Every employed woman is entitled to a maximum of 12 weeks (around three months) of fully paid maternity leave. This can be taken as six weeks before the delivery and six weeks after the delivery. A woman on maternity leave will be paid at the rate equal to her last paid wages (i.e., if her weekly pay is PKR2,000, she will be paid at this rate and not on a reduced or higher rate).

4. Payroll requirements

Monthly Payslips are required.

5. Banking requirements related to payroll

Salaries of PKR15,000 or more must be paid via a bank using check or wire transfer method. Salaries pertaining to local employment to be paid locally in local currency.





Doing Business in Palestine – Payroll Operations

1. Government requirements

Registration requirements

Income tax

In accordance with the Income Tax Law No. 8 for the year 2011 and its amendments and governed by the Ministry of Finance, any entity or person having operations in Palestine should register for income tax through submission of Income Tax File Registration Form. There is no registration fee applicable.

Ongoing compliance requirements

Payroll tax

In accordance with the Income Tax Law No. 8 for the year 2011 and its amendments for the year 2015, and governed by the Ministry of Finance, any person (company or individual) who has employees working in Palestine must file Payroll tax slip number 517 and remit the amount on a monthly basis. Payments must be made by the 15th of the following month. Payroll tax slip number 517 must be filed on a monthly basis. The tax rates applicable are as follows:

- ▶ 5% for taxable income up to ILS75,000
- ▶ 10% for the next ILS75,000 and
- ▶ 15% for any excess income

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Payroll tax is applicable to Palestinian employees resident in Palestine for more than 120 days a year or foreign employees resident in Palestine for the more than 183 days a year.

A year-end payroll reconciliation should also be completed. If required, one payment should be made after finalizing the settlement in line with the rates described previously.

2. Employment obligations

Employment obligations are stipulated by the Labor Law, which is governed by the Ministry of Labor.

Leave days

The minimum amount of leave days per employee is 14 days per year for employees with less than five years of service and 21 days per year for those who have been employed for more than five years.

End of service

At the end of service for employees who leave, one-third of the monthly salary for each year of employment is paid if the employee has a tenure of up to five years, two-thirds of monthly salary for each year of employment is paid if the employee has a tenure of up to 10 years, and one month's salary is paid for each year of employment if the tenure of employee exceeds 10 years.

3. Payroll requirements

Payslips

Monthly payroll slips should be provided, as stated in the employment contracts, which are governed by the Ministry of Labor.

4. Banking requirements related to payroll

No specific banking requirements, depending on the employment contract.





Doing Business in Poland – Payroll Operations

1. Government requirements

Registration requirements

Registration for social security purposes – employer

There is a legal obligation to register a company for social security purposes, within seven days from the moment of employing the first individual. The governing authority in Poland is the Social Security Office. The registration obligation is based on the Act of 13 October 1998 on the Social Security System in Poland. The registration form for a company is called ZUS ZPA and it must be filed by the company representative or by the payroll provider. Usually, registration of the employer for social security purposes is completed by lawyers at the same time as the legal entity registration. There is no fee for registration in Poland.

Registration for social security purposes – employees

There is a legal obligation to register each employee for social security purposes, within seven days from the date of concluding the contract (date of employment stated in the contract). The governing authority in Poland is the Social Security Office. The registration obligation is based on the Act of 13 October 1998 on the Social Security System in Poland. The registration form for the employee is called ZUS ZUA or ZUS ZZA and it must be filed by the company, legal employer or payroll provider. The form must be filed electronically using dedicated government software called "Platnik" – this software must be used by all employers in Poland for registration and monthly or annual social security reporting. There is no fee for registration in Poland, and Platnik software is free – it can be downloaded from the Social Security website.

Registration for the State Fund for Rehabilitation of Disabled Persons (PFRON)

An employer who employs at least 25 full-time employees must pay contributions into PFRON. The contributions can be decreased for each disabled person employed. Companies employing 6% or more disabled persons are exempted from these payments. The obligation for registration and monthly payments is based on the Act on The Rehabilitation of Disabled Persons. The respective registration forms are called DEK-Z and ZAP1 – these are to be filed in hard copy with the signature of the person recognized in the Court Register document (KRS) of the company.

Tax registration

There is no payroll registration for tax purposes in Poland. Each company is registered at the Tax Office by lawyers once the legal entity is created, so no additional registration for payroll purposes is needed.

Ongoing compliance requirements

Social Security monthly return

An employer is obliged to declare and pay monthly social security contributions for all salaries paid out. The deadline for submitting monthly returns and paying social security contributions is the 15th day of the following month (according to the Act of 13 October 1998 on the Social Security System in Poland). Monthly returns consist of the following forms:

1. ZUS DRA – monthly aggregate form
2. ZUS RCA – monthly individual form
3. ZUS RSA – monthly sickness absences form
4. ZUS RZA – monthly healthcare contributions form (for civil contractors only)

All declaration forms should be submitted to the Social Security Authorities via Platnik. Social security contributions are payable at rates of 13.71% by employees and 14.93%-17.86% by employers.

Contributions consist of four elements as follows:

Social security	Paid by employer	Paid by employee	Total
Retirement	9.76%	9.76%	19.52%
Disability	4.50%	1.50%	6.00%
Sickness	–	2.45%	2.45%
Accidents	0.67%-3.60%	–	0.67%-3.60%

The rate for accident insurance depends on the type of business activity conducted. Retirement and disability insurance are payable by employees and employers up to the specified limit. Sickness insurance is only paid by employees and accident insurance only by employers. Both are uncapped.

The maximum annual remuneration, which is the basis for calculating the contributions to retirement and disability insurance funds, is limited to 30 times the national average monthly salary.

Employers must also pay contributions of 2.45% to the Labor Fund and 0.10% to guarantee the salaries of employees of bankrupt companies (for employers from abroad with no Polish address, the contributions towards the guarantee of salaries are not required).

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According to Article 79 of the Act of 27 August 2004 on benefits from the national health fund, healthcare contributions amount to 9% (in 2020) of the employment income which is decreased from the employee social security contribution assessed. About 7.75% of healthcare contributions may be deducted from the tax payment (which decreases tax liability) and the remaining part of the healthcare contribution (1.25% of the assessment basis) is left as an additional non-deductible cost (decreasing the after-tax income).

Social security – annual return

Each employer with an average annual employment of 10 employees or more is obliged to file an annual social security return ZUS IWA by 31 January of the following year. This includes information on the average number of employees in the company and number of workplace accidents reported during a year. It is also submitted via the Platnik software. On the basis of the Zakład Ubezpieczeń Społecznych (ZUS) IWA form, ZUS informs the employer on a applicable rate of contribution for the next period (1 April to 31 March).

Monthly tax payments

According to the Personal Income Tax Act, all Polish employers must withhold tax on their employees' taxable salary and make payments to the Tax Office by the 20th day of the month following the month of payment. No monthly tax return is filed.

The basic rates for taxpayers whose income is subject to taxation under general terms are defined in accordance with the progressive tax scale, differentiating two income thresholds. These tax rates amount to 17% and 32%.

Income tax for 2020 is payable at progressive rates as follows (the thresholds may be indexed annually):

The following are the Tax Assessment basis in PLN Tax rate

- ▶ Up to PLN85,528: 17% of assessment basis minus 525.12
- ▶ Over PLN85,528: PLN14,539.76 plus 32% of amount exceeding PLN85,528

For employees under 26 years, tax rate is zero (no tax is deducted).

Self-employed individuals who work in Poland, or expatriates working for and paid by a foreign entity, are personally responsible for meeting monthly filing requirements. The deadlines are the 20th day of the following month for employment income.

Annual tax information – employer

Once a year, an employer is obliged to file an annual tax return PIT-4R or (PIT-8AR) by 31 January of the next year. PIT-4R includes cumulative information on monthly tax calculated and advances paid for all employees in a monthly split. The annual PIT-8AR form includes information on lump sum tax paid during a year. All annual tax forms must be submitted to the Tax Office electronically by the authorized person (using an electronic signature).

Annual tax information on employees

Each employer is obliged to provide each employee and the Tax Office with annual information on income earned and tax advances paid. The form is called PIT-11 and the deadline for submission is the end of January (to the Tax authority) and end of February (for employees) of the year following the tax year to which the information relates. Annual information and returns must be submitted to the Tax Office via electronic software (there are different software providers and the fee can also differ).

Monthly PFRON return

According to Article 21 of Act on The Rehabilitation of Disabled Persons, each employer who employs at least 25 people must pay contributions to PFRON and submit a monthly tax return (DEK-I-O form). The calculation is based on an average rate of employment in a given month and average salary issued by the Polish Government body on a quarterly basis. The form must be submitted via a dedicated web-based application – access is granted by the PFRON Authority. The deadline for payment and the PFRON return submission is the 20th day of the following month.

Annual PFRON return

At the end of the year, by 20th of January of the following year, an annual PFRON return must be filed (in the same way as monthly returns). The form is called DEK-R and it includes the cumulative amount of all contributions paid during a year.

2. Pension requirements

Registration requirements

Registration requirements are not applicable here. Pension contributions are one of the obligatory contributions in Poland (as described earlier).

Ongoing compliance requirements

Compliance requirements are not applicable here. Pension contributions are one of the obligatory contributions made by the employer in Poland, and are reported as part of the monthly social security return.

3. Employment obligations

Personal file administration

As per Article 94 of the Polish Labor Code, each employer in Poland is obliged to set up, keep and update a personal file for each employee. All the documents regarding employment (i.e., personal questionnaires, employment contract and health certificate) must be kept within the file in chronological order, including proper descriptions of each document. The employer is obliged to store the personal file of each employee for 10 years - there is a new regulation which reduced the period from 50 to 10 years and allow electronic versions of the files to be stored - under certain conditions).

Health certificates

As per Article 229 of the Polish Labor Code, prior to starting work, an employee must obtain a health certificate stating that he or she is able to work in the specified position. Such a certificate should be issued by a physician specializing in workplace health on the basis of a referral issued by the employer. The certificate is issued for a limited period of time, depending on the conditions of work. After that period, the certificate must be renewed. A new certificate has to be issued if an illness lasts longer than 30 days. The employer bears all the costs of issuing a health certificate. The necessary physical examinations should be undertaken, if possible, within the working hours of an employee.

Health and safety regulations course

As per Article 237 of the Polish Labor Code, each employer is obliged to organize a health and safety regulations course for each new employee. The course should take place within working hours. A training company specializing in this type of workplace training should be used. The costs of this training are borne by the employer.

Working regulations and remuneration regulations

Under the Polish Labor Code Act, an employer who employs at least 50 people is obliged to create working regulations (i.e., on working hours, discipline at work etc.) and remuneration regulations. If there are less than 50 employees, the employer is obliged to inform them in writing about the basic regulations within the company.

4. Payroll requirements

According to the Polish Labor Code, employees must be paid monthly by the end of a given month or at the beginning of the next month but no later than the 10th day of the following month. If 10th falls on a Saturday, Sunday or bank holiday, the salaries must be paid by the previous working day. Salaries can be paid to the employee's bank account and can also be paid in cash.

Payslips

There is no legal obligation to provide payslips to employees but the common practice in Poland is to provide them on a monthly basis after the payroll run is confirmed and closed. Payslips can be electronic or hard copy – there is no regulation on this.

5. Banking requirements related to payroll

There are no legal restrictions regarding salary transfer – it can be paid into a Polish bank account or a foreign bank account.

Payments to authorities

There are no legal restrictions, so payments can be made from a Polish or a foreign bank account number. However, it is recommended to use a Polish bank account as this is easily recognized by the authority.



Doing Business in Portugal – Payroll Operations

1. Government requirements

Registration requirements

Employees should be registered at the Tax Office in order to obtain their individual taxpayer number.

Social Security (SS)

The registration must always be made online and by 24 hours before the start of the labor contract. The form Mod. RV1009/2005 is only used if the new employee does not have a social security number assigned, where usually this applies to foreign workers (not Portuguese or those who have never worked before in Portugal). Additionally, in this particular case, the form Mod. RV1006/2015 should also be completed.

In Portugal, the procedures for new joiners is as below:

- ▶ For local employees, you only need them to have their identification card (cartão de cidadão).
- ▶ In case you will fill the positions with foreign workers you need follow the following steps:
- ▶ First of all, the employee must obtain his fiscal number, in in the event that the individual is outside the European Union:
 - ▶ Have a tax representative;
 - ▶ Full address of the residence (home country);
 - ▶ Full name;
 - ▶ Passport;
 - ▶ A statement signed by himself, duly authenticated and passport (this authentication can be carried out in home country);
- ▶ If the employee is from the European Union it is only necessary to have his identification card to obtain the fiscal number.

Compensation funds

For employment contracts entered into after 1 October 2013.

- ▶ Governing authority: Management Institute of Social Security Capitalization Funds (IGFCSS, I.P.)
- ▶ Governing legislature or law: Law No. 70/2013 of 30 August
- ▶ Registration procedures: Online on the compensation funds website (www.fundoscompensacao.pt)
- ▶ Details of registration requirement: Registration made by the employer
- ▶ Related registration fee: No registration fee

Ongoing compliance requirements

Personal income tax (PIT) and social security monthly obligations

On a monthly basis, companies are required to withhold and pay the PIT due on salaries to the tax authorities by the 20th of the following month. PIT withholdings are computed on the basis of progressive tax rates. The payment of social security contributions are also due by the 20th of the following month.

Remuneration Monthly Statement – Social Security (Portuguese DMR)

- ▶ The total percentage is 34.75% (in most situations), with 23.75% paid by the employer and 11% paid by the employee.
- ▶ The tax must be paid between the 10th and the 20th of the following month.
- ▶ The submission of this report must be made by the 10th of the following month.

Remuneration Monthly Statement – Tax authority (Portuguese DMR)

- ▶ The tax must be paid as per the personal income tax code (CIRS).
- ▶ The deadline for payment of withholding tax is the 20th of the following month.
- ▶ Registration is made by the employer.

Compensation funds

- ▶ The payments to be made by employers to the Work Compensation Fund (FCT) is 1% of the basic and daily payments for each employee covered.
- ▶ The payments should be made between the 10th and 20th of each month.

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2. Pension requirements

Registration requirements

Companies are required to register employees at the National Social Security Institute, in order to subsequently make social security contributions on monthly salaries.

Ongoing compliance requirements

On a monthly basis, companies are required to deliver the Social Security and Tax Authority the detail of the remunerations (gross salary and additional remuneration components) on a monthly basis until day 10th of the next month.

3. Employment obligations

In addition to workplace accident insurance, it is also mandatory for companies to manage health and safety in the workplace. Employees should also be given a medical examination upon admission to the company and at regular intervals during their employment.

Employer's accident insurance (mandatory)

In accordance with the Labor Code and governed by Authority for Working Conditions (ACT), employer's accident insurance is mandatory. It is important to note that this insurance must be active from the first day of each employee's contract.

Leave days or working holidays

In accordance with the Labor Code and governed by the ACT, employees are entitled to a minimum annual leave entitlement of 22 days.

In their first year of employment, employees are entitled to two working days for each complete working month, up to a maximum of 20 days. In the following years, employees are entitled to 22 days of leave, however this could change if there is a particular collective agreement.

4. Payroll requirements

The Labor Law regulates contractual relations between the employer and the employee. Accordingly, leave days, rest hours and reasons for dismissal, among others, are defined by this law.

Payment frequency

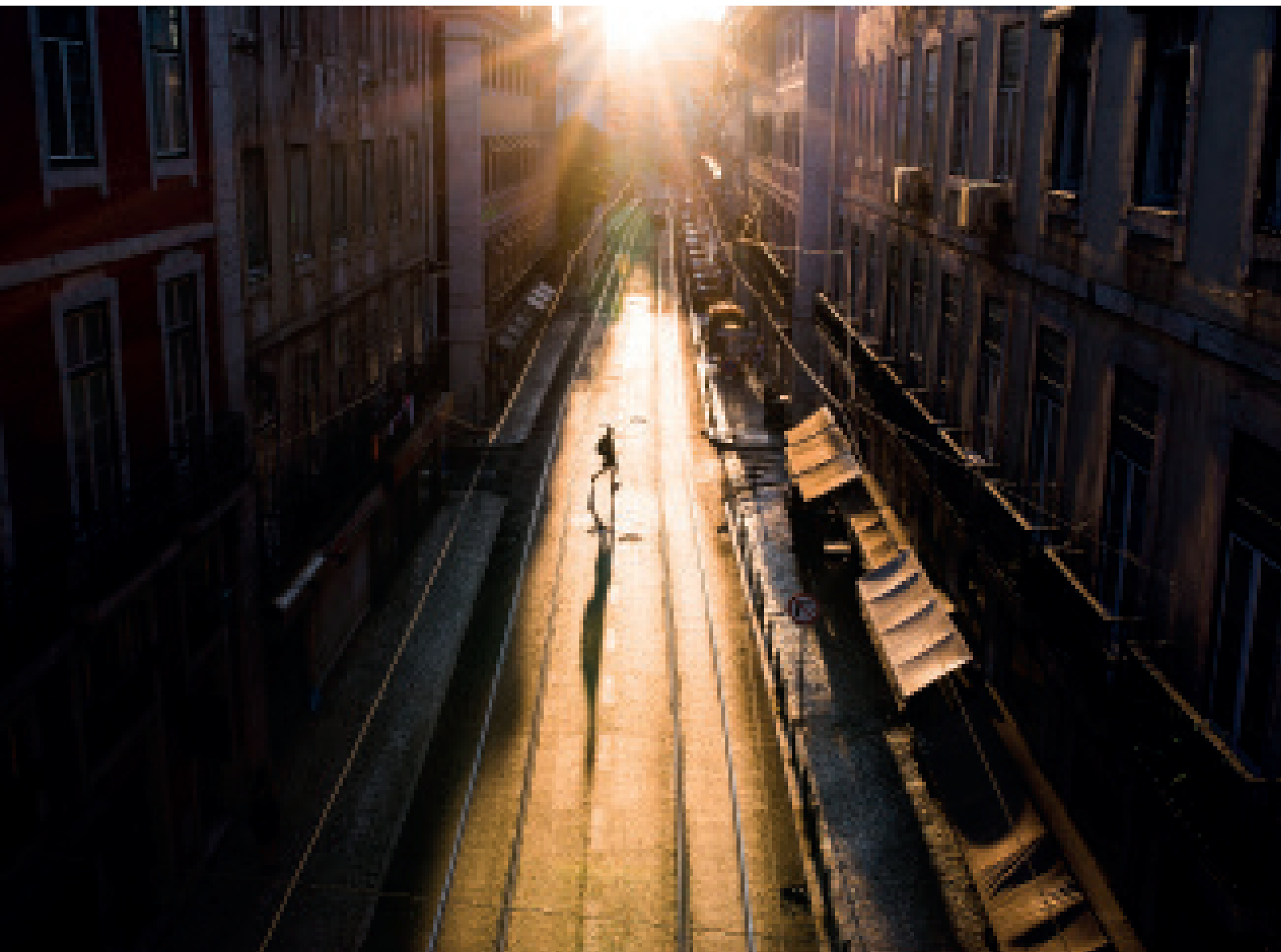
In general, the remuneration must be available to the employee on the due date or on the previous business day. The employee is entitled to 12 months of salary, one month of holiday subsidy and one month of Christmas subsidy.

Payslips

On a monthly basis, employers are required to prepare and issue payslips to employees, detailing the remuneration paid (and type of remuneration) and corresponding withholding tax and other deductions.

5. Banking requirements related to payroll

Usually, payments are made using the Single Euro Payments Area (SEPA) protocol.





Doing Business in Qatar – Payroll Operations

1. Government requirements

Registration requirements

Employment contract

Employer-employee relationships are regulated by the Qatar Labor Law which states that the Arabic language must be the language used in employment contracts (Labor Law No. 14, 2004); however, a secondary language may be used for the benefit of non-Arabic speakers with the understanding that the Arabic version is the only legally valid document. Article 38 of Labor Law No. 14 of the year 2004 mandates that the contract must be written and should consist of three copies: one for each party and the third for the Labor Ministry.

Employment contracts can range from a limited period to an indefinite one with a maximum term duration of no more than five years. If any stipulations arise that are proven to go against the Qatar Labor Law, then these shall be considered void unless said stipulations are for the benefit of the employee.

The contract must specify the terms of the labor relationship between its two parties and all of the relevant details including:

- The name and place of work of the employer
- Worker identification including qualifications, nationality, profession and residence
- The period of the contract, including the exact date of commencement and date of conclusion
- The nature of work, type of work and the place of contracting
- The agreed wage, payment method and the date of recurring payment

Restrictions on registration for different type of entities such as a Representative office, limited liability company (LLC) or public joint stock company (PJSC)

There is a special procedure for registering representative offices with the Ministry. For others, there are no restrictions and only Qatari Partners approval is required.

The registration can be made with the Commercial Registry and the Chamber of Commerce and Industry at the one-stop shop of the Ministry of Economy and Commerce.

Registering for taxes and obtaining a Tax Identification Number (TIN)

To register for taxes at the Tax Department of the Ministry of Finance, the following documents must be submitted:

1. Articles of Association
2. Copies of the ID cards of the company founders and partners

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3. The commercial registration of the company (CR)
4. Trade license
5. Certificate of the company premises' registration (and registration number) with the Water and Electricity Authority (Kahramaa)
6. Certificate of appointment of the company auditors

According to the tax law, every company must register for taxes at the Tax Department, otherwise, they will be subject to a fine. This step must be completed within a month of incorporation. The company can start business operations upon obtaining the trade license.

Pensions

There are no state pension schemes in Qatar for foreign expatriates, although certain state institutions and some international companies have corporate pension schemes. Employees who were paying into a state pension scheme while working in their home country should continue to do so, even if in a reduced form, such as Class 3 contributions in the UK. These are usually one of the best investments expatriate employees can make, for the continuous return they provide upon retirement (expatriate employees may also be eligible for certain benefits, e.g., the payment of medical costs, while in Qatar). Nevertheless, expatriates should take advantage of their highly disposable income in Qatar to set up a personal pension plan. There are many companies offering a variety of schemes, either based on lump sums or supported by regular savings.

Qatari nationals need to pay 5% of their salary toward a pension fund.

Social security contributions

Social security contributions are made monthly as follows: 5% is paid by the employee and 10% is paid by the employer. If a GCC national moves from their original country to any other GCC country, their social security contributions will still be deducted regardless of their original country.

2. Pension requirements

Registration requirements

End-of-service gratuity

After a year of employment, employees are entitled to a wage benefit that equals three weeks' worth of wages at the latest salary rate for each year of service. This benefit should be released to the employee within seven days of his final working day.

A Qatari national has to be registered with the General Retirement and Social Insurance Authority.

Ongoing compliance requirements

Qatari national social security contributions must be submitted manually every month to the General Retirement and Social Insurance Authority.

3. Banking requirements related to payroll

Wage Protection System (WPS)

In accordance with the Labor Law, all salary payments for employees must be processed through the Wage Protection System (WPS) monthly. Using the WPS means that all salary payments must now be transferred electronically and directly from an employer's local Qatari bank account into a Qatari account in the name of the employee. The salary payment must be made in Qatari riyals.

In response to the criticism of the Kafala System, Law No. 1 of 2015 was adopted on 18 February 2015 in an attempt to better regulate and protect employee payments by amending, in particular, Article 66 of Labor Law No. 14 of 2004. The law orders that employers pay the salaries of their employees through direct bank transfers made from the employer's local Qatari account, in Qatari currency, to a Qatari account in the name of the employee.

The new system intends to address previous problems of late or missing payments by requiring companies to register their employee's details with the state's banking regulator, Qatar Central Bank, and to pay employees at least once per month. Employers who violate the new amendment may be sentenced to a one-month prison sentence, a fine of between QAR2,000 and QAR6,000, or both. Although the impact of its implementation remains to be seen, this may be the first of several steps to fulfill Qatar's promise to enhance the rights and conditions of foreign workers.

Qatar Finance Centre (QFC) - employment regulations

There is no corresponding obligation to comply with WPS in the QFC. Salary and other payments due to the employee should be paid in the currency stated in the employment contract or any currency agreed between the employer and the employee.



Doing Business in Romania – Payroll Operations

1. Government requirements

Registration requirements

Registration of local employees

In Romania, there are no registration requirements for local employees in terms of social security or for income tax purposes.

Registration with the Tax Office

Registration with the appropriate Tax Office is not necessary if the company (local employer) was registered as a paying payroll taxpayer upon its establishment and incorporation with the Romanian Trade Register. Each company shall be registered with the Romanian Trade Register, once their legal entity is established in Romania.

As a general rule, a company (employer) is administered by the territorial Tax Office where its headquarters is located. For large and medium taxpayers as well as representative offices of foreign companies, the Tax Offices are defined by law.

Documents to be submitted to the appropriate Tax Office for registration of the company as a payroll taxpayer (applicable if the company was not registered as a payer of payroll taxes upon its incorporation with the Romanian Trade Registry) are:

- ▶ Tax registration declaration
- ▶ Copy of the individual employment agreement (IEA) concluded with the first employee or an extract from the General Registry of Employees

Timing: Documents must be submitted within 30 days of hiring the first employee.

The employer's failure to comply with the abovementioned filing deadline may trigger a fine as stipulated in the applicable legislation (i.e., between RON500 and RON1,000, approximately €110-€220).

Governing legislature: The governing legislature includes the Romanian Fiscal Procedure Code (i.e., Law no. 207/2015 regarding the Fiscal Procedure Code); Order no. 3698/2015 approving the forms for the tax registration of taxpayers.

Registration with the Territorial Labor Chamber – General Registry of Employees

As per the Romanian Labor Law, all employers have the obligation to prepare and submit information to the Territorial Labor Chamber for the electronic General Registry of Employees.

The employer has two possibilities for filing information with the Registry:

1. One is to nominate, in writing, one or more persons (employees of the company) who are responsible for filing information with the Registry.
2. The other is to conclude a service agreement with a service provider registered with the competent labor authorities. The service provider is mandated to perform the necessary formalities for filling information with the Registry. In this case, the employer must inform the labor authority in writing about the conclusion of the services agreement with the respective service provider.

Deadlines for filing information with the General Registry of Employees on the Labor Chamber website:

- ▶ New employment contract: This must be filed one working day prior to the first day of employment as stipulated in the IEA.
- ▶ Contract termination: This shall be recorded in the register no later than the date of termination of the IEA.
- ▶ Contract suspension: This must be filed one working day prior to the first day of the IEA suspension.
- ▶ Amendment of employment contract (e.g., new position, type and duration of the IEA, duration of working time, time distribution in case of part-time labor): The amendment shall be recorded at least one working day prior to the first day of the IEA change. Gross salary changes shall be recorded in the register no later than 20 working days from the date of change.

A breach of the legal provisions related to the fulfillment of the registration obligations in due time as well as the provision of false or inaccurate information may be subject to various fines.

According to the applicable legal provisions is applicable for the employer's failure to submit information to the General Registry of Employees at the Territorial Labor Chamber within the legal deadline:



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- ▶ A fine of RON5,000 to RON8,000 (€1,100 to €1,700) is imposed for failure to submit information on new employees to the Registry within the legal deadlines.

Governing legislature: The governing legislation is the Romanian Labor Code (Law 53/2003), republished and subsequently amended, and Decision No. 905/2017 on general registry of employees, with subsequent amendments.

Ongoing compliance requirements

Employment income

The income tax as well as social security and healthcare charges applicable to employment income are mainly governed by the Romanian Fiscal Code (Law No. 227/2015 regarding the Fiscal Code with subsequent amendments).

According to Romanian legislation, individuals earning salaries under local employment agreements fulfill their tax obligations through employer withholdings.

For individuals on local payroll (Romanian nationals or foreign citizens), the local employer must compute, withhold, declare and pay the income tax and social security charges by the 25th of the month following the month for which the salary income is paid.

As an exception, entities that meet certain criteria established under the law may declare and pay the income tax and social security charges on a quarterly basis.

Income tax

A flat tax rate of 10% applies to salary income.

Taxable compensation includes the following:

- ▶ Salaries
- ▶ Benefits in cash or kind (for example, allowances and perquisites)
- ▶ Wage premiums
- ▶ Rewards
- ▶ Medical leave allowances (with certain exceptions, such as allowances for maternity leave, sick childcare leave and maternal risk leave, which are exempted from income tax under the law)
- ▶ Paid holidays
- ▶ Other income received by an individual on the basis of an employment agreement, document for appointing civil servants, secondment agreement or a special statute in the law
- ▶ Fees and compensation paid to directors and managers of private enterprises and to members of the board of directors, general shareholders, administration council and audit committee
- ▶ The monthly income tax on employment income determined by applying Ten percent to the monthly computation taxable base, which is established by deducting from the total gross monthly income of the following:
 - ▶ Mandatory social security charges
 - ▶ Personal deductions under the law
 - ▶ Trade union contributions (if required)
 - ▶ Contributions to the voluntary occupational pension scheme and contributions to the voluntary health insurance scheme, if applicable (each of them is capped to a maximum of the equivalent in Romanian leu of €400 per year per participant)

Personal deductions granted for income tax computation purposes

Individuals domiciled in Romania and individuals meeting the residence criteria for worldwide income taxation are entitled to personal deductions, which vary according to their gross monthly income and number of dependents. For gross monthly income up to RON1,950, the monthly deductions vary between RON510 for individuals without dependents and RON1,310 for individuals with four or more dependents. For gross monthly income between RON1,950 and RON3,600, an order of the Ministry of Economy and Finance sets the deductions. No deduction is allowed for gross monthly income greater than RON3,600.

Dependents on an employee may be the spouse, children or other family members, or relatives of employee or spouse up to the second-degree relatives inclusively, whose monthly income, either taxable or nontaxable, does not exceed RON510.

Social security and healthcare charges

Both employers and employees must contribute to the social security system.

Employees are required to pay the following monthly charges:

- ▶ Social security contribution (pension): 25% of monthly gross salary earnings
- ▶ Health fund contribution: 10% of monthly gross salary earnings

The payment of such taxes withheld from the gross salary is made by the employer to the state budget.

Employers are required to pay the following monthly charges

- ▶ Work insurance contribution: 2.25% of total monthly gross salary income
- ▶ Contribution for disabled people: Companies with at least 50 employees are under the obligation to hire disabled people representing 4% from the total number of the employees. Entities that do not employ persons with disabilities as mentioned above, shall pay monthly to the state budget an amount representing the minimum gross national salary guaranteed multiplied by the number of jobs in which they have not employed persons with disabilities.

From January 2019, according to the Government Ordinance 114/2018 several values of the minimum gross national salary are used in the same period, differentiated according to studies, seniority or other criteria provided by the law.

Citizens of European Union (EU) countries and Switzerland employed locally in Romania benefit from cover for medical expenses incurred in Romania and may be exempted from social security charges if relevant European certificates are obtained. However, if an individual is not subject to social security charges in his or her home country, he or she falls under the Romanian social security system and is liable to pay social security charges in accordance with Romanian regulations.

Corporate statutory monthly payroll statement

This includes the minimum information as provided by Order No. 2634/2015 regarding financial and accounting documents; the statement is prepared every month (12 statements per year). The statutory monthly payroll statements are not filed with the authorities. However, these shall be prepared on a monthly basis and shall be kept by the employer for 50 years as of the end of the financial year when the documents are prepared.

Monthly payroll related tax return

This is the "Declaration on payment obligations of social contributions, income tax and nominal records of the insured individuals" (form 112) in the format provided by Order No. 611/138/127/2019; the return is made every month (12 tax returns per year).

Monthly payroll related disability found

This is the "State Budget Liabilities return" (form 100) in the format provided by Order No.1203/ 10.05.2018; the return is made every month if the applicable conditions according to the law are met (Law 448/2006).

Payroll-related statistics reports

These filings are required by the National Institute of Statistics (i.e., a monthly report, quarterly report and annual report) according to Law No. 226/2009 on the organization and functioning of official statistics in Romania, which was amended and supplemented.

Application for recovery of medical allowances

This applies to the medical allowances paid by the employer and covered from the National Fund of Social Health Insurance, as provided by Emergency Ordinance No. 158/2005 on leave and health insurance allowances, with subsequent amendments and implementing rules; this application should be filed on occurrence of such a case, according to the law.

Employees' annual fiscal records (i.e., annual salary certificates)

There is no obligation for the employer or employees to prepare or file an annual payroll related tax return for salary incomes. Upon the employee's request, the employer must prepare and provide him or her a salary certificate which should include certain information as provided by the Fiscal Code but not in a standardized form. The frequency of this filing is once a year.

The electronic General Registry of Employees

This filing should be made by the employer according to the Romanian labor legislation in force, i.e., the Romanian Labor Code (Law 53/2003, republished and subsequently amended); Decision No. 905/2017 on general registry of employees, with subsequent amendments. This application should be filled on occurrence of such a case, according to the law.

2. Pension requirements

Registration requirements

Registration requirements related to pension are not applicable here. Pension contribution in Romania is one of the obligatory contributions (as described earlier).

Optional pension scheme (Pillar III)

The act which regulates the functioning of the third pillar of the pension system in Romania is Law 204/2006 regarding optional pensions, with subsequent amendments.

Optional pension is a type of pension for which the contribution is an individual choice, requiring an additional payment made by the employee. Eligible individuals can contribute voluntarily to the optional pension funds authorized by law by taking out their own agreement.

In addition, employers can also contribute to Pillar III, thus providing a benefit to their employees.

The employee's contribution to the voluntary occupational pension scheme is deductible for the purposes of salary income tax, within a limit of the equivalent in Romanian leu of €400 per year per participant.

Such deduction is granted by the employer through the monthly payroll computation on the basis of supporting documentation presented by the employee (as provided in the Fiscal Code).

Ongoing compliance requirements

Ongoing compliance requirements related to pension are not applicable here. The pension contribution in Romania is one of the obligatory contributions and it is reported as part of the monthly social security return.

3. Employment obligations

Employment legal framework

Employment relations are mainly governed by the Romanian Labor Code (Law 53/2003, republished and subsequently amended). The Labor Code applies to Romanian employees who have concluded their employment contracts with a Romanian employer for the performance of work in Romania or abroad, as well as to foreign individuals with employment contracts who perform activities for a Romanian employer in Romanian territory.

Types of employment contracts

As a general rule, employment contracts are concluded for an indefinite term. In addition, other forms of employment are permitted, such as fixed-term employment agreements, temporary employment, part-time employment and flexible working arrangements (home-based work).

Minimum monthly gross basic guaranteed salary in Romania

The minimum monthly gross basic salary guaranteed to be paid in Romania, corresponding to normal working hours, is established annually by government decision, after consultation with trade unions and employers' organizations. If the normal workday is, according to the law, under eight hours, the minimum gross basic salary per hour shall be computed as the ratio between the minimum gross basic salary and the average number of hours per monthly salary according to the legal working hours approved.

The employer cannot negotiate and establish basic salaries through the IEA under the minimum gross basic salary per hour in Romania.

As of 1 January 2019, the minimum gross national applicable to all categories of full-time employees is differentiated according to studies, seniority or other criteria provided by the law (RON 2.080; RON 2.350; RON 3.000).

Special clauses in employment contracts

Before or upon the conclusion of a new employment contract or amendment to an existing one, employers have the obligation to inform employees about the terms of their employment (e.g., duration of the agreement, working time, salary, leave periods and allowances). Along with the general terms, an individual employment contract may also include special clauses, such as non-competition, mobility and confidentiality.

Working hours and paid holidays

Regular working hours are eight hours per day, 40 hours per week for full-time employment contracts. For part-time contracts, the number of standard hours of work is established in the employment contract and is less than 40 hours per week. The average number of hours worked per month is 168, but it may vary depending on the number of working days or month.

As a rule, the distribution of working time is uniform (eight hours per day over five consecutive days). After five days of work, employees are entitled to a weekly rest of 48 consecutive hours, usually on Saturdays and Sundays.

Work performed outside the standard hours of work is considered overtime. As a rule, working time, including overtime, cannot exceed 48 hours per week. However, for calculating overtime, employers can establish reference periods of four months or six months (for certain activities established in the Collective Bargaining Agreement).

Overtime cannot be performed without the employee's consent. As a rule, overtime is compensated with free time within the next 60 calendar days. Otherwise, the employee is entitled, in addition to the corresponding salary, to a compensation of at least 75% of the gross base salary. Under part-time employment contracts, overtime is forbidden.

In addition, special work conditions are established for certain categories of employees (e.g., employees under 18 years old, disabled persons and pregnant women) and for work performed under certain circumstances (e.g., night work, work in shifts, and work performed under dangerous or harmful conditions).

Employees are entitled to a minimum of 20 business days of annual paid leave.

Employees working under heavy, dangerous or harmful conditions, blind or other people with disabilities and young people under the age of 18 are entitled to an additional leave of at least 3 working days.

Work on legal holidays, when the activity of the company does not fall into the category of those whose activity can't be interrupted due to the specific activity (e.g. work in shifts), is considered additional work. Currently, the Labor Code includes 15 legal holidays. As a rule, work during legal holidays is compensated with free time within the next 30 calendar days. Otherwise, the employee is entitled, in addition to the corresponding salary, to a compensation of at least 100% of the gross base salary.

Occupational health and safety

The employer is required to take necessary measures for the security and well-being of its employees. The employer is also required to ensure employees have access to an occupational medical check-up upon employment and periodically.

Professional training

Employers have to ensure that all their employees attend professional training programs as follows:

1. At least once every two years, if there are at least 21 employees
2. At least once every three years, if there are fewer than 21 employees

Employers with more than 20 employees are required to ensure adequate professional training on a continuous basis by setting up an annual training schedule. Moreover, employers are required to grant their employees paid or unpaid leave for professional training purposes.

Employees' representation

The interests of employees can be protected by trade unions or employees' representatives elected at company level in accordance with the labor regulations.

Employers having more than 20 employees have the obligation to initiate and perform negotiations of a collective labor agreement at company level.

Termination of employment contracts

Individual employment contracts can be terminated by means of the following:

1. By law
2. By mutual consent of the parties
3. By either party to the employment contract within the terms and conditions provided by the law. Employers may terminate employment contracts by dismissal for reasons related to the employee (e.g., professional inadequacy, as a disciplinary sanction) or not related to the employee (e.g., job cancellation). Except in the case of disciplinary sanctions, the employer must grant the dismissed employee a termination notice of at least 20 business days.

Correspondingly, employees may also terminate their employment agreement by resignation with a prior notice of maximum 20 business days for non-management positions and 45 business days for management positions.

Employee's file administration

Local labor regulations require employers to maintain physical (paper-based) employee records, i.e., a personal file of each employee kept in proper condition at the employer's registered office.

The personal file of each employee should contain at least:

- ▶ The documents necessary for employment (e.g., ID copy, diploma copy, medical certificate issued by work place health provider, authorizations and certificates needed to perform certain activities, as appropriate, and CV)
- ▶ The IEA and the job description
- ▶ The addendum to the IEA
- ▶ Documents attesting the suspension or termination of the IEA as appropriate, (e.g., the employee's request for the suspension of the IEA, the employee's resignation, parties' mutual termination agreement or decisions regarding the suspension or termination of the IEA)
- ▶ Any other documents attesting the legality and accurate registration of the IEA or amendments in the electronic general registry of employees (e.g., court decision for rehiring an employee)

Medical leave (including maternity leave)

During medical leave, the IEA is suspended and the employee is entitled to a sick leave allowance (75%, 85% or 100% of the average gross monthly income in the last six months, depending on the type of illness mentioned in the medical certificate). The allowance shall be computed and paid by the employer through the payroll statement for the working days established in the work schedule.

As a general rule, the employer must pay the sick leave allowance for the working days within the first five calendar days from its budget. The following days of medical leave shall be paid by the employer and recovered from the Health Insurance house. However, there are categories of medical leave which are covered in full by the Health Insurance National Fund (e.g., maternity leave, sick childcare leave and maternal risk leave). The allowances for maternity leave, sick childcare leave and maternal risk leave are paid by the employer and then reimbursed by the Territorial Health House.

Sick leave does not affect the paid annual leave to which employees are entitled.

Parental leave (long childcare leave)

After maternity leave, as mentioned above, one of the parents is eligible for childcare leave (parental leave) until the child reaches two years of age or three years of age in the case of disabled children, provided that he or she has subjected their income to income tax under the Romanian legislation during the last 12 months before childbirth, obtained in the last 24 months of activity.

During childcare leave, the IEA of the employee shall be suspended and the employer should observe labor legislation regarding the suspension of labor contracts.

The employee is entitled to receive a monthly allowance from the appropriate Romanian authorities amounting 85% of the average net income received in the last 12 months before the childbirth. However, the indemnity cannot be less than the amount resulting from the application of a multiplication factor of 2.5 to the reference social indicator and no more than 8,500 RON. The employer has the obligation to prepare and to provide the employee with a salary certificate containing information about the salary incomes obtained in the last 24 months before the childbirth.

Employment certificates for leaving employees

During work relationships or at their termination, the employer shall provide the employee with the following certificates, in the format provided by the law:

- ▶ Employment certificates confirming the employee's level of salary income and contribution history for medical leave indemnities purposes
- ▶ Employment certificates confirming the employee's level of salary incomes and contribution history for unemployment tax
- ▶ Annual salary certificate
- ▶ Salary certificates attesting the employee's seniority, gross basic salary, position and other changes of the employment contract (e.g. suspension, termination of the individual employment agreement) or an extract from the employees register(REVISAL), dated and certified for compliance
- ▶ Salary certificates for employees who request parental leave up to the child's age of two years (or three years in case of disabled children)
- ▶ Employment certificates attesting that the employee is insured under National Health System

The employer shall also provide the employee with other salary certificates the latter would require (e.g. for obtaining a bank loan, for fiscal authorities, for children's school), in the requested format.

4. Payroll requirements

According to Romanian Labor Code, employees must be paid on a monthly basis not later than the salary payment date stipulated in the IEA. In Romania, it is common practice to pay out the salaries by the end of a given month or at the beginning of the next month.

Payslips

There is no legal obligation to provide payslips to employees, but the common practice in Romania is to provide them on a monthly basis after the payroll run is confirmed and closed. Payslips can be electronic or hard copy, there is no regulation on this.

Timekeeping

Pursuant to the provisions of the Labor Code, the employer must keep evidence of the hours worked, including the starting and ending hours of the work schedule, by each employee and any type of leave taken (paid or unpaid under the law or applicable internal regulation). The applicable labor legislation does not provide any guidelines with respect to the way in which such evidence should be maintained, e.g., there are no legal guidelines for the format of timesheets.

Payroll information storage

Documents and data from the General Registry of Employees, the personal file of each employee and the statutory monthly payroll statement must be stored for 50 years in appropriate conditions to ensure data security and compliance with legal provisions on the protection of personal data.

Employers are responsible for ensuring these conditions, as well as any damage caused to the employee or to any other natural or legal persons, in breach of these obligations.

In case the employer ceases to operate, payroll documents must be kept in accordance with the provisions of Companies law no. 31/1990", although "Law on trading companies" is also a valid translation republished, as amended and supplemented, or they should be handed over to the State Archives in accordance with statutory provisions, as appropriate.

Governing laws

Accounting Law No. 82/1991; Order No. 2634/2015 regarding financial and accounting documents; Fiscal Code (Law 227/2015), republished and subsequently amended; Law No. 677/2001 and General Data Protection Regulation (GDPR) on the protection of individuals with regard to the processing of personal data and on the free circulation of this data; Labor Code (Law 53/2003), Labor Law 53/2003, republished and subsequently amended; Decision No. 905/2017 on general registry of employees, with subsequent amendments; and the Law on trading companies No. 31/1990.

5. Banking requirements related to payroll

There are no legal restrictions regarding salary transfer. This can be paid from a Romanian bank account but can be also paid from a foreign bank account.

As a general rule, salaries should be paid in Romanian leu as provided by the National Bank of Romania Regulation No. 4/2005 on the foreign exchange regime. Foreign citizens employed locally may receive their salaries in foreign currency provided that certain conditions are met.



Payments to the authorities

There are no legal restrictions, so payments can be made from a Romanian or a foreign bank account number. However, it is recommended to use a Romanian bank account as some foreign banks are not able to transfer amounts in Romanian leu directly into the account of the Romanian public treasury.

As a general rule, the salary income tax and social charges should be paid in Romanian leu using the bank details listed on the Ministry of Finance official website, depending on the Tax Office which administers the employer (e.g., a Territorial Tax Office or a Tax Office administering small, medium or large taxpayers under the law). The governing legislature is the Romanian Fiscal Code; Fiscal Procedure Code and Order No. 1612/2018 on taxes, social contributions and other amounts representing tax receivables payable by taxpayers in a single account.





Doing Business in Russia – Payroll Operations

1. Government requirements

Registration requirements

Registration with the tax authorities

Statutory registration of a legal entity is carried out by the tax office at the location of the company. The list of required documents for the statutory registration is set by the Federal Law 129-FZ.

Documents for the registration may be submitted to the tax inspectorate in person or remotely. Upon submission and acceptance of the documents by the authorities, the registration will be completed within three working days. The legislative basis for tax administration is the Tax Code of the Russian Federation, normative legal acts issued by the Federal Tax Service, and other specific orders and clarifications issued by the Federal Tax Service. Upon completion of registration, the company receives the certificate of registration with the tax authority. The statutory duty for registration is RUB4,000. Since 2019, it is possible to make registration without any duty, in case documents for the registration have been submitted electronically.

Registration with the social insurance funds

Registration with the social insurance funds comprises registration with the pension fund, medical insurance fund and social insurance fund. A subdivision of a legal entity with a separate balance and bank account, and processing payments to individuals, should be registered at the location of the particular subdivision within 30 calendar days from the date of its creation. The registration of organizations as insurers occurs automatically without the need for the legal entity to apply, on the basis of the transmission of information from the tax inspectorate to the funds.

Registration with the federal statistic authorities

Companies should also register with the federal statistic authorities. As a result of this registration, specific statistical codes are assigned to the company.

Ongoing compliance requirements

Reporting requirements of the Federal Tax Service

Reporting on the personal income tax accrued and withheld by the tax agent is submitted on a quarterly basis (6-NDFL form). There is also a yearly report to be submitted to the tax authorities (2-NDFL form for each individual).

Tax returns must be filed by all tax resident and tax non-resident individuals who have at least one source of income subject to taxation in the Russian Federation on which personal income tax has not been withheld by a tax agent. The tax return must be submitted no later than 30 April of the year following the reporting tax period. The personal income tax due based on the tax return must be paid no later than 15 July of the following year.

If a foreign individual is engaged during a calendar year in activities that generate income taxable in the Russian Federation and then leaves the Russian Federation, the individual must submit a departure tax return no later than one month before their departure.

Other requirements

Organizations from which a taxpayer receives income are obliged to accrue, withhold from the taxpayer and transfer the amount of personal income tax to the budget. Companies should withhold the assessed amount of tax directly from the taxpayer's income when the income is actually received by the individual.

Since 2016, personal income tax, in most cases, is transferred on the day of the transfer of income to the individual, or the following day.

Tax rates

An individual's tax residency status depends on the number of days spent in Russia in a period comprising 12 consecutive months. However, the current interpretation of the Ministry of Finance of the Russian Federation and the tax authorities is to continue to assess an individual's residency status on the basis of the number of days spent in a particular calendar year. On the basis of the tax authorities' current interpretation of the residency rule, if an individual spends at least 183 days in Russia in a calendar year, then he is a tax resident. Tax residents are taxable in Russia on most types of their worldwide income at a 13% tax rate. If an individual does not meet the above presence test, he or she is a non-resident. Tax non-residents are taxable in Russia at a 30% tax rate on their Russian source income. Russian source income is generally defined as income arising from assets in Russia, or earned in Russia, irrespective of where the income is paid. All foreign individuals who are Highly Qualified Specialists (HQS) for immigration purposes and who have received HQS work permits are taxable at 13% on their earnings in an HQS capacity, irrespective of their actual Russian tax residency status. Since Russian tax law is not explicit in respect of which earnings are considered as being received in an HQS capacity and from what moment the 13% rate can apply, the approach

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promulgated by the Ministry of Finance and the tax authorities is to apply the 13% tax rate only to earnings received from an entity sponsoring an HQS work permit.

The income of citizens of Armenia, Belarus, Kazakhstan and Kyrgyzstan in Russia (members of the Eurasian Economic Union) is subject to personal income tax at the rate of 13% regardless of the period of stay in Russia.

2. Pension requirements

Registration requirements

A subdivision processing payments to individuals, with a separate balance sheet and bank account, should be registered in the pension fund at the location of the particular subdivision within 30 calendar days from the date of its creation.

Company registration with the pension fund is performed automatically, within a period not exceeding three working days from the date of receipt of the information on the company from the Federal Tax Service, by the pension fund. Since 1 January 2017, matters regarding social contributions have been regulated by the Tax Code. Each person insured in the pension fund should receive a certificate of insurance containing a personal number (hereinafter SNILS), the date of registration as an insured person and their personal data.

The SNILS is required for the accrual of future pension. It is also required for accessing government services electronically.

At the conclusion of the employment contract or a civil-legal contract, the company should provide data on the employee or contractor to the territorial subdivision of the pension fund within two weeks. The SNILS is issued by the pension fund within three weeks, then it is transferred to the company and finally should be provided to the employee or contractor.

If the SNILS card is lost, the employee should contact the HR department of the company, and then a duplicate SNILS will be issued by the pension fund upon the company's request.

As of 1 January 2017, the tax authorities are responsible for the control of social insurance contributions (replacing the pension fund and social insurance fund).

With this new remit, the tax authorities verify reports, monitor the timeliness of contributions, exercise other oversight and control, and provide explanations to taxpayers.

Ongoing compliance requirements

Terms for the transfer of social contributions

All social contributions from the individual's income should be transferred to the budget by the company not later than the 15th day of the month following the month of payroll.

Base and rates of social contributions

Social contributions are accrued from payments and other types of remuneration, which are made by payers of social contributions in favor of individuals in the context of employment relations and civil-legal agreements for the performance of work or rendering of services.

Social insurance contributions are composed of four parts:

1. Contributions payable for pension insurance
2. Contributions payable for medical insurance
3. Contributions payable for social insurance in cases of temporary disability and maternity leave
4. Contributions payable to the social insurance fund against accidents in the workplace and occupational diseases

The rate for pension contributions is 22% for the income not exceeding RUB 1,150,000 per year calculated accumulatively from month to month. All income which exceeds this limit is taxed at the rate of 10%.

The rate for medical insurance is 5.1% and there is no income cap for this.

The rate for social insurance contributions is 2.9% and the threshold for this type of contribution is RUB 85,000 per year (cumulatively). After exceeding this threshold, contributions are not accrued. Payments under civil-legal agreements are not subject to social insurance contributions.

The rate of contributions payable to the social insurance fund against workplace accidents and occupational diseases varies from 0.2% to 8.5%, depending on the class of professional risk associated with the company's industry and activities. These contributions have no threshold.

The abovementioned rates of social contributions are applicable to Russian citizens, citizens of the Eurasian Economic Union, and temporarily and permanently resident foreign employees. There are the following rates of social contributions for temporary staying foreign employees:

- ▶ social contributions to the pension fund - are the same as for Russian citizens (22% and 10% after the threshold)
- ▶ social contributions to the social insurance fund against accidents at workplaces and occupational diseases - are the same as for Russian citizens (vary from 0.2% to 8.5%).
- ▶ social contributions to the medical insurance fund - 0%.
- ▶ social contributions to the social insurance fund - 1.8% and 0% after the threshold.

Payment of remuneration to Highly Qualified Specialists (which is a special immigration status) is subject only to contributions payable to the social insurance fund against accidents.

The reports to be submitted to the pension fund are: the monthly report specifying the data on insured individuals (SZV-M form) and the annual report with data on the length of service of employees.

The report to the tax authority in respect of contributions to pension, and medical and social insurance in cases of temporary disability and maternity leave, should be submitted on a quarterly basis.

The report to the social insurance fund in respect of social contributions to insurance against workplace accidents and occupational diseases (4-FSS form) should be submitted on a quarterly basis.

3. Employment obligations

Vacation

In general, employees are entitled to 28 calendar days of annual paid vacation. In case of irregular working hours, employees should also be provided with at least three additional days of paid vacation.

Maternity and childcare

There are several statutory allowances for maternity.

The allowance for early registration with a medical institution (during the first 12 weeks of pregnancy) is RUB 649.84 starting from 1 February 2019.

Maternity allowance is a one-time payment which is provided to the employee who is on maternity leave. The allowance is transferred by the company and then is reimbursed from the social insurance fund. The total amount of maternity allowance may not exceed RUB 301,095.20 in 2019. Maternity leave allowance is calculated on the basis of the average earnings of the insured person for the two calendar years preceding the year of the maternity leave. Earnings for two years are divided by the number of calendar days in the previous two years minus the days of excluded periods (for example, temporary disability periods). The total amount of maternity leave allowance to be paid is calculated as follows: average daily earnings multiplied by the number of calendar days of maternity leave.

The employees are also entitled to statutory child birth allowances (one-time payment is RUB 17,328.91 starting from 1 February 2019).

The duration of childcare leave may be up to three years from childbirth.

The childcare allowance for childcare leave of up to 1.5 years is paid by the company and is then reimbursed from the social insurance fund. The amount of this allowance may not exceed RUB 26,152.27 in 2019.

4. Payroll requirements

Frequency of salary transfer and provision of payslips to employees

According to Russian legislation, salary shall be paid not less frequently than every half month on a day specified by the work regulations, by a collective agreement or by an employment agreement.

Companies are now required to pay salary no later than 15 calendar days after the last day of the payroll period.

The company should provide employees with payslips with details of the payroll calculation on a monthly basis.

Base salary and compensation for additional work

All employees should have a working schedule and the most common type of working schedule in Russia has 5 working day in a week.

In case there are not any vacation days, business trips or other type of absences days during a month, the base salary for an employee for the current month will be calculated in a full amount envisaged by the employment agreement.

In case employee has some days of absences, the base salary should be calculated pro-rata to the days actually worked.

In addition, the company should compensate overtime work and work on weekends and national holidays.

The compensation for work on weekends depends on whether the employee chooses to take additional rest time and whether the work is performed within the monthly norm of working hours.

Compensation for overtime work depends on how many additional hours the employee worked and whether he or she takes additional rest time. If the employee chooses to have additional rest time, the overtime is paid as usual working time and additional rest time is not paid. If the employee chooses not to have additional rest time, the first two hours of overtime is paid as 150% of the hourly salary and from the third hour, additional work is compensated as 200% of hourly salary.



Vacations and business trips

According to the Russian legislation, an employee on a vacation or a business trip does not receive base salary but average earnings.

Average earnings for vacation and compensation of unused vacation (the latter is provided to the employee upon termination) is determined on the basis of income received for 12 months preceding the month in which the vacation has been taken divided on the equivalent of total calendar days worked.

Income included into the calculation of average earnings is base salary, bonuses indicated in the internal rules or regulations, bonus payment policies, employment agreements, the compensation for work on weekends, night work and additional work.

The main difference in the business trip calculation versus the vacation calculation is that the income for 12 months is divided by the number of working days in the period of the business trip, instead of by calendar days.

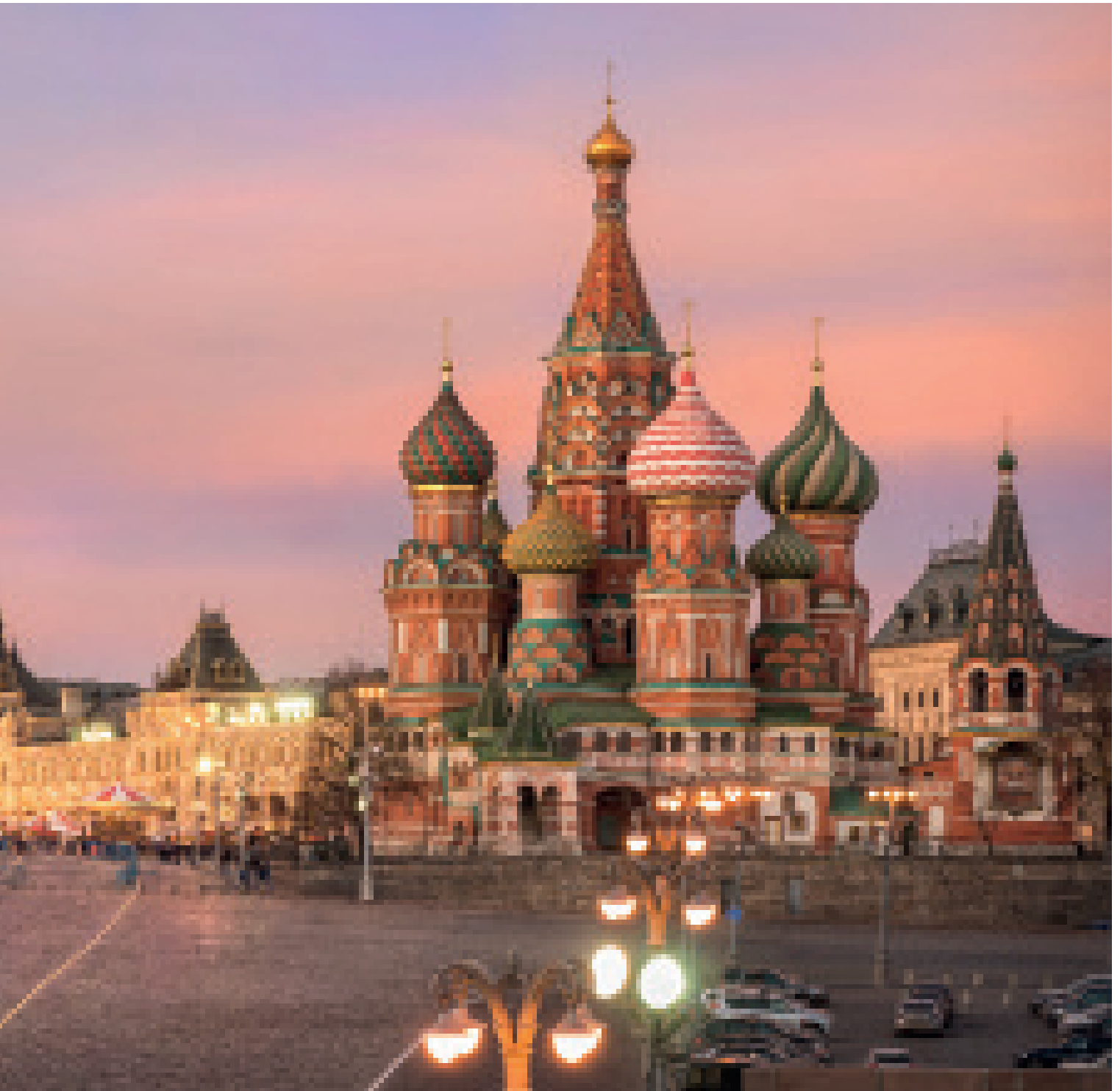
5. Banking requirements related to payroll

Control of personal information and employment agreements

Banks require employees' personal data, and in some cases employment agreements for expatriate employees, to review the conformity of payments with the guaranteed amounts. There are also certain limits for transfers of significant amounts to personal accounts above which the bank may require additional supporting documents (e.g., payslips or bonus orders).

Salary transfer requirements

According to Article 131 of the Russian Labor code, the salary must be paid in rubles.





Doing Business in Rwanda – Payroll Operations

1. Government requirements

Registration requirements

Registration with the Rwanda Revenue Authority (RRA)

Tax registration is compulsory for income earning entities or bodies and individuals receiving income subject to personal income tax (PIT). On registration at the company Registry, which is housed in the Rwanda Development Board (RDB) premises, a Tax Identification Number (TIN) is automatically issued to the entity, and is reflected on the Certificate of Company Registration. However, the entity is required to complete registration with the Rwanda Revenue Authority (RRA), indicating the specific tax heads for which it is registered, payroll taxes being one of them. Where the employees are to comply with their PIT obligations via employer tax withholding, there is no requirement for the employees to register separately with the RRA. However, in situations where they are to file their own individual income tax returns, they are required to register in their individual capacities with the RRA, and they are also assigned TINs. Individuals can register for either monthly or quarterly tax filing and payment as opposed to employers who can only fulfil their employee tax obligations via monthly tax filing and payment.

Ongoing compliance requirements

Monthly employer tax return filing and payment

Where employees are to comply with their tax obligations via employer tax withholding and payment, the employer is required to prepare a monthly payroll tax return showing all its employees and their taxable employment income, including benefits in kind, the calculation of the tax payable by each of them, their contributions to social security and maternity leave benefits schemes, and the net pay. The monthly returns and the tax or social security or maternity leave benefits scheme contributions thereon are due for filing with and payment to the RRA and RSSB by the 15th day of the following month.

Monthly or quarterly employee tax return filing or payment

Where employees are to comply with their tax obligations via individual income tax filing and payment, they are required to prepare a return each month or quarter showing their total taxable earnings, the calculation of tax and social security contributions payable, and their net pay. The return and tax payment in local currency are due by the 15th day after the end of the month or quarter to which the return relates.

2. Pension requirements

Registration requirements

Registration with the Rwanda Social Security Board (RSSB)

Following registration with the RRA, the entity is also required to register with the RSSB, which is responsible for collecting social security and maternity leave benefits scheme contributions. This registration can be done online by visiting the web portal of the RSSB, and it is free of charge, i.e., there is no registration fee.

Ongoing compliance requirements

Pension and maternity leave benefits scheme contributions to RSSB

Every month, the employer is required to prepare a return showing the gross monthly earnings of each of its employees that is subject to social security and maternity leave benefits scheme contributions. The employer contributes 5% of the gross employee earnings subject to social security contributions while the employee contributes 3%. Each of the employer and employee contribute 0.3% of the gross employee monthly earnings to the maternity leave benefits scheme. The social security and maternity leave benefits scheme returns and contributions are due for filing with and payment to the RSSB by the 15th day of the month following the month of contribution. Employees being assigned from a foreign entity to a Rwandan entity for not more than 12 months may apply for exemption from pension and maternity leave benefits scheme contributions in Rwanda, so long as they continue contributing to their home pension scheme and can provide evidence to that effect. Similarly, employees of Rwandan entities who are sent on assignment to other entities abroad for not more than 12 months are required to continue contributing to the RSSB.

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3. Employment obligations

Employee insurance

All employers are required to take out Workmen's Compensation Insurance cover for all their employees without exception. It is an offense to be found employing people without this insurance cover.

Leave entitlement

Every employee is entitled to a minimum of two working days of annual leave per calendar month, making 24 days per year. Employees are also entitled to sick leave if they can produce a certificate from a medical practitioner showing that such leave is necessary for them to recuperate. However, the law provides for a maximum paid sick leave of three months. Thereafter, the employee can continue on sick leave with suspended pay for another three months, following which the employer can decide to terminate the relationship if the employee has not been able to return to work.

Working hours

Employees are expected to work for a maximum of nine hours a day from 7 a.m. to 5 p.m., with a one-hour lunch break.

4. Payroll requirements

Employers are expected to pay their employees at the end of every calendar month.

5. Banking requirements related to payroll

There is no payment control process; employees can be paid either through the bank or by cash without any restriction.

There are no exchange control regulations in Rwanda.



Doing Business in Saudi Arabia – Payroll Operations

1. Government requirements

Registration requirements

Registration with Ministry of Labor (MOL)

In order to register with the MOL, the company must submit its Commercial Registration certificate, articles of association, Chamber of Commerce-attested signatories and business location license. Registration with the MOL is needed to register with the General Organization for Social Insurance.

Registration with the General Organization for Social Insurance (GOSI)

This can be done partially online as follows:

- ▶ The employer visits GOSI's website, completes an application and provides the company's MOL number. He or she then prints the application and submits it to GOSI in person to complete the registration.
- ▶ The application must be stamped with a company seal. In addition, the location of the entity (business location license) and the designation of the authorized person to represent the company before GOSI must be included.
- ▶ Upon attendance in person at GOSI, the ID of the authorized person is validated and checked, and a username and password is then issued to the company. The GOSI Certificate is also issued and can be collected on-site. The number that GOSI gives the employer is different from his or her MOL number. The employer enters their username and password (GOSI's website), and registers the employees with their IDs, wages, occupations, nationalities, date of commencement and location.

Ongoing compliance or filing requirements

There are no personal income tax regulations in the Kingdom of Saudi Arabia (KSA). However, social insurance contributions apply.

Social insurance

The social insurance contribution is paid monthly which is computed on monthly basic salary and housing allowance. The minimum and maximum monthly earning levels of contributory wages for Saudi employees are SAR1,500 and SAR45,000, respectively. For non-Saudi employees, the minimum and maximum monthly earnings levels to calculate contributions are SAR400 and SAR45,000, respectively. The contribution is computed at 2% for non-Saudi employees (towards occupational hazard) and is paid by the employer. For Saudi nationals, the contribution is at the rate of 22% and is paid by both the employees (10%) and the employer (12%) (toward pension, occupational hazard and unemployment).

2. Employment obligations

There is no legal minimum wage in Saudi Arabia.

Working hours

The number of legal working hours in a week in Saudi Arabia should not be more than 48 hours and number of hours in a day should not be more than eight hours. However, Friday is generally not considered as a working day in the country. During the Ramadan month, employees are expected at their workplace for only six hours a day and 36 hours in a week. These hours do not include their lunch, rest and prayer times. If the employee is asked to work during weekends, they will be eligible for double daily wages. In case of overtime, the employer shall pay the employee an additional amount equal to the hourly wage plus 50% of their basic wage.

Workers having completed a whole year in service are entitled to annual leave of not less than 21 days of paid leave. Once an employee has completed five years of employment, he or she will be entitled to 30 days of paid annual leave.

Termination, resignation or retirement

In accordance with Labor Law Articles 84, 85, and 87, if the employment relationship has expired, the employer should pay the employee an end-of-service-benefit (EOSB) for the period of his or her service, calculated on the basis of half a month's wage for each year of the first five years (60 months) and a month's wage for each of the successive years. The last wage is considered as the basis of the calculation of the award. The employee is eligible for an award for the part of the year he or she spent at work.

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If the expiry of the employment relationship was due to the resignation of the employee, he or she is eligible for one-third of the award for service of not less than two successive years and not more than five years. He or she is eligible for two-thirds thereof, if his or her service period exceeds five successive years but less than 10 years. He or she is eligible for the full award, if his or her service period reached 10 years or more.

With the exception of what is mentioned in Article 85 of the Labor Law, the employee shall be entitled to the full award if he or she leaves the position due to unavoidable circumstances beyond their control. Also, a female worker is eligible for the full award if she terminated the contract within six months from the date she got married or within three months from the date of giving birth.

3. Payroll requirements

Payroll requirements are governed by Saudi Labor Law. There is no specific guidance for payslips, however, in general practice, payslips are released to employees monthly. Payments are controlled through the Wage Protection System (WPS). The employer will have to transfer salary payments via WPS within two weeks of their due date, or on the dates specified in the work contract if such salary or wages are paid more frequently than monthly. It is mandatory to have a local employment contract and salary transfer in Saudi riyals.

Both Saudi nationals and expats have to register with the MOL.

If the employee moves to another firm, the employee's name has to be removed from the MOL and GOSI. However, the GOSI number remains the same.

4. Banking requirements related to payroll

Wage Protection System (WPS)

The aim of the WPS is for the Ministry to have control over the payments of salaries to employees and to ensure employees are being paid in accordance with their employment contracts.

Qualified employers (who meet criteria on the number of employees) are mandated to transfer the salaries of their employees through Saudi banks.

Process

- ▶ The WPS process requires an employer to submit a digitally signed data file (hereafter referred to as a Monthly Wage Payment (MWP) file) to the Ministry after each month's payroll is executed. The MWP file will be signed by the Saudi financial institution after each payroll is completed and will be made available to the employer to download. The signed MWP file will be uploaded to the Ministry website.
- ▶ The Ministry maintains records of the employment agreement submitted at the time of obtaining a visa for an employee. Under the WPS, the Ministry will ensure the salary paid to the employee is in accordance with the employment agreement previously submitted.
- ▶ The Ministry will also ensure that the salaries (e.g., basic and housing, subject to GOSI contribution) reported to the GOSI department match the salary information submitted to the Ministry.
- ▶ Since the WPS program links between the MOL and GOSI, the salary payment must be made by the employing entity in the KSA and not by a group company or parent company based in another GCC country or abroad.
- ▶ After the implementation of the WPS system, the MOL can easily enforce all labor laws in the GCC to ensure that wages are provided in the local currency by local employers.
- ▶ Employees who are not under the sponsorship of the employer could cause complications.





Doing Business in Slovakia – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

Employer registration for the personal income tax purpose (payroll tax) must be completed within 30 days from the company being registered in the Commercial Register. The mandatory communication with the tax authorities is done via a specialized electronic portal. There is no fee for the registration of the employer for the payroll tax purposes in Slovakia.

Social Security registrations

Social Security System in Slovakia is defined by Act No. 461/2003 Coll. on Social Insurance effective as of January 2004 and the governing authority in Slovakia is the Slovak Social Security Authority (SIA). The list of the respective branch offices of the SIA is provided at the authority's official website.

Registration for social security purposes – employer

There is a legal obligation to register the company for the social security purposes prior to the start of the employment of the first employee and to deregister the company within eight days after the last employee is terminated. The employer must sign in to the registry kept by the respective branch office of SIA. Upon registration of the employer, the competent SIA branch office allocates the "Identification number of Employer" aka "Identifikačné číslo zamestnávateľa" (IČZ) to the employer. There is no fee for the registration of the employer for the social security purposes in Slovakia.

Registration for social security purposes – employees

There is a legal obligation to register each employee for the social security purposes prior to the start date of employment concluded in the contract. Upon termination of employment, deregistration of the employee from the social insurance is done by the employer. This information needs to be submitted via the same form as registration and it has to be done within eight days from the employee's contract termination. There is no fee for the registration of the employee for the social security purposes in Slovakia.

Health insurance registration

The Health Insurance System in Slovakia is defined by the Health Insurance Act No. 580/2004 Coll. There are three different Health Insurance Companies in Slovakia currently, one public and two private ones:

- Všeobecná zdravotná poisťovňa, a.s. (public)
- Union zdravotná poisťovňa, a.s. (private)
- Dôvera zdravotná poisťovňa, a.s. (private)

Every employer must register in the same Health Insurance Companies where its employees are registered.

Registration for health insurance purposes – employer

Employer is obliged to register with the particular Health Insurance Company when the first employee is registered. Each Health Insurance Company has its own format of application for registration. The registration can be done in a hard copy via post or electronically, however, when the employer has three or more employees, the registration can be done electronically only.

Registration for health insurance purposes – employees

Each individual needs to be registered for the public health insurance in Slovakia in the Health Insurance Company of his/her choice meeting one of the following criteria:

- The person has a permanent residency in Slovakia
- The person is employed by the employer with registered office or branch in Slovakia

There is a legal obligation for employer to register each employee for health insurance purposes, within eight days from the start date of employment concluded in the contract. Upon termination of employment, deregistration of the employee from the health insurance is done by the employer via the same form as a registration and it has to be done within eight days upon contract termination.

There is no fee for the registration of the employee for the health insurance purposes in Slovakia.

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Ongoing compliance or filing requirements

Tax compliance

After the registration for the payroll tax purposes, there is a monthly and annual filing obligation for the employer, which can be done only electronically. The monthly tax withholding report for a particular month has to be filed with the Slovak Tax Authority by the end of the following month. The annual tax withholding report for a particular year has to be filed with the Slovak Tax Authority by the end of April of the following year.

The tax rates applicable for the employment income derived in 2019 are as follows:

- ▶ Annual taxable income (except for income from capital and dividend income) up to EUR 36,256.37 is taxed at 19%.
- ▶ Annual taxable income (except for income from capital and dividend income) above EUR 36,256.37 is taxed at 25%.

The calculated payroll tax has to be deducted by the employer from the employee's salary and paid to the Slovak Tax Authority within five days after the pay date.

Social Insurance compliance

After the registration for the social security purposes, there is a monthly filing obligation for the employer, which can be done only electronically. The monthly social security report for a particular month has to be filed with the Slovak Social Security Authority on a paydate at the latest.

The social insurance caps and rates applicable for the employment income derived in 2019 are as follows:

Social security	Maximum monthly assessment base for 2019	Employer's part	Employee's part	Total
Sickness insurance	EUR 6,678.00	1.40%	1.40%	2.80%
Old-age insurance	EUR 6,678.00	14.00%	4.00%	18.00%
Disability insurance	EUR 6,678.00	3.00%	3.00%	6.00%
Accident insurance	no ceiling	0.80%	–	0.80%
Unemployment insurance	EUR 6,678.00	1.00%	1.00%	2.00%
Guarantee insurance	EUR 6,678.00	0.25%	–	0.25%
Solidarity reserve fund	EUR 6,678.00	4.75%	–	4.75%
Contributions total (%)	N/A	25.20%	9.40%	34.60%

The calculated social security contributions (employer's and employee's part) have to be paid to the Slovak Social Security Authority on a pay date at the latest.

Health Insurance compliance

After the registration for the health insurance purposes, there is a monthly filing obligation for the employer. This filing can be done in a hard copy via post or electronically by the employers having one or two employees, and only electronically by the employers having more than three employees in total. The monthly health insurance report for a particular month has to be filed with the selected Health Insurance Company within three days after the pay date.

The health insurance rates applicable for the employment income derived in 2019 are as follows:

	Employer's part	Employee's part	Total
Health Insurance Rate	10%	4%	14%

There are no caps in the health insurance in Slovakia, the contributions are paid from the whole employment income. The calculated health insurance contributions (employer's and employee's part) must be paid to the selected Health Insurance Company within three days after the pay date.

2. Employment obligations

Registration requirements are not applicable here. Pension contributions are part of the obligatory social insurance contributions in Slovakia (as described earlier).

Ongoing compliance requirements

Compliance requirements are not applicable here. Pension contributions are part of the obligatory social insurance contributions made by the employer in Slovakia and are reported as a part of the monthly social security report.

3. Payroll requirements

Except for the aforementioned laws, Slovak Labour Code regulates individual and collective labor relations. An employee's maximum weekly working time is 40 hours per one week.

The minimum monthly wage applicable in Slovakia for 2019 is EUR 520 per one calendar month. The minimum hourly wage applicable in Slovakia for 2019 is EUR 2,989 per one hour. However, there are some professions which have a higher minimum wage rates. According to the Labour Code, there are six levels of labour complexity:

Level of labour complexity	Coefficient	Minimum wage
1	1.0	EUR 520
2	1.2	EUR 624
3	1.4	EUR 728
4	1.6	EUR 832
5	1.8	EUR 936
6	2.0	EUR 1,040

Employers are obliged to provide their full-time employees with meals that shall meet requirements of healthy nutrition. This can be done either through the company's own catering facilities or public catering facilities. However, most frequently employers provide their employees with meal vouchers. The meal vouchers are the only option of replacement in this regard. In case of provision of meal vouchers, employees are entitled to receive the meal voucher for each working day when they have worked for more than four hours in a working shift.

The minimum value of a meal voucher is EUR 3.60. The value of a meal voucher can reach up to EUR 4.80. Provision of employees' meals is exempt from health and social insurance contributions as well as from the income tax. The employer shall contribute to employees' meal vouchers at least by 55% of its value.

Similar rules apply also for business trips, since employers are obliged either to provide the employees with a meal during their business trip or to provide a compensation in a form of travel allowances, depending on the duration of the business trip and destination.

For domestic business trips (within Slovakia), the travel allowances applicable for 2019 are as follows:

Length of the business trip	Travel allowances amount
5-12 hours	EUR4,80
12-18 hours	EUR7,10
More than 18 hours	EUR1,090

Different amounts of travel allowances are applicable for foreign business trips, depending on the destination of the business trip.

When a meal is provided to the employee during the business trip (e.g., as a part of the accommodation), the travel allowances are proportionally reduced as shown in the figure:

Provided food	Travel allowances reduction
Breakfast	25%
Lunch	40%
Diner	35%

Compensations:

Night work

If the majority of a shift falls between 10 p.m. and 6 a.m., it is considered a night shift. Employees who work night shifts are entitled to a wage surcharge of at least 20% of their minimum wage for night hours worked.

Public holidays

Employees must be paid their normal wage plus a surcharge of at least 50% of their average earnings if they work on a public holiday, even if that holiday falls on their rest day.

If employees don't work because a public holiday falls on their normal working day, they are entitled to wage compensation equal to their average earnings. However, for employees who are paid monthly, holidays are counted and paid as normal working days, therefore, they are not entitled to wage compensation for public holidays.

Overtime

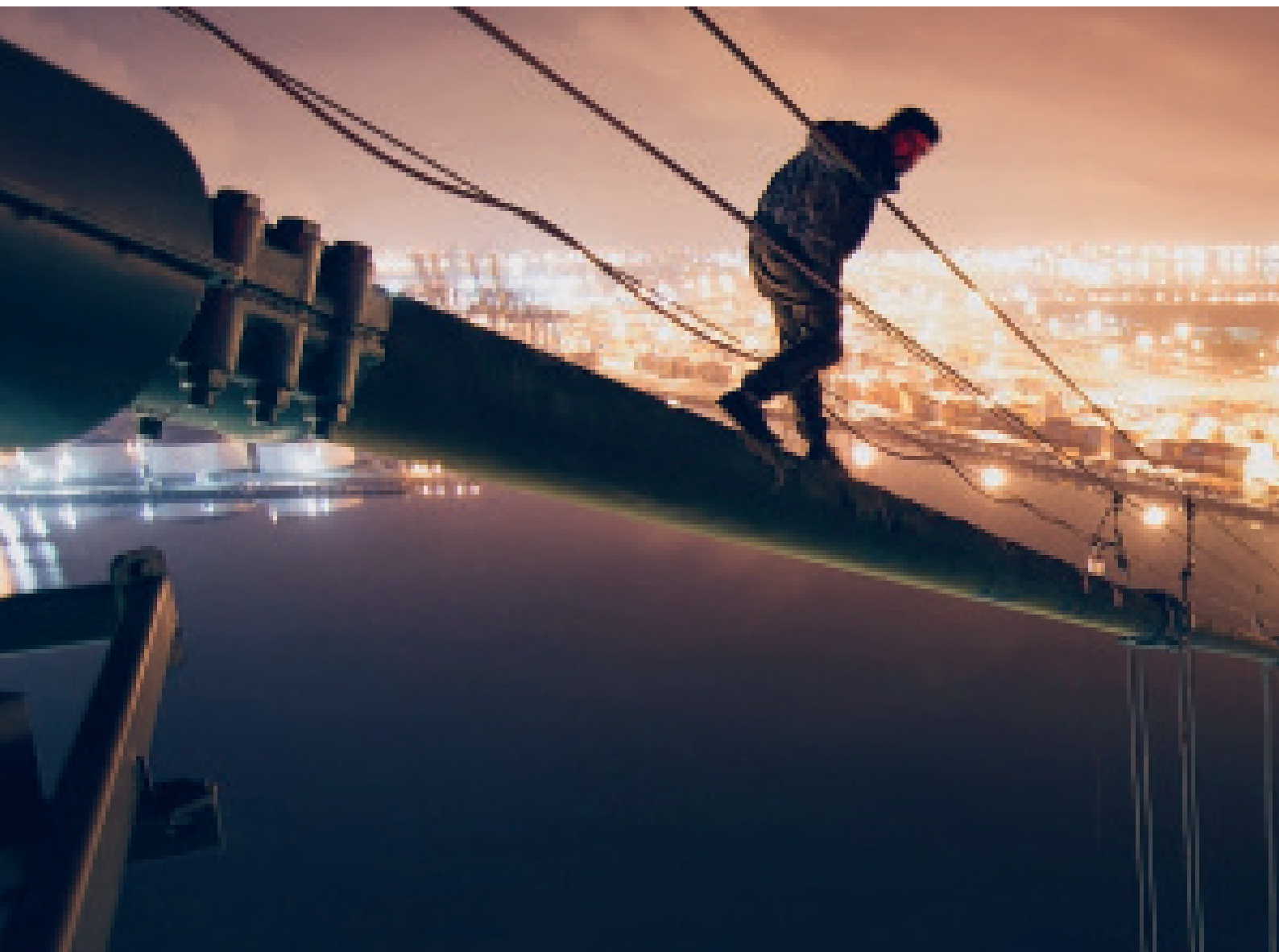
Employees must be paid at least 25% premium for time worked in addition to the weekly standard hours, although, the employee may agree with the employer on a compensatory time off in lieu instead of the overtime pay. The overtime premium for hazardous work must be at least 35%.

Average weekly working hours including overtime generally cannot exceed 48 hours per one week.

An employee can be required to work up to 150 hours of overtime in a calendar year and can voluntarily work up to 400 hours in one calendar year.

Vacations

The Slovak Labour Code stipulates that employees are entitled to four weeks (20 work days) of paid vacations per one calendar year. If an employee is more than 33 years old, he or she is entitled to an extra week of vacation with full pay, i.e., five weeks of paid vacations in total per one calendar year.



Other absences and compensations

Doctor's visit

Employees are entitled to receive a paid leave (with average wage compensation) for a visit of a doctor in a medical facility for a maximum of seven days per one calendar year and another seven days per one calendar year for a doctor's visit in a medical facility with a family member.

Maternity leave

Standard maternity leave in Slovakia is 34 weeks and the government pays 65% of the worker's salary during the leave. In case of multiple births, the worker can receive up to 43 weeks of maternity leave.

Termination of employment

An employee's job may be terminated under a range of conditions, including immediate termination, by mutual agreement or during a probationary period. An employee can terminate employment without specifying the reason. The employer can terminate employment only according to the provisions of the Labour Code. The employee can be entitled to receive the severance payment upon termination of employment in specific situations stated in the Labour Code.

4. Banking requirements related to payroll

In Slovakia, the payroll is prepared on a monthly basis, with 12 payroll runs per one calendar year. All employees have to be paid for their work on a pay date at the latest. The pay date is determined and agreed in writing with the employee in the employment contract.

Payslips

Together with the salary payment, the employer is obliged to provide employees with their payslip, two days after the pay date at the latest. The payslip can be provided either in a hard copy or electronically (via email or through the designated portal), depending on the agreement with the employee.

5. Banking requirements related to payroll

There are no legal restrictions regarding salary transfer in local currency – it can be paid into a Slovak bank account or a foreign bank account.

Payments to authorities

Since there are no legal restrictions, the payments in local currency can be made from a Slovak or a foreign bank account number. However, it is recommended to use a Slovak bank account (if available), as this is easily recognized by the authorities.



Doing Business in Slovenia – Payroll Operations

1. Government requirements

Registration requirements

Registration for Social Security Contributions

In accordance with the Employment Relationship Act, an employer in Slovenia should register the employee into mandatory pension, disability, health, and unemployment insurance with the Institute for Pension and Disability Insurance of Slovenia. The employer should file form M-1 and attach the signed employment contract. The employer should register his employees in Social Security Insurance prior to the day of commencement of employment, according to the employment contract. The employer should provide their employees with a photocopy of the registration form within 15 days after the employment starts. Legal entities that are registered in the Business Register of Slovenia should register the employee through the online state portal for business and entrepreneurs (i.e., e-VEM portal). The employer can access the e-VEM system with qualified digital certificate. Further, they may also authorize a third party for the entry of application forms. There is no registration fee.

Further, there is no special tax registration in Slovenia related to payroll. However, each employer should have Slovenian tax number in order to report payroll related data to the Slovenian Tax Authorities on a monthly and annual basis.

Ongoing compliance or filing requirements

Monthly electronic filings

An employer is required to electronically file payroll related data to the Slovenian Tax Authorities on or before the salary payment date for each period. Further, the employer should also report salary related data to the Slovenian Statistical Authorities (i.e., Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES)) on a monthly basis. The due date for reporting to AJPES is the last working day of the month, during which the salary is paid to the employees.

The type of return that should be filed with the Slovenian Authorities depends on the type of income:

- ▶ Slovenian Tax Authorities:
 - ▶ REK-1: Withholding tax return for the income from employment (includes REK form – withholding tax for income from employment for every individual employee)
 - ▶ REK-1A: Withholding tax return for payments to apprentices, pupils and students for compulsory practical training
 - ▶ REK-1B: Withholding tax return from pensions, compensations and other income under the compulsory social insurance
 - ▶ REK-2: Withholding tax return for the income that is not an income from employment under Personal Income Tax (PIT) Act

All taxpayers (employers) that pay withholding tax to the Slovenian Tax Authorities on behalf of their employees are required to file the above returns.

- ▶ Slovenian Statistical Authorities:
 - ▶ 1-ZAP/M form: Monthly cumulative data on paid salaries and the number of employees
 - ▶ Data with respect to paid holiday allowance: "Izplačilo regresa za letni dopust"

All legal entities of the private sector (companies, cooperatives, legal entities of private law, associations) that have at least one employed person are subjected to the above reporting.

Annual reports

By the end of January, the employer should send a report on all paid out earnings for the previous year to the employee. The report must include all income-related payments made to the employee in the reporting year (i.e., salaries, reimbursements and severance payments).

By the end of each year, employers should also submit control data on year-round tax relief for dependent family members (VIRVDC data).

Social security contributions and Personal Income Tax rates

Below, you can find list of contributions paid by the employee, employer and personal income tax with their corresponding rates for the year 2019.

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Social security contributions – paid by employee

Name	Percentage of gross salary
Contribution for pension and disability insurance	15.5%
Contribution for health insurance	6.36%
Contribution for employment	0.14%
Contribution for parental care	0.1%
Total	22.1%

Social security contributions - paid by employer

Name	Percentage of gross salary
Contribution for pension and disability insurance	8.85%
Contribution for health insurance	6.56%
Contribution for employment	0.06%
Contribution for injuries at work	0.53%
Contribution for parental care	0.1%
Total	16.1%

PIT

If the net monthly tax base is (in EUR)		PIT is (in EUR)	
Over	To		
0	668.44		16%
668.44	1,700.00	106.95	+27% above 668.44
1,700.00	4,000.00	385.47	+34% above 1,700.00
4,000.00	5,908.93	1,167.47	+39% above 4,000.00
5,908.93		1,911.95	+50% above 5,908.93

2. Pension requirements

Pension registration

The pension registration happens automatically when the employer electronically registers a new employee into the mandatory pension, disability and health insurance and unemployment insurance via the M-1 form on the e-VEM portal.

In compliance with Act Governing the Register of Insured Persons and Beneficiaries of Rights Provided under Pension and Disability Insurance, the deadline for registration of a new employee into the pension system is the start date of the employment written in the employment contract, and no later than the day of employees first presence at work. There is no registration fee for this process.

Voluntary pension schemes

Companies can also set up a voluntary pension scheme for their employees. Employees can decide if they want to be included into the collective voluntary pension scheme, which is either partially or fully funded by the employer. The pension scheme is set up with a private insurance company and therefore there are no legally defined rates or conditions.

Ongoing compliance requirements

Monthly electronic filings

According to the Employment Relationship Act, the employer is obligated to submit monthly payroll reports which includes information about social security contributions and withholding tax to the Slovenian Tax Authorities and the Slovenian Statistical Authorities.

As already mentioned above, the employer should electronically submit form REK-1 to the Slovenian Tax Authorities by the day of the salary

payment and form 1-ZAP/M, which should be electronically submitted to the Slovenian Statistical Authorities by the last working day of the month in which the salary was paid to the employees.

Social security contributions for pension and disability insurance

Name	% of gross salary
Contribution for pension and disability insurance paid by the employee	15.5%
Contribution for pension and disability insurance paid by the employer	8.85%
Total	24.35%

3. Employment obligations

General

In accordance with the Employment Relationship Act, the employer is obligated to provide the employee with work agreed upon in the employment contract. Moreover, unless agreed otherwise, the employer should provide the employee with all the necessary means and material that the employee requires for the work in order to fulfil the obligations uninterruptedly and ensure access to business premises.

Salary

The employer should ensure appropriate remuneration for the work done by the employee. The payment for work under the employment contract consists of a salary that should always be in cash and any other possible types of payments, if so determined by the collective agreement. The employer should comply with the minimum salary that is determined by law or collective agreement and which directly binds the employer. According to the Minimum Wage Act, the minimum monthly gross salary in Slovenia for 2019 is EUR886.63.

The employee is entitled to extra payments for special working conditions such as:

- ▶ Night work
- ▶ Shift work
- ▶ Overtime work
- ▶ Sunday work
- ▶ Work on public holidays and other free days

The amount of the allowances referred to in the preceding paragraph are determined by collective agreements.

The employee is also entitled to the past work allowance for the years of employment. The amount is determined by the collective agreement. Further, the employer should reimburse the employee any expenses relating to meals during work, travel expenses to and from work and of expenses the worker incurs during performing certain work and tasks on business travels.

Rest hours and breaks

A worker, who works full-time (i.e. eight hours), has the right to a break of 30 minutes during daily work. There is also a limitation for daily rest between two successive working days – the employee should have at least 12 uninterrupted hours within a period of 24 hours to rest.

Annual leave

The employees are entitled to an annual leave which cannot be shorter than four weeks in an individual calendar year, regardless of whether they work full-time or part-time. The minimum number of days of an employee's annual leave depends on the distribution of working days within the week of an individual employee. Certain groups of people such as older workers, disabled workers, workers who care for a child, have the right to extra days of annual leave. Additionally, an employee may also be entitled to extra days of annual leave due to excessive workload or other reasons determined in the collective agreement.

Holiday allowance

The employer is obligated to pay holiday allowance to the employee who is entitled to annual leave at least in the amount of the minimum wage. Holiday allowance should be paid out to the employee at the latest by 1 July of the current calendar year.

Conditions for safety and health of workers

The employer should also provide the conditions for safety and health of workers in accordance with special regulations on safety and health at work.

Severance payment

The employer who terminates the employment contract due to business reasons or due to the reason of incapacity is obligated to pay the worker a severance payment. The basis for the calculation of the severance payment is the average monthly salary which was received by the employee, or which would have been received by the employee if working, in the last three months before the termination of employment contract. Additionally, the severance payment also depends on the employee's length of service.

Therefore, according to Slovenian legislation the employee should receive a severance pay amounting to:

- ▶ One-fifth of the salary basis referred to in the preceding paragraph for each year of employment with the employer; if the worker has been employed with the employer for more than 1 and up to 10 years
- ▶ One-quarter of the salary basis referred to in the preceding paragraph for each year of employment with the employer; if the worker has been employed with the employer for a period from 10 to 20 years
- ▶ One-third of the salary basis referred to in the preceding paragraph for each year of employment with the employer; if the worker has been employed with the employer for a period exceeding 20 years

Further, unless otherwise stipulated in a branch collective agreement, upon the termination of the employment contract, the employer should pay a worker who has been employed with the employer for a period of at least five years and is about to retire, a severance pay in the amount of two average monthly salaries in the Republic of Slovenia in the past three months, or in the amount of two average monthly salaries of the worker in the past three months, if this is more favorable to the worker. The employer may pay severance pay covered by special insurance.



4. Banking requirements related to payroll

According to the Employment Relationship Act, salary is paid out in payment periods, which may not be longer than one month. The salary should be paid within 18 days after the end of the payment period. The employer is obligated to inform the employee of the day of the payment. Further, each change of the day of payment should be communicated to the employee in advance by written notice in a manner customary to the employer.

The salary, the reimbursement of work-related expenses and other benefits to which the employee is entitled are paid to the employee's bank account. The employer is obliged to provide the employee with a statement of remuneration paid by the end of the payment day in which all the data on salary, wage compensation, reimbursement of work-related expenses and other benefits to which the employee is entitled are evident (i.e. payslip). The payslip should be distributed (via email or physically) at the latest on the day of the payment.

5. Banking requirements related to payroll

The salary should be available to the worker on a fixed payment day. The employer bears all the costs related to the payment of salaries. All salaries, social security contributions and taxes should be paid out on the same day. The salary should be in EUR. There are no other special controls. The salary can be paid out from a foreign bank account.





Doing Business in South Africa – Payroll Operations

1. Government requirements

Registration requirements

Government registration requirements are in accordance with the Income Tax Act, No. 58 of 1962 (as amended), Skills Development Levies Act No. 9 of 1999, and Unemployment Insurance Act No. 4 of 2002. The governing authority is the South Africa Revenue Service (SARS). There are no registration fees applicable for the registration for PAYE, SL or UI contributions.

Registration for employees' tax (Pay As You Earn (PAYE))

Any employer who pays or becomes liable to pay remuneration has an obligation to deduct or withhold employees' tax (PAYE) from the remuneration and pay the tax deducted to the South African Revenue Services (SARS) on a monthly basis. An employer must apply for registration using Form EMP101e within 21 business days after becoming an employer unless none of their employees are liable for normal tax.

Registration for Skill Development Levy (SDL)

Where an employer is liable to pay SDL, the employer must register with SARS using Form EMP101e and must indicate the jurisdiction of the Sector Education and Training Authority within which the employer must be classified. An employer is only not required to register as an employer for SDL purposes if there are, during any month, reasonable grounds for believing that the total leviable amount paid or payable by that employer to all its employees during the following 12-month period will not exceed ZAR500,000, even though such employer is liable to register with SARS for employees' tax purposes.

Registration for Unemployed Insurance Fund (UIF)

Where the employer is liable to pay the Unemployment Investment Fund contribution, the employer must register with SARS or the Department of Labour (whichever is applicable to such employer) using Form UI-8 for the payment of the contributions. The governing authority is the Department of Labour. The governing legislature is the Compensation for Occupational Injuries and Diseases Act (COIDA), No. 130 of 1993 (amended 61/1997). An employer who is not required to register with SARS for employees' tax, and an employer who is not liable for the payment of SDLs in terms of the SDL Act, 1999, must register at the UI Commissioner's office for the purposes of paying the UI contribution.

Registration of an employer with the Compensation Fund

Any person, including the state, must register with the Compensation Fund using COIDA Form W.As.2 within seven days after employment of the first employee. The governing legislature is the Unemployment Insurance Contributions Act, No. 63 of 2001 and is governed by the Department of Labour.

Ongoing compliance requirements

The governing legislature is the Income Tax Act, No. 58 of 1962 (as amended), Skills Development Levies Act No. 9 of 1999, and Unemployment Insurance Act No. 4 of 2002. The governing authority is SARS.

Return of declaration of payroll taxes (PAYE, UIF and SDL)

The return (Form EMP201) must be submitted monthly and payment of taxes must be made to SARS within seven days after the end of the month in respect of which the taxes are payable, reflecting the amount of the payment. It can be submitted on-line via e-filing. No cash payments are accepted.

PAYE

PAYE is calculated monthly on the "balance of remuneration" and deducted in accordance with the prescribed tax tables issued by SARS or in accordance with a tax directive issued by SARS. Twenty-five percent PAYE deduction is applicable to remuneration paid to part-time or temporary employees. The remuneration paid to "true" independent contractors and to labor brokers with IRP30 certificates is exempt.

SDL contributions

SDL is an employer-only contribution and is calculated monthly at 1% of the leviable amount. The leviable amount is based on the "balance of remuneration" for employees' tax purposes. The remuneration paid to learners, "true" independent contractors and to Labour brokers with an IRP30 certificate is exempt.

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UI contributions

The UI contribution is calculated at 1% of the employer's contribution and 1% of the employee's contribution on the gross remuneration up to a monthly limit (ZAR14,872 per month and ZAR178,464 per annum) for both the employer and the employee. The payments made to repatriated employees, government employees, independent contractors, trainees, legal entities, Labour brokers and temporary employees (employed for less than 24 hours per month) are excluded.

BI-annual reconciliation

The declaration and reconciliation (Form EMP501) must be submitted during September of each year for the period of March to August (six months).

Tax year end reconciliation

The declaration and reconciliation (Form EMP501) must be submitted during May of each year for the period of March to February (annually).

Form UI19: declaration

The declaration must be submitted monthly to the Department of Labour within seven days after the end of the month. The governing authority is the Department of Labour. The governing legislature is the Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993 (amended 61/1997).

Annual earnings

Employers must file the annual earnings return (online) on or before 30 April of each year. Form WAs.8 is used for the annual earnings for employers not engaged in agriculture, while Form WAs.17 is used for employers engaged in agriculture.

Remuneration for annual return of earnings

The employer is required to furnish the amount of earnings paid to its employees for the period from the first day of March of the preceding year up to the last day of February of the current year. The maximum amount of earnings on which the assessment of an employer is calculated is currently R458,520 per annum.

Regular overtime, bonuses, commission earnings, cash value of food, travel, allowance and all components of the package (excluding company contributions) are included in the calculation. The payments excluded are irregular overtime, reimbursed payments, ex gratia payments and intangible fringe benefits. Exclusions include military service South African Police Department employees, SA defense force employees, domestic workers and persons contracted to carry out work. The commissioner assesses the employer taking into account the industry in which they operate and the remuneration paid to their employees. The assessment amount must be paid within 30 days after the date of assessment. The governing authority is the Department of Labour. The governing legislature is the Employment Equity Act, No. 55 of 1998.

Form EEA1: Declaration by Employee; Form EEA2: Employer Details and Workforce Movement; Form EEA4: Workforce Profile

Employment Equity Reports

The designated employers include employers who employ 50 or more employees; employers who employ fewer than 50 employees but whose total remuneration turnover equals or exceeds the applicable turnover of a small business; employers appointed by a collective agreement in terms of the Labour Relations Act, a Municipality and organs of state except for local spheres of government; the National Defence Force, the National Intelligence Agency, the South African Secret Service and the National Academy of Intelligence. Foreign national employees are not included as designated employees and will therefore not be assisted by affirmative action programs. Employers who have become newly designated on or after the first working day of April, but before the first working day of October, must only submit their first report on the first working day of October in the following year.

All designated employers must report annually, irrespective of their size. Manual reports must be submitted once every year on the first working day of October, or other date as prescribed. In the case of electronic reporting, the report can be submitted by 15 January of the following year.

2. Pension requirements

Registration requirements

The governing authority is the Registrar of Pension Funds. The governing legislature is the Pension Fund Act, No. 24 of 1956 (as amended).

Retirement funds: pension, provident and retirement annuity funds

In South Africa, over 60% of retirement funds are privately administered and funded. South Africa has no compulsory or national pension fund scheme. The Government, through its taxpayers, funds a social security old age grant to senior citizens. The Government does, however, provide retirement schemes for its employees, through the Government Pension Fund (GPF), the Public Investment Commissioner (PIC) and various public enterprise pension funds.

Every pension fund must apply to the registrar for registration under the Act. Types of retirement funds in South Africa include defined contribution funds, defined benefit funds and hybrid funds. Hybrid funds are pension or provident funds that combine a defined contribution and defined benefit component. This can be verified by consulting the rules of the retirement fund, and the fund administrator or trustees.

Ongoing compliance requirements

The governing authority is the Registrar of Pension Funds.

The governing legislature is the Pension Fund Act, No. 24 of 1956 (as amended).

Filing obligations

The retirement fund contributions schedule reflecting the member and the employer contribution is submitted to the fund each month.

Contribution rates

Contributions are calculated in accordance with the rules of the fund for the employer and the employee, and the base on which the contribution is calculated is defined in the fund rules.

Payment obligations

Any pension fund contribution payable in respect of any member to the fund must be paid directly to the fund by or on behalf of the member within a period of seven days after the expiration of the period in respect of which the contribution is being paid, and the board must, not later than the first business day following the day on which the fund received the contribution, deposit the contribution in the name of the fund with an institution registered under the Banks Act, 1965 (Act No. 23 of 1965), or the Building Societies Act, 1965 (Act No. 24 of 1965).

3. Employment obligations

The governing authority is the Department of Labour. The governing legislature is the Basic Conditions of Employment Act, No. 75 of 1997 (as amended).

Annual vacation leave days

Minimum of 21 consecutive annual leave days. The employer can provide in excess of this at their discretion and detail this in their HR leave policy.

Sick leave, family responsibility leave and maternity leave

For sick leave, one day for every 26 days worked and 30 days per cycle for every three-year cycle. For family responsibility leave, three days are given to the employee under this leave per annum. For maternity leave, the employee is given four months of leave with no pay; however, the company can pay the employee at its discretion.

Minimum wages

The minimum wages are determined at national, regional, sectoral and occupational or skill levels. They are calculated on a daily, hourly, weekly and monthly basis.

Rest hours – daily and weekly rest period

A daily rest period of 12 consecutive hours and a weekly rest period of 36 consecutive hours are provided to the employee, which must include a Sunday; these rest periods may be varied by written agreement under certain circumstances.

4. Payroll requirements

The governing authority is the Department of Labour. The governing legislature is the Basic Conditions of Employment Act, No. 75 of 1997 (as amended).

Payslips (BCEA4)

Information on the payslip must include the employer's name and address, the employee's name and occupation, the period of payment, remuneration in money, any deduction made from the remuneration,

and the actual amount paid. The payslip must be given to the employee at the workplace or at a place agreed by the employee, and during the employee's ordinary working hours, or within 15 minutes of the commencement or conclusion of those hours. The payslip can be given to the employee in an electronic format (emailed) or hardcopy (paper payslip). The full value of remuneration, including payment in kind must be specified.

The employer must pay remuneration to employees not later than seven days after the completion of the period for which the remuneration is payable, or the termination of the contract of employment.



Certificate of Service (BCEA5)

On termination of employment, the employee is entitled to a certificate of service reflecting their full name, the name and address of their employer, a description of any council or sectoral employment standard by which the employer's business is covered, the date of commencement and date of termination of employment, the title of the job or a brief description of the work for which the employee was employed at date of termination, the remuneration at the date of termination, and if the employee so requests, the reason for termination.

5. Banking requirements related to payroll

Payroll payments can be paid by cash, check or electronic funds transfer (EFT or bank transfer).

When paying in cash, the employer and employee should sign a record to confirm the amount of money that has been paid in each pay period. Net salaries may be split and paid into multiple bank accounts.

Foreign exchange control

The client will obtain relevant approvals for foreign exchange control regulations if payments are required from South Africa to other countries.





Doing Business in Switzerland – Payroll Operations

1. Government requirements

Registration requirements

Overview of the Swiss social insurance system

The Swiss social insurance system is based on a so-called “Three-column Principle” and divided into the following areas:

- ▶ Old age, survivors’ and invalidity/disability insurance (AHV and IV)
- ▶ Occupational pension schemes/employee pension funds (BVG)
- ▶ Unemployment insurance and insolvency compensation (ALV)
- ▶ Family allowances (FAK)
- ▶ Protection against the consequences of illness and accidents (KVG and UVG)
- ▶ Income compensation allowances in case of military service and in case of maternity (EO and MSE)

The Three-column Principle

First column: The first column consists of mandatory old age, survivors’ and invalidity/disability insurance (“Alters- und Hinterlassenenversicherung” (AHV) and “Invalidenversicherung” (IV)). These insurances cover the basic subsistence needs of the insured persons in old age or in the event of disability. In case of death, the insurances pay benefits to survivors. AHV and IV are general schemes for anybody residing or working in Switzerland.

Second column: Industrial insurances (occupational pension schemes or employee pension funds) aim to maintain the recipients’ accustomed standard of living after retirement. The law (“Berufliche Vorsorge” – BVG) requires minimum contributions to the employer’s pension scheme to be withheld from income, up to a specific ceiling. In practice, many companies offer more comprehensive pension schemes since the mandatory minimum amounts may not suffice to achieve the target level of benefits.

Third column: To supplement the Government’s pension schemes, individual investment in private savings plans offered by banks or insurance companies is encouraged. Incentives include tax deductibility of contributions to so-called qualified savings plans, i.e., where funds cannot be accessed freely (column 3a for employees, column 3b for self-employed persons).

The listed different types of insurance offer protection in the form of pensions, unemployment benefits and family allowances, as well as paying for costs incurred through illness and accidents. The benefits paid out by the different types of social security are in principle financed by contributions of employers and employees, and levied on employees’ income. In some cantons, there are additional contributions to pay (e.g., contributions to vocational education funds or various family funds). With the exception of the third column, all of these insurance types are compulsory.

Registration for old age, survivors’, disability and loss of income insurance (AHV, IV or EO)

The old age, survivors’ and invalidity insurance (AHV/IV i.e., “Alters-, Hinterlassenen- und Invalidenversicherung”) is managed by cantonal, occupational and federal compensation funds, which collect contributions and pay benefits. There are about 100 such offices, which operate under the auspices of various professional associations, of the cantons and of the federal administration.

After a company’s registration with the commercial registry, the respective cantonal compensation fund (“kantonale Ausgleichskasse”) will send the employer an application form for registering.

Employers are bound by law to deduct the employees’ contributions from all salaries or salary-like benefits and pay these, along with the contributions they, as employers, have to pay, to the compensation fund office to which they are affiliated.

The total contributions to the AHV/IV/EO insurance are currently 10.25% of the applicable annual salary.

Employers and employees each pay half of the contribution, i.e., 5.125%. Employees who have reached the statutory retirement age (65 for men and 64 for women) and continue working need to pay contributions to the AHV/IV, but not to the unemployment insurance (“Arbeitslosenversicherung” – ALV). However, CHF1,400 per month or CHF16,800 per year are exempted from AHV/IV contributions. The registration of new hires who don’t have a Swiss social insurance number needs to be made within 30 days of their start date with the company. The forms are available at the respective cantonal compensation fund.

The registration of new employees who already have a Swiss social insurance number, and the de-registration of leavers, needs to be submitted with the annual salary declaration or reporting (new regulation as of 1 June 2016).

Income compensation (EO) is a compulsory Swiss social insurance paying compensation for loss of income to persons while serving in the army, civilian service or civil defense, as well during maternity. The total EO contribution of 0.45% is included in the total contribution for AHV/IV/EO.

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The compensation funds also charge an administrative fee. The contribution rate varies from office to office and is fully borne by the employer.

Registration for the occupational pension scheme (BVG/"Pensionskasse")

The Occupational Old Age, Survivors' and Disability Benefit Plan (second column) – together with the old age, survivors' and invalidity/disability insurance – should enable the retired person to maintain his or her previous lifestyle in an appropriate manner. Adherence to the scheme is compulsory and it is financed principally by 50% from both employees and employers, i.e., the sum of the contributions of the employer should be at least equal to the sum of the contributions by their employees. If a company does not have an own registered pension institution, it has to choose an existing pension fund with the consent of its staff. Some of the pension funds also provide benefits in case of invalidity and to survivors in case of premature death. Under certain conditions, this second column can be used before retirement to partially finance a principal home or to start an independent activity. It is workplace-based and mandatory. Employers are obliged to insure their employees with a registered pension fund (Federal Act on Occupational Retirement, Survivors' and Disability Provision, BVG, Art. 11 para. 1).

Employees whose annual earnings exceed CHF21,330 with the same employer have to join this compulsory Swiss pension system under the Occupation Benefits Act (LPP). Employees on a temporary work contract of less than three months may be exempt from contribution. Persons of 18 to 24 years of age are solely insured for risk of death or invalidity/disability, but also for old age benefits in the case of individuals older than 24. Unemployed persons with a daily allowance of at least CHF81.90 are insured for the risks of death and disability.

The system stipulates a minimum level of benefits to be provided by all employers, but the mixture of compulsory or voluntary features of the system can be seen in the fact that many large employers offer benefits that go well beyond the prescribed minimum.

Depending on the age of the insured, the contribution rate varies between a minimum of 7% and a maximum of 18% of the employee's salary. The total contributions increase with the age of a person. The insurance scheme can be run by a company pension, state or private fund. Company pension plans can set terms and conditions in excess of these minimums, and most offer extra-mandatory benefits as a means of attracting and retaining qualified people in a firm.

Registration for unemployment insurance (ALV)

Unemployment insurance provides benefits in the case of loss of employment, shortened working hours, lack of employment due to weather conditions for certain sectors, e.g., construction, or insolvency on the part of the employer. This insurance also pays for re-integration measures.

All persons in gainful employment are obliged to contribute to the unemployment insurance scheme with the exception of some family members of persons working in the agricultural sector and persons who have reached the official retirement age.

Employers are bound by law to deduct the employees' contributions from all salaries or salary-like benefits, and pay these, along with the contributions they as employers have to pay, to the compensation office to which they are affiliated. The registration for unemployment insurance is included in the registration form for AHV/IV.

Up to a limit of currently CHF148,200, the contribution rate to the ALV is 2.2% of the applicable annual salary. For any amount exceeding CHF148,200, the contribution rate to the ALV is an additional 1% (unlimited upward). Employees and employers have to each pay half of the contributions.

Registration for family allowances (birth or adoption of child or education allowance)

An employer must be affiliated to a family compensation fund in the canton of the place of business, branch offices or other workplace of the employees. This is an obligation whether the employed staff have children or not. There is a family compensation fund in each canton run by the cantonal compensation funds.

Occupational compensation funds may provide family compensation schemes for the employers affiliated to them, but they are not obliged

to do so. The employers finance the family allowances by paying contributions to the family compensation fund on the basis of a percentage of the AHV compulsory wages they set up. The contribution rate varies according to the canton and family compensation fund. In the canton of Valais, for example, employees have to participate in the financing whereas in other cantons the family allowance is fully financed by the employers. The registration at the family compensation fund is part of the registration process for AHV/IV.

Employees can claim child and education allowances while resident in Switzerland even with children remaining outside of the country. Allowances are for children up to the age of 25 as long as they are still in education, which periodically needs to be proven by a confirmation of education.

Only one allowance is paid per child, even if both parents may be working.

Employees must apply for family allowances to their employers, who will forward the application to the relevant family allowance office for approval.

The application forms are available at the respective cantonal family compensation fund.

Nationals of an EU or European Free Trade Association (EFTA) country, whose children live in an EU or EFTA country, are entitled to full family allowances. The family allowances need to be paid out together with the monthly salary according to the instructions of the respective family allowance office.

Pursuant to the Federal Law on Family Allowances, the following minimum allowances shall be disbursed per child and month:

- ▶ A child allowance of at least CHF200 for children up to the age of 16
- ▶ An education allowance of at least CHF250 for 16-25 year-olds still in education

These provisions apply to all cantons.

Registration for occupational and non-occupational accident insurance (BU/NBU)

It is mandatory for an employer to insure his or her employees with the Swiss Accident Insurance Institution (SUVA) or another licensed insurer (private insurer, health insurance fund or public accident insurance fund) depending on the area of activity. The Federal Law on Accident Insurance lists the companies and administrations which are compulsorily insured by SUVA.

The accident insurance covers medical treatment, daily allowances and pensions. Insurance claims concerning accidents which occur abroad are also covered. All gainfully employed persons are compulsorily insured. The insurance covers accidents occurring in the workplace, diseases caused by working conditions and also non-occupational accidents of employees working at least eight hours per week. Depending on the type of business, accident insurance is handled by the Swiss Accident and Insurance Fund (SUVA) or other approved accident insurance providers.

In the event of an accident, employers are obliged to continue paying their employees at 80% of their salary for a certain period. This period is not clearly specified by law but on the basis of a legal precedent, the minimum duration is three weeks during the first year of service. The so-called Bern, Basel and Zurich scales are used to determine all other durations (which must be specified in the employment rules and regulations for a company). The contribution rates depend on the economic sector and risk level of the company.

Health insurance ("Krankenkasse")

Individual health insurance is compulsory in Switzerland but is a private matter, i.e., not mandatorily supported by an employer. On the contrary, paid health insurance to an employee would need to be considered and taxed as a benefit in kind.

Any person living and working in Switzerland, irrespective of age and state of health, must be insured for basic nursing care by a health insurance company within three months after his or her arrival in Switzerland. There is no national health service and individuals have to arrange insurance coverage for themselves (there is no duty for the employer to do this). Any health insurance company throughout Switzerland can be freely chosen.

Cross-border commuters domiciled in certain EU states have the option of requesting an exemption from this health insurance in their country of residence while they are insured in Switzerland.

In some cases, employees may be exempted from taking health insurance in Switzerland, for example:

- ▶ Employees being sent to Switzerland for a limited time by a foreign company (international assignments), and having an obligatory health insurance scheme in the home country which covers the same medical cost as the basic insurance scheme during the stay in Switzerland, are exempted from the insurance.
- ▶ Those who are living temporarily in Switzerland due to an exchange or other international program, (i.e., for students, interns and scientists). In those cases, an employer has to guarantee that all medical costs during the employee's stay in Switzerland are covered by a health insurance scheme in the home country and all expenses not covered by an insurance scheme will be covered by the employer.

Sickness daily allowance (KTG)

Under Swiss law, every employer is obliged to provide sick pay for a specific period of time which progressively increases in line with the number of years of service of an employee (Article 324a ss. Swiss Code of Obligations - OR). Usually, employers provide daily sickness allowance insurance for their employees covering 80% of salary during a period of up to a maximum of 730 days of illness per incident. It is not uncommon for an employer to agree to pay the remaining 20% of salary as a social benefit.

The duration and amount of this continued salary payment depends on the employee's number of service years, the geographical region of the workplace and the provisions in the employment contract. Employers can voluntarily exclude coverage for the financial consequences of this obligation in the form of a group daily sickness allowance policy. The employer has the possibility to insure the employee against loss of earnings in case of illness. The aim of the daily sickness allowance insurance is to cover loss of income resulting from incapacitation. The employee must inform the employer immediately in case of sickness. The respective insurance company usually pays the daily allowance directly to the employer who is then obliged to pass the allowance on to the employee.

Registration for Tax at Source (QST)

Foreign nationals (without a C-permit, i.e., a residence permit) who are permanently or temporarily resident in Switzerland and individuals (regardless of their nationality) with no tax domicile or tax residence in Switzerland have tax deducted directly from their income by their employers each month. The tax amount is calculated on the employee's gross salary.

The applicable tax at source tariffs are progressive (i.e., the higher the gross income, the higher the tax rate) and take into account whether the employee is married or single, living with children and their number, as well as subject or not to church tax. Employers have to register their employees with the respective cantonal tax at source office. The tax office in charge depends on the employee's canton of domicile and the forms vary from canton to canton.

Depending on the employee's status, different tax at source tariffs apply:

Tariff A: Single persons without children or persons who need support, living in the same household

Tariff B: Married couples with only one earner

Tariff C: Married couples with two earners

Tariff D: Secondary employment and substitute earnings

Tariff E: Assessment under the simplified assessment procedure

Tariff F: Italian cross-border commuters

Tariff H: Single persons with children or persons who need support, both living in the same household

Tariff L - P: German cross-border commuters

Foreigners living in Switzerland with a residence permit (C-permit) have to declare their income and assets in a standard individual tax return but are not subject to tax at source.

Registration of employees working for an employer not liable for contributions in Switzerland (ANobAG)

Anyone resident in Switzerland and working for an employer not liable for contributions in Switzerland, mainly employers abroad, has to pay the fully due social security contributions as an Arbeitnehmer ohne

beitragspflichtigen "Arbeitgeber" (ANobAG), meaning "employee, with an employer not liable for contributions".

AHV/IV, ALV, FAK and accident insurance are obligatory even if the employee has no employer based in the EU or EFTA. If the yearly salary paid by this employer exceeds CHF21,330, the employee is subject to occupational benefits insurance (BVG) as well. Registration needs to be done at the cantonal compensation fund either by the employee himself or by the employer.

Ongoing compliance requirements

Social insurance contributions (AHV/IV, ALV and FAK contribution)

It is the employer's obligation to remit the social insurance contributions (AHV/IV, ALV and FAK) periodically to the respective compensation fund. For an annual company's payroll sum of up to CHF200,000 (gross), the contributions need to be remitted on a quarterly basis. Above CHF200,000 (gross), the contributions need to be remitted monthly, at the latest by the 10th day of the following month (e.g., contributions for March need to be submitted at the latest on 10 April). The amount of contributions to be paid for the ongoing year will be determined by the respective social insurance office on the basis of the estimated annual gross salary sum. At year end, the employer has to report a detailed annual declaration to the compensation fund. The process and forms vary from office to office. Most of the compensation funds offer electronic filing ("Elektronisches Lohnmeldeverfahren" (ELM) in an XML-format) for the year-end declaration.

Social insurance audits at the employer's offices will take place occasionally, roughly every fifth year, and are usually initiated by compensation funds.

Occupational Pension Scheme – notification of salary changes and personal data changes

Any of the following personal data changes need to be reported immediately to the respective occupational pension fund:

- ▶ Salary changes
- ▶ Suspension or resumption of work
- ▶ Unpaid leave
- ▶ Termination
- ▶ Early retirement
- ▶ Announcement of death
- ▶ Incapacity to work

Family allowances

The children and education allowances paid to employees together with the monthly payroll will be refunded by the family compensation fund (FAK) on a monthly basis. In general, the credit balance will be offset against the monthly contributions for AHV/IV, ALV and FAK.

At the end of the year, the employer has to submit a detailed annual declaration to the family compensation fund, the compensation fund, or both, together with the annual declaration for the AHV/ALV/FAK contribution.

Income compensation in case of maternity (MSE) and military service (EO)

Income compensation is a compulsory Swiss social insurance paying compensation for loss of earnings to persons while serving in the army, civilian service or civil defense, as well as to expectant mothers. All persons living and working in Switzerland mandatorily insured with the AHV may at the same time benefit from EO/MSE which is being financed through separate contributions.

Women who, prior to childbirth, have been insured with AHV for at least nine months, and have worked for at least five months of those (part- or full-time), are covered by the maternity insurance (MSE). The contributions made in an EU/EFTA country count as well. The compensation is paid as a daily allowance and depends on the income before the birth of the child. The amount of compensation is about 80% of the average income before maternity, capped at CHF196 per day. The application forms may vary from one compensation fund to another. Both the employee and the employer have to complete information on the application form to be submitted to the respective compensation fund.

An employee is entitled to loss of earnings (EO) during Swiss military service and equally treated J and S courses (Jugend and Sport or Youth and Sports), whether living in Switzerland or abroad. The rate of compensation depends on different factors: rank and type of military service, number of children on charge, average income before absence, etc. The amount of compensation is about 80% of the hitherto average income, at least CHF62 per day capped at a maximum of CHF196 per day. During this covered absence, an employee needs to complete an EO-form and hand it over to the employer for completion and submission to the respective compensation fund.

Employees still being paid as usual by their employer during the duration of maternity or military service are not entitled to this compensation which, in these cases, will be paid directly to the employer.

Accident insurance (NBU/BU)

For this insurance, the employer is obliged to remit the entire premium to the employees’ accident insurer (NBU means non-occupational and BU means occupational accident insurance). The maximum amount of insured income is currently CHF148,200.

Premiums for occupational accident insurance (BU) are fully borne by the employer. The premiums for non-occupational accidents (NBU) are, as a matter of principle, borne by the employees. Agreements in favor of the employees can be and are regularly applied by an employer.

The cantons monitor compliance with employers’ and employees’ insurance obligations. Employers are obliged to provide the necessary information to the cantonal compensation fund. At the end of the year, the employer has to submit a detailed annual declaration to the chosen accident insurer.

Following an accident – regardless of whether it is occupational or non-occupational – employees have to notify their employer without delay. The employer in turn needs to notify the insurance company immediately about the accident. The employee or the treating physician has to truthfully complete a form to be sent, without delay, to the company’s accident insurance provider.

Tax at source declaration

A detailed statement of accounts shall be made on the cantonal form for the settlement of accounts concerning the deducted tax at source (QST). If there is no decision on the settlement period, the settlement of accounts shall be established on a monthly basis or, if fewer than 10 employees are subject to tax at source, on a quarterly basis. The frequency of filing and settling tax at source and the forms which need to be provided to the cantonal tax offices differ from canton to canton. Some cantons offer electronic filing (ELM). The settlement of accounts shall be submitted to the cantonal tax office within 15 days from the expiry of the settlement period. Employers can withhold a tax entitlement provision (“Quellensteuerprovision”) as remuneration for administrative work. The percentage of the provision varies from canton to canton.

The tax office in charge depends on the employee’s canton of domicile. In some cantons, employers may be asked to provide additional reports and documents at the year end (e.g., a “liste récapitulative” and “attestation quittance” in Geneva). More information is available from the tax office in the respective canton.

Annual salary certificates (“Lohnausweis”)

At year end, each employer is mandatorily obliged to issue salary certificates for all their employees employed during the past calendar year. This is to declare all benefits paid to active or inactive employees, or both, during the calendar year. This salary certificate is intended for the employee’s individual annual tax return, as in Switzerland this is a private matter. Some cantons, at present Basel-Stadt, Basel-Land, Bern, Fribourg, Jura, Neuchâtel, Solothurn, Vaud and Valais, request to receive a copy of the employee’s salary certificate and attachment (if any) directly from the employer for information reasons.

In addition to the salary certificate, there are reporting obligations for employees entitled to equity and similar awards (mainly as an attachment to the salary certificate). However, in any case, after the termination of employment, direct reporting is required for the purposes of income tax, withholding at source and social security, as well as for taxable benefits realized. Employers must report equity-based employee benefits at grant and, if taxable, at a later stage at realization or vesting of the taxable benefit. For example, in the case of options that are not quoted, reporting must occur at grant and at exercise.

Equity awards	Taxation point	When to declare in the salary certificate			
		Grant	Attachment	Exercise or payout	Attachment
Shares	At grant	x	x	Not applicable	Not applicable
Options	At grant	x	x	Not applicable	Not applicable
	At exercise	x	x	x	x
Restricted stock unit	Share delivery at vesting	x	x	x	x
Phantom shares	Realization or payout	x	x	x	x

2. Pension requirements

Registration requirements

Pension is part of the Swiss social insurance system and therefore the same registration requirements mentioned in the government requirements section apply here.



Ongoing compliance requirements related to pension (e.g., pension contribution schedule and provident fund contribution schedule)

Pension is part of the Swiss social insurance system and therefore the same ongoing compliance requirements mentioned in the government requirements section apply here.

3. Employment obligations

Work permit

Switzerland has a dual system for the admission of foreign workers. Gainfully employed nationals from the EU-27 or EFTA states can benefit from agreements on the free movement of persons. Only a limited number of management level employees, specialists and other qualified employees are admitted from all other countries.

A work permit is principally required before the commencement of work (although residents from EU-17 countries, i.e., the "older" EU member countries, do not require a work permit to commence work, just a residence permit). Different types of permit are available, including short and long stay, and each type offers a differing degree of freedom (e.g.,

B-permits allow the holder to change job and canton, whereas L-permits do not, and C-permits afford the same freedoms as Swiss citizens with regard to work-related matters). The Swiss authorities also make a distinction between temporary stays (of limited duration), short stays (of less than one year) and permanent stays (of unlimited duration).

The cantons are responsible for issuing these permits. For detailed information on the application procedure (where to apply, which form to complete, how long it will take, etc.), contact the respective cantonal authorities.

The following rules apply to cross-border commuters from EU-27 or EFTA1 member states:

- ▶ The place of residence must be in an EU-27 or EFTA member state.
- ▶ The employer or self-employed activity must be based in Switzerland.
- ▶ Cross-border commuters must return at least once per week to their place of residence outside of Switzerland.
- ▶ Cross-border commuters have the right to occupational and geographical mobility all over Switzerland.



Swiss Labor Law

Although there is no specific Swiss Labor Law, the main source that regulates labor law in Switzerland is the Federal Legislation. The federal ordinances (i.e., Swiss Code of Obligations - OR, articles 319 - 343) play a very important role, together with collective agreements (if any agreed) and standard contracts. There is a distinction between private labor law, which empowers the provisions of the employment contract and public labor law which imposes some minimal standards for work protection.

4. Payroll requirements

Employees must be paid monthly no later than by the end of the month. In Switzerland, it is common practice to pay out salaries on the 25th of the month (depending on weekend and legal holidays). The payments are made in Swiss francs unless otherwise specified (OR, article 323b), usually into the employee's bank account.

Payslip

All employees must be provided with a standard payslip on their pay day. Hardcopy payslips can be handed to the employee directly, provided via mail to the employee's home address (still the most common way) or provided as a softcopy electronically through an employee self-service internet portal.

5. Banking requirements related to payroll

Payments can be made via bank account or PostFinance account. It is recommended that all employees have a bank or PostFinance account, or several if they wish for payments to be split. It is not common in Switzerland to pay salaries by check or cash (payroll cash payments at the place of work are now uncommon in Switzerland).

6. Official social security information available in English

There is only a limited choice of official AHV/IV Social Insurances information available in English language.

Via this link you will however find a lot of useful information in English:

https://www.ahv-iv.ch/en/Social-insurances*

especially this extensive brochure (80 pages) titled: Social Security in Switzerland:

https://www.ahv-iv.ch/p/890.e*

might be of help when you are looking for respective information in English language.

* We do not take responsibility for external links.





Doing Business in the Syrian Arab Republic – Payroll Operations

1. Government requirements

Registration requirements

Tax registration

- ▶ Name of registration requirement: Payroll Tax Law No. 24 of 2003, Article (74)
- ▶ Governing authority: Directorate of Finance (DoF)
- ▶ Governing legislature or law: Law No. 24 of 2003, Legislative Decree No. 46 of 2015 and Legislative Decree No. 48 of 2015
- ▶ Registration procedures and requirements: The Syrian employee should submit a statement including his or her identity and address, the employer's identity and address, and the amount of his or her income within 30 days from the date he or she commences work. This requirement is not applied if the employer submits the declaration of wages and salaries (please refer to the section "monthly payroll tax")
- ▶ Related registration fee: None

Social security registration

- ▶ Name of registration requirement: Social Security – Article (2) of Law No. 28 of 2014 and Article (8) of decision No. 850 of 2015
- ▶ Governing authority: the Social Security Establishment
- ▶ Governing legislature or law: Law No. 92 of 1959 and its amendment (Law No. 28 of 2014)
- ▶ Registration procedures and requirements: This is applicable to Syrian employees who work in the public and private sectors (industry, commerce and agriculture), foreign or Syrian employees working for branches of foreign companies, free zone workers and Syrian employees working for international organizations. Voluntary coverage is available for Syrians working abroad. The employer must notify and submit to the Social Security Establishment a form number 1 for each of his new employees, within 15 days of the date the employee commences work.
- ▶ Related registration fee: Insured person – 7% of basic salary
Self-employed person: Not applicable
Employer: 17.1% of basic salary

Ongoing compliance requirements

Monthly payroll tax

- ▶ Name of compliance or filing requirement: Monthly Payroll Tax Article (75) of Law 24 of 2003
- ▶ Governing authority: DoF
- ▶ Governing legislature or law: Legislative Decree No. 48 of 2015 and Legislative Decree No. 46 of 2015
- ▶ Filing obligations: All public and private bodies, and other individuals employing personnel or laborers or assistants, or contracting with artists for a salary or fees, compensation or bonuses, shall keep a record in which they state the following data sequentially:
 1. The identity of the persons stated and type of job, date of commencement and date of termination or suspension of their services
 2. The amount of gross income defined in Article 70 of the Law 24 of 2003, and the amounts paid to them
 3. A statement of the changes that have occurred to their conditions or income
- ▶ Frequency of lodgment and payment arrangements: Bi-annually, the employer should submit a list with the data mentioned above, along with the amount of tax to the Finance Department, no later than 15 days before the end of the six-month period. If the employer does not comply, they will be subject to a penalty of 20% of the total tax on employees which can be reduced to 10% if they comply within 15 days of the date of the warning.

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- Tax rates applicable: Consistent and periodic salary is subject to the following tax rates:

5%	for the monthly net income between the minimum deductible amount SYP15,000 and SYP20,000
7%	for the monthly net income between SYP20,001 and SYP25,000
9%	for the monthly net income between SYP25,001 and SYP30,000
11%	for the monthly net income between SYP30,001 and SYP38,000
13%	for the monthly net income between SYP38,001 and SYP50,000
16%	for the monthly net income between SYP50,001 and SYP65,000
19%	for the monthly net income between SYP65,001 and SYP75,000
22%	for the monthly net income that exceeds SYP75,000

One-off payments such as bonuses are subject to a 10% tax rate instead of the above progressive tax rates.

2. Pension requirements

Registration requirements

Old age pension

In accordance with the Social Security Establishment and Law No.28 of 2014 (Articles no. 57 and No. 58), the following are the eligibility criteria to be applicable for old-age pension:

- Men at the age of 60 or women at the age of with at least 15 years of contributions to the Social Security Establishment.
- Men and women of any age in physically demanding or dangerous work, with at least 15 years of contributions to the Social Security Establishment
- Men at the age of 55 or women at the age of 50 with at least 20 years of contributions to the Social Security Establishment
- Men and women of any age with at least 25 years of contributions to the Social Security Establishment

The pension is calculated as 2.5% of the average monthly salary of the last year of registration. The maximum limit of this pension is 80% of the average monthly salary during the last year of employment provided that the monthly average salary achieves the following condition: the difference between the salary in the last two years should not exceed or decrease more than 15% and the difference between the salary in the last five years should not exceed or decrease more than 30%.

In case the years of contribution exceed 32 years, then the insured person is granted a one-off payment of one month for each year exceeding the maximum limit (a maximum one-off payment of three months).

Disability and injury benefit (voluntary insurance): Injured persons who participate in the "Disability and injury benefit" will be compensated by the Social Security Establishment based on the disability percentage. Therefore, if the disability is 100% or death, then the compensation is computed as 75% of the average monthly salary in the last year. And if the disability is less than 35%, then the compensation is computed as the disability percentage multiplied by the average monthly salary in the last year.

There are no registration fees (only age conditions are considered).

3. Employment obligations

The employer must register the employee with the Social Security Establishment, deduct the wage and salary tax from the employee's monthly salary and submit the tax to the tax authorities on a bi-annual basis.

- Governing authority: the Ministry of Labor
- Governing legislature or law: Labor Law No. 17 of 2010, Legislative Decree No. 41 of 2015

Working week

The statutory working week is 48 hours or eight hours per day not including rest hours.

Vacation

1. The employee is entitled to fully paid annual vacation for 14 working days if he or she has spent one full year in service and the period of his or her service does not exceed five years.
2. The period of vacation increases to 21 days if the employee has spent five years in service and the period of his or her service does not exceed 10 years.
3. The period of vacation increases to 30 days if the employee has spent 10 years or more in service or if he or she is over 50 years of age.
4. Feast days, official holidays and occasions, and weekends are not included in the annual vacation days.
5. If the employee's service period is less than one year, he or she will be eligible for vacation on a pro rata basis for the period he or she has spent at work.

The employee is given one rest hour during the day.

The minimum wage is SYP16,175.

4. Payroll requirements

In accordance with the DoF and Labor Law No.17 of 2010, the monthly pay should be specified clearly in the contract and should be paid monthly to the employee. The employee should be entitled to the regular increase of 9% every two years. Additional daily working hours should be compensated as regular working hours plus 25% of the hourly rate. Additional night working hours should be compensated as regular working hours plus 50% of the hourly rate.

5. Banking requirements related to payroll

Payment of the monthly salary to the employee can be made either in cash or through a resettlement salary account in one of the banks operating in Syria.

Foreign exchange control

Foreign exchange is heavily regulated in Syria.

Legislative Decree No. 54 for the year 2013 sets out the regulations for dealing with foreign exchange and the Syrian pound.

Foreign employees working on projects licensed under Investment Law No. 8 of 2007 and banks' foreign board members can repatriate 50% of wages and salaries, and 100% of end-of-service indemnities, after paying wages and salaries tax due on them and obtaining the necessary approval from the Central Bank.

Doing Business in Tanzania – Payroll Operations

1. Government requirements

Registration requirements

Registration for a tax number

When an entity enters Tanzania, it must register with the Tanzania Revenue Authority (TRA) to get a Tax Identification Number (TIN) which will enable the company to pay tax in the country. As long as the entity has registered for a TIN number, no further registration for payroll tax is specifically required. It is the employer's obligation to withhold payroll tax, i.e., Pay As You Earn (PAYE), and submit the same to the TRA on the seventh day following the month of deduction. This requirement is governed by the Income Tax Act (ITA), 2004.

Registration with the Social Security Fund

Tanzania's social security system requires both the employer and the employee to be registered and to have a membership number. The statutory contribution rate is 20% of the gross salary or the basic salary depending on the scheme the employee is registered for. The contribution to the fund is equally split between the employer and the employee, and each party contributes 10%. The payments to the authority are done on a monthly basis together with the filing of the monthly return to the authority.

Workers' Compensation Fund

Since 1 July 2015, employers have been subject to making contributions to the Workers' Compensation Fund (WCF). The contributions are payable on a monthly basis and are calculated as a percentage of employee's monthly earnings – 1% for private sector and 0.5% for public sector.

Contributions are to be made on or before the last working day of the month after the end of the month to which the contribution relates. The employer should complete and submit the fund Form No. WCP-1 to support the remittance contribution.

The employer should also submit the return of employees' annual earnings to the Director of the Workers' Compensation Fund by 31 March each year.

The Workers' Compensation Fund is a fund established under Section 5 of the Workers' Compensation Fund Act No. 20 of 2008.

Ongoing compliance or filing requirements

PAYE withholding obligation

A resident employer is obliged to withhold the PAYE from the employee's salary on a monthly basis and remit the same to the TRA on the seventh of the following month.

The salaries and wages received by the employee are subject to Income Tax at four progressive tax rates ranging from 9% to 30%. The requirements are governed by the ITA, 2004 and the Tax Administration Act (TAA), 2015.

Skills and Development Levy (SDL)

This levy is payable by employers who have four or more employees. The rate is 4.5% (effective 1 July 2016 – previously 5%) on gross emoluments, excluding benefits in kind. SDL payments and returns are made on a monthly basis and are to be made on or before the seventh day after the end of the month to which the payment relates.

Filing bi-annual PAYE and SDL returns

After every six months, the employer is obliged to file the bi-annual return on both PAYE and SDL, i.e., every 30th day of January and July. The requirements are governed by Section 84 of the ITA, 2004.

2. Pension requirements

Registration requirements

Registration with a pension fund

Tanzania does not have a comprehensive social security system. However, the following pension funds are available with these contribution rates:

- ▶ Parastatal Pension Fund (5% employee contribution and 15% employer contribution on basic salary)
- ▶ National Social Security Fund – for employees in the private sector (10% employee contribution and 10% employer contribution on gross emolument)
- ▶ Public Service Pension Fund – for central government and private sector employees (10% employee contribution and 10% employer contribution on basic salary)

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- ▶ Local Authorities Provident Fund – for local government and private sector employees (10% employee contribution and 10% employer contribution on basic salary)

Both the employer and the employee are required to register in one of the funds.

Ongoing compliance requirements

Monthly contribution from the salary

The employer is required to contribute and remit the contribution to the pension fund every month.

3. Employment obligations

Labor Law

The employer should follow the Tanzanian Labor Law for all employment issues, such as:

- ▶ Working hours, rest and vacations
- ▶ Salary frequency and minimum wage
- ▶ Occupational safety and health
- ▶ Vocational training
- ▶ Labor dispute

Such issues are normally governed by the Labor Law in Tanzania.

Labor Contract law

The employer should follow the Labor Contract Law to:

- ▶ Sign labor contracts with employees on time
- ▶ Renew labor contracts with employees on time
- ▶ Terminate labor contracts with employees with severance pay or without severance pay when meeting certain criteria

4. Payroll requirements

The employer should follow the Interim Provisions on the Salary Payment to make payroll arrangements.

The salaries shall be paid on the dates agreed between employers and employees. In case of holidays or non-business days, the salary shall be paid on the previous working day. The remuneration shall be paid, at least, once a month; if the employee is on a weekly, daily or hourly contract, remuneration may be paid every week, day or hour.

5. Banking requirements related to payroll

Payroll payments can be paid by any one mode or a combination of:

- ▶ Cash
- ▶ Check, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (EFT) or bank transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid during each pay period.

Banking of PAYE and SDL

Employers pay PAYE and SDL by first registering in the online TRA system (gateway system) and then the system generates the approval for the company to pay the required amount, by providing the reference number which the employer has to use while making payment.

The payment in local currency can only be made through EFT or bank transfer.





Doing Business in the UAE – Payroll Operations

Residence Permits

In the UAE all foreigners require authorization to enter, work and reside. The most common immigration category is the employment residence permit. The permit must be sponsored by a UAE based entity and will be granted for 1-3 years, depending on the jurisdiction and facts of the case. This multiple-entry permit allows the individual to work for the sponsor and reside in the UAE. If the permit holder fulfils certain criteria, it is also possible to sponsor dependents. Dependents cannot work on their dependent residence permit but should they find their own employment, a non-sponsored labour card can be issued to allow work.

Short term work

To enter for short term work in the mainland jurisdictions, it is possible to apply for a mission work permit. This is a single entry permit that allows work for the UAE based sponsor of the permit for up to 90 days. It is not renewable and therefore following the 90 days of authorization, the individual must leave the UAE and apply afresh for a new mission work permit.

Visit options

There are also company sponsored visit visas available for business travel. This category has numerous sub-categories that differ in length. The eligibility for the different lengths will be determined by the jurisdiction and the eligibility of the entity.

For some nationalities it is possible to travel to the UAE on the basis of their passport and be granted a visa-on-arrival at the border. Certain business activities and tourism can take place on the visa-on-arrival status. For individuals who do not hold these nationalities they must obtain the aforementioned company sponsored visit visa for business purposes or a tourist visa for leisure purposes.

1. Government requirements

Registration requirements

Employment contracts

As part of the immigration process for foreigners, new employees must be given a Ministry of Human Resources and Emiratization (MOHRE) formatted job offer. The aim of the job offer is to ensure that foreign workers are fully aware of their rights, responsibilities and remuneration before coming to the UAE to complete the remainder of the immigration process. The ultimate employment contract has the same conditions as the job offer and the two are linked in the ministry system. The Official Federal Labor Contract is written in both Arabic and English and should state details such as start date, location, type of employment, Duration, salary and Terms and Conditions. This must be printed in three copies; one should be with the employer and the other with the employee. The electronic copy should be with the Labor Ministry. It has no legal effect unless submitted to the Ministry of Labor. There are two types of contracts - Limited and Unlimited.

Limited and Unlimited Contracts

The difference between Limited and Unlimited Contract is that Unlimited or Indefinite Contract is a renewable contract. The period of employment is the validity of the residence visa. You can renew this contract upon expiration.

A Limited Contract on the other hand, only specifies a definite term or period of employment. Renewal of the contract upon expiration is not guaranteed.

Registration of different types of entities

Examples of such entities includes a representative (Rep) office, limited liability company (LLC), public joint stock company (PJSC), etc. Foreign ownership restrictions apply in mainland UAE, therefore, foreign investors are limited to 49% ownership. The full foreign ownership of companies is only allowed in free zones.

Ongoing compliance requirements

The UAE is a personal tax-free country and does not have any compliance or filing requirements except for social security compliance.

2. Pension requirements

Registration requirements

The General Pension and Social Security Authority (GPSSA) handles social security insurance for all the emirates excluding Abu Dhabi. Only UAE nationals, who hold a family book, or Gulf Cooperation Council (GCC) national employees, are entitled to be enrolled in the GPSSA pension scheme. UAE nationals who are not eligible for registration with the GPSSA and expats in the UAE are entitled to receive an end-of service gratuity payment in accordance with the UAE Labor Law. Employers and GCC employees must make monthly contributions to the pension scheme. The contributions are calculated as a percentage of the salary and are mandated by each GCC country.

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Ongoing compliance requirements

Contributions totaling 20% must be submitted to the fund on a monthly basis. These comprise 5% from the employee (insured) and 15% (2.5% borne by the Government) from the employer or entity. The monthly minimum salary subject to social security contributions is AED 1,000 and maximum of AED 50,000 for GPSSA whilst ADRPBF contributions at AED 3,000.00 and AED 60,000.00 respectively. ADRPBF does not manage Social Security Insurance (SSI) and pension on behalf of GCC Nationals and this responsibility still lies with GPSSA.

Pension Payment to the Insured

Payment of pension from GPSSA shall be due on the day following the date of end of service. The retirement age is 60 years. All pension payments will be made directly into the bank account of the employee. The pension will be payable for the duration of the life of the employee. Upon death of the employee, the pension will be immediately stopped and redistributed to beneficiaries according to the law. Where pension contributions are paid late, the GPSSA may impose fines against the employer which are calculated at the daily rate of 0.1% of the contributions payable for each day that the contributions are overdue. Similarly, where an employer has failed to register employees with the GPSSA, the employer can be fined AED 5,000 per employee.

The Abu Dhabi Retirement Pension and Benefits Fund (ADRPBF)

manages the social security contributions for UAE nationals in the emirate of Abu Dhabi. Similar considerations and obligations outlined above apply in Abu Dhabi.

3. Employment obligations

The Abu Dhabi Retirement Pension and Benefits Fund (ADRPBF) manages the social security contributions for UAE nationals in the emirate of Abu Dhabi. Similar considerations and obligations outlined above apply in Abu Dhabi.

Maternity leave

A working woman is entitled to 45 days of maternity leave with full pay, which includes the period before and after the delivery, provided she has served continuously for not less than one year. The maternity leave is granted with half pay for the next 55 days.

Annual leave

For every year of service, an employee is entitled to annual leave of not less than the following:

1. Two days of leave for every month if his or her service is more than six months and less than one year
2. A minimum of 30 days annually, if his or her service exceeds one year

Annual leave is usually calculated on the basis of a calendar month rather than by working days.

Sick leave

The employee must report to the employer any injuries or illnesses preventing him or her from working within a maximum period of two days. After a period of three months of continuous service following the probation period, the employee is entitled to sick leave (continuous or intermittent) wages as follows:

1. Full wage for the first 15 days
2. Half wage for the next 30 days
3. Any following period will be without wage

4. Payroll requirements

Payroll requirements are governed by UAE Labor Law. There is no specific guidance for pay slips, however, in general practice, pay slips are released to employees monthly. Payments are controlled as per Wage Protection System (WPS) for non-free zone companies including Economic Zone World (EZW) - JAFZA International, Techno Park, Gazeley and Dubai Autozone. The employer will have to transfer salary payments via WPS within two weeks of their due date, or on the dates specified in the work contract if such salary or wages are paid more frequently than monthly. It is mandatory to have a local employment contract and a salary transfer in UAE dirham.

Gratuity Pay

Under Limited contract

In the event where the employer terminates a limited contract, calculation will be as follows:

- ▶ If an employee has served for less than 1 year, he is not entitled to any gratuity pay.
- ▶ If an employee has served more than 1 year but less than 5 years, he is entitled to full gratuity pay based on 21 days' salary for each year of work.
- ▶ If an employee has served more than 5 years, he is entitled to full gratuity pay based on 30 days' salary for each year of work.

Under Unlimited Contract

In the event where the employer terminates an unlimited contract, calculation will be as follows:

- ▶ If an employee has served for less than 1 year, he is not entitled to any gratuity pay.
- ▶ If an employee has served more than 1 year but less than 5 years, he is entitled to 21 calendar days' basic salary for each year of the first five years of work.
- ▶ If an employee has served more than 5 years, he is entitled to 30 calendar days' basic salary for each additional year, provided the entire compensation does not exceed two years' pay.

In the event where the employee under an unlimited contract resigns, calculation will be as follows:

- ▶ If an employee resigns before completing 1 year of service, he is not entitled to any gratuity pay.
- ▶ If an employee has served between 1 and 3 years, he is entitled to one third (1/3) of 21 days' basic salary as gratuity pay.
- ▶ If an employee has served between 3 and 5 years, he is entitled to two-thirds (2/3) of 21 days' basic salary as gratuity pay.
- ▶ If an employee has served more than 5 years, he is entitled to full 21 days' basic salary as gratuity pay

5. Banking requirements related to payroll

The Wage Protection System

Effective 1 September 2009, UAE Ministry of Labor introduced a mandatory electronic salary transfer system in UAE called WPS. WPS is compulsory for all employers within UAE registered with the Ministry of Labor. However, Free Zone companies are excluded from WPS except Economic Zone World (EZW).. The employer is required to select and formally engage an agent that has been accredited and licensed by the UAE Central Bank for the purposes of the WPS. The employer issues instructions to its bank for payment of salary (which can also be an accredited WPS agent).

- ▶ The bank sends the payroll details for the employer to the WPS agent engaged by the employer.
- ▶ The WPS agent forwards the details to the WPS electronically, which are then transmitted by the system to the Ministry.
- ▶ The Ministry confirms to the WPS that the salary file corresponds with the details that are registered with it.

On the basis of this, the WPS sends the salary file containing the employee payroll details to the WPS agent with an authorization for payment.

- ▶ The WPS agent makes the payment of the salaries to the employees. Salaries must be paid in the local currency (UAE dirham).
- ▶ The Ministry of Human Resources and Emiratization has launched a new decree (Ministerial Decree No. 739 of 2016 Concerning the Protection of Wages) whereby, all establishments registered in the Ministry shall pay the wages of its employees on the due date through the WPS. This is to ensure that employees' wages have been fully paid within a period not exceeding 10 days from the registered due date in the WPS (wage protection system).
- ▶ Where wages are not paid within a month of the due date then the employer may be refused further work permits for up to three months after the date the employer is in compliance with the WPS depending on the number of previous violations. Where these sanctions are ineffective against the employer, the Ministry of Labour, at its discretion, may prohibit any other companies under common ownership with the errant employer from receiving further work permits until court proceedings to consider further sanctions have been concluded or until the violation is rectified.

Doing Business in Uganda – Payroll Operations

1. Government requirements

Registration requirements

The following registrations must be undertaken by employers:

- ▶ Pay As You Earn (PAYE): To be registered with the Uganda Revenue Authority
- ▶ Tax Identification Number (TIN): No registration fee
- ▶ National Social Security Fund (NSSF) number: No registration fee
- ▶ Local Service Tax (LST) number: No registration fee

Ongoing compliance requirements

PAYE returns

In accordance with the Income Tax Act, PAYE returns should be filed before the 15th day of each month. The PAYE rates schedule is provided overleaf.

NSSF returns

In accordance with the NSSF Act, monthly NSSF returns should be filed before the 15th day of each month. Employers must deduct 5% from the gross monthly salary and contribute an additional 10%, therefore these contributions constitute 15% of the employee's gross salary.

LST returns

According to the Local Government Act, annual Local Service Tax returns should be filed with the Local Government within the first four quarters of each fiscal year. The LST rates schedule is provided overleaf.

2. Pension requirements

Leave and days of rest

Leave days and rest days are regulated by labor laws. In addition, an employee is entitled to two days of leave each month.

3. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e., EFT or bank transfer)

If paying wages by cash, the employer and the employee should sign a record to confirm the amount of money that has been paid each pay period.

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Uganda PAYE rates	
Up to UGX2,820,000 (235,000 per month)	Nil
Between UGX2,820,000 (235,000 per month) and UGX4,020,000 (335,000 per month)	10% of the amount by which chargeable income exceeds UGX2,820,00 (235,000 per month)
Between UGX4,020,000 (335,000 per month) and UGX4,920,000 (410,000 per month)	UGX120,000 (10,000 per month) plus 20% of the amount by which chargeable income exceeds UGX4,020,000 (335,000 per month)
Greater than UGX4,920,000 (410,000 per month)	1. UGX300,000 (25,000 per month) plus 30% of the amount by which chargeable income exceeds UGX4,920,000 (410,000 per month)
	2. Where the chargeable income of an individual exceeds UGX120 million (10 million per month), an additional 10% charged on the amount by which chargeable income exceeds UGX120 million (10 million per month)

Uganda LST rates	
Amount of monthly income earned (in UGX)	Amount of local service tax (in UGX) per year
Below 100,000	no LST
From 100,000 to 200,000	5,000
From 200,000 to 300,000	10,000
From 300,000 to 400,000	20,000
From 400,000 to 500,000	30,000
From 500,000 to 600,000	40,000
From 600,000 to 700,000	60,000
From 700,000 to 800,000	70,000
From 800,000 to 900,000	80,000
From 900,000 to 1,000,000	90,000
One million and above	100,000





Doing Business in Ukraine – Payroll Operations

1. Government requirements

Registration requirements

State registration

In order to enter the Ukrainian market, the client should register its business presence in Ukraine. If the client contemplates hiring employees in Ukraine, it may register a separate legal entity in Ukraine or register a representative office or a branch. The legal entity, representative office or branch will thus be considered as an employer. Depending on the type of business presence, the registration procedures (including for payroll and social security purposes) varies.

Legal entity registration

In order to register the legal entity, the client should file with the Ukrainian state registrar a registration application for state registration of the incorporation of a legal entity. The tax registration of the legal entity (including for general tax payroll and social security purposes) is performed automatically through the Ukrainian state registrar, as based on the registration application filed by the client, it transfers all the required data to the tax authorities, which registers the legal entity for tax purposes. This procedure is established in the Law of Ukraine "On State Registration of Legal Entities, Private Entrepreneurs, and Public Formations" No. 755-IV dated 15 May 2003 (the "Law on State Registration"), the Order on Registration of Taxpayers approved by the Order of the Ministry of Finance of Ukraine No. 1588 dated 9 December 2011 (the "Order on Registration of Taxpayers"), and the Order on Registration of Payers of Unified Contribution on Mandatory State Social Insurance approved by the Order of the Ministry of Finance of Ukraine No. 1162 dated 24 November 2014 (the "Order on Registration of Unified Social Contribution Payers").

No registration fee is applied for the state registration or tax registration of the legal entity.

Registration with the Ministry of Economic Development and Trade of Ukraine (the Ministry)

In order to register the representative office or the branch in Ukraine, the client should first undergo the registration procedure with the Ministry. To apply for the registration with the Ministry, the client should file the registration application, supported by certain documents. Requirements for the registration application and the list of supporting documents needed, as well as details of the registration procedure, are defined in "Instructions on Registration of Representative Offices of Foreign Business Entities in Ukraine" approved by the Order of the Ministry of Foreign Economic Affairs and Trade of Ukraine No. 30 dated 18 January 1996. The statutory duty for such registration is US\$2,500.

Registration with the Ukrainian statistics authorities:

After the representative office (branch) is registered with the Ministry, the client should register the representative office (branch) with the Ukrainian statistics authorities, which will add information about it into the Unified State Register of Companies and Organizations of Ukraine. The registration with the Ukrainian statistics authorities is governed by the Resolution of the Cabinet of Ministers of Ukraine "On Establishment of the Unified State Register of Companies and Organizations of Ukraine" No. 118 dated 22 January 1996. The registration fee is immaterial and does not exceed UAH100 (US\$4). The statistics authorities assign to the representative office (branch) an identification code, which also serves as a tax registration number of the representative office (branch).

Registration with the Ukrainian tax authorities for general tax and payroll purposes

After the representative office (branch) is registered with the Ukrainian statistics authorities, it may be registered with the Ukrainian tax authorities for general tax purposes (applicable to the branch only) and payroll purposes. According to the Order on Registration of Taxpayers, in order to be registered for general tax and payroll purposes, the representative office (branch) should file a registration application with the local tax authorities using form 1-OPP (or form 1-RPP for the branch). No registration fee applies for this.

Registration with the Ukrainian tax authorities for social security purposes

According to the Order on Registration of Unified Social Contribution Payers, in order to be registered for social security purposes, the representative office (branch) should file a registration application with the local tax authorities using form 1-ESV. No registration fee applies for this.

New employees

The employer is obliged to inform the State Fiscal Service of Ukraine about new employees at least one day prior to their first day of employment by submitting a notification form. The notification can be submitted electronically or in hardcopy (Resolution of the Cabinet of Ministers of Ukraine No. 413 of 17 June 2015).

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Ongoing compliance requirements

Personal income Tax (PIT) withholding obligation

The Ukrainian employer should act as a tax agent in respect to the income (both in cash and in kind) paid (or provided) to its employees through the Ukrainian payroll, and is obliged to withhold and remit PIT to the state budget of Ukraine at the source of payment. PIT arising from the income paid to employees via bank transfer should be remitted to the state budget of Ukraine on the same day that the income is paid. PIT arising from income in the form of benefits in kind and cash payments made through the employer's cash register should be remitted to the state budget of Ukraine within three days after the income is paid (or provided).

The employment income is taxed at a 18% personal income tax rate (Tax Code of Ukraine No. 2775-VI effective 1 January 2011, as amended).

Military levy withholding obligation

Any income, which is subject to personal income tax, is also subject to the military levy at a 1.5% rate (Tax Code of Ukraine No. 2775-VI effective 1 January 2011, as amended).

Payroll reporting obligation

The Ukrainian employer shall submit quarterly reports (using the 1DF form) with the State Fiscal Service of Ukraine, disclosing information on the compensation paid to its employees and taxes withheld from such income. Quarterly reports should be filed within 40 days of the end of the respective quarter.

2. Pension requirements

Registration requirements

Pension contributions

Pension contributions are included in the social security contributions (the Unified Social Tax). There is no need for the company to separately register for pension contributions. As mentioned above, the registration of the legal entity for social security purposes is performed automatically through the Ukrainian state registrar, while registering the new legal entity in Ukraine.

The representative office (branch) should file a registration application with the State Fiscal Service (using form 1-ESV) to register for social security (including pension) contributions.

Ongoing compliance requirements

Social security contributions (the Unified Social Tax (UST))

Social security contributions in Ukraine are due in the form of the Unified Social Tax (the UST). The UST is a single payment, which includes pension, unemployment, temporary disability and accidents at workplace insurance contributions. The employer accrues the UST on top of the employees' compensation paid through the Ukrainian payroll at 22% rate. The maximum monthly base for the UST accruals is 15 monthly minimum wages (currently UAH 62,595, equivalent to USD 2,235). The UST contributions are processed by the State Fiscal Service of Ukraine.

Special UST accrual rates (8.41%, 5.3% and 5.5%) apply to income of disabled individuals. Details are provided in the Law of Ukraine "On collection and accounting of a unified tax for mandatory state social insurance", No. 2464-VI of 08.07.2010.

3. Employment obligations

Minimum wages

The minimum monthly wage is currently established at the level of UAH 4,173 (USD 150) - the amount is established since 1 January for each year and usually remains unchangeable during the year. It is forbidden to pay the full-time employees less than the minimum monthly salary (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended; The Law of Ukraine "On payment for labor" No. 108/95-BP of 24 March 1995).

Working hours

The standard duration of working hours shall not exceed 40 hours per week. The regular working hours must not exceed seven hours per working day in a six-day work-week and eight hours per working day in a five-day work-week. The normal duration of working hours per month

is established each year by the letter of the Ministry of Social Policy of Ukraine, considering all the statutory holidays and non-working days. Work beyond normal working hours is compensated at the following rates:

- ▶ Overtime work: double the regular pay rate
- ▶ Work on weekends and holidays: double the regular pay rate (or another day-off)
- ▶ Work at night (work from 10 p.m. until 6 a.m.): 1.2 times the regular pay rate (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended)

Rest periods

The duration of weekly uninterrupted rest shall be not less than 42 hours. There are 11 statutory holidays in Ukraine. If a holiday falls on the weekend, the day off is shifted to the following working day. The duration of a working day prior to a statutory holiday is shortened by one hour.

The employee is entitled to a break of up to two hours per shift (working day). The time and end time of the break should be established in the internal policies of the company. Normally, a break for lunch shall be granted to employees after four hours of work (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended).

Leave days

The employee is entitled to an annual vacation of 24 calendar days per year. The employee receives the right to take an annual vacation after six months of continuous employment at a company. The employee is also entitled to have 15 calendar days of unpaid vacation. Moreover, additional types of vacation could be taken by employees if certain criteria are met, e.g., an employee who is a single parent with two children under the age of 15. Pregnant employees are provided with paid maternity leave for 126 calendar days (70 days before going into labor and 56 after). Employees can also take unpaid childcare vacation until a child turns three years old (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended; The Law of Ukraine "On vacations" No. 504/96-BP of 15 November 1996).

Governing authority

Employment matters are governed by the Ministry of Social Policy of Ukraine.

4. Payroll requirements

Payslips

The employer is obliged to inform employees about their earnings. Payslips can be provided either in electronic or hardcopy form (The Law of Ukraine "On payment for labor" No. 108/95-BP of 24 March 1995).

Payment frequency

The employee's salary should be paid twice a month, not exceeding 16 days between payments, and not later than seven days after the end of the period for which the salary payment is made.

An advance payment should not be less than the remuneration for the actual time worked during the reporting period (i.e., the first part of the month). If the salary payment day falls on a weekend day, a holiday or a day off, the salary shall be paid on the working day before. Apart from the two regular salary payments mentioned above, there are certain types of unscheduled payments, such as vacation allowance, that should be paid three days prior to the start of vacation, and final settlement with a terminated employee that should be executed on his or her last working day (Labor Code of Ukraine No. 322-VIII of 10 December 1971, as amended; The Law of Ukraine "On payment for labor" No. 108/95-BP of 24 March 1995).

5. Banking requirements related to payroll

All the employee's salary and related payments should be made in local currency (UAH). It is impossible for Ukrainian companies to pay salary in foreign currency.

Payment control process

Banks act as a control authority while processing the salary payments, ensuring that the taxes (PIT, military levy, the UST) on the employee's respective compensation are paid to the budget of Ukraine.



Doing Business in the United Kingdom – Payroll Operations

1. Government requirements

Registration requirements

Registration for PAYE

A new employer in the UK is required to register a PAYE scheme with Her Majesty's Revenue and Customs (HMRC) in the PAYE month that the first pay date falls in. This registration can be done online as long as the company has UK directors or partners who hold National Insurance numbers. The appropriate PAYE scheme and Accounts Office reference numbers are issued by HMRC within 10 working days of the application. It is possible to run the payroll calculations without the reference numbers being in place but in this case, no liabilities should be paid over to HMRC and no electronic filing can be done until they are received. If the company has no UK directors or partners, it is possible to register by telephone directly with HMRC.

Ongoing compliance or filing requirements

Real-time information

An employer is required to make electronic filings (Full Payment Submission) on or before the pay date in each pay period.

An employer is also required to file an Employer Payment Summary by the 19th of the following PAYE month to advise HMRC of any recoverable statutory payments or to advise them that there are no employees on the PAYE scheme if appropriate.

These filings are mandatory and automatic penalties arise for late submission. The company must be registered for online filing with HMRC to undertake this unless they have a third party operating the payroll on their behalf who can make these submissions.

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Remittances

An employer is required to settle all liabilities due by the 22nd of the month following the PAYE month end (or the last working day before if this falls on a weekend or public holiday) if they are transferring the funds. If they make payment by check, this must be with HMRC by the 19th of the month following the PAYE month end (or the last working day if this falls on a weekend or public holiday). If the employer can be classed as a small employer (with total liabilities of under £1,500 per month on average), then it is possible to settle liabilities on a quarterly basis, again by the due dates for monthly payments. Late payments after the due date will incur automatic interest charges on a daily basis.

2. Pension requirements

Registrations requirements related to pension

Under the Pensions Act 2008, employers must put certain staff into a pension scheme and contribute toward it. The dates (staging dates) that the employer is obliged to operate auto enrolment vary, as do contribution amounts.

Ongoing compliance requirements related to pension

An employer is required to comply with the ongoing requirements which will vary depending on staging dates and pension schemes.

3. Employment obligations

The Employment Law is not payroll-related. The employer must comply with certain employment laws on National Minimum Wage requirements, but specialist employment law advice should be obtained on this area. Certain statutory obligations are in place around payment due when an employee is on maternity leave, paternity leave, sick leave, adoption leave or shared parental leave. These areas are complex and will depend on the employees' circumstances.

4. Payroll requirements

Payslips

An employer is required to provide a payslip on or before the payment date showing the gross pay and deductions to each employee.

P45

An employer is required to provide a leaver's statement form P45, to employees who have left during the tax year.

P60

At the end of the tax year, an employer must provide, by 31 May, an end of year statement, form P60, to each employee who was in employment with them at 5 April.

5. Banking requirements related to payroll

Payroll net payments can be made by any method and from either a UK or overseas bank account.

Liabilities to HMRC can be made from a UK or an overseas bank account. If payments are made from an overseas bank account, the charges should be accepted by the remitting bank so that the payments received by HMRC are not reduced by charges or exchange rate differences. Any differences will result in interest charges being levied on underpayments.



Doing Business in Zambia – Payroll Operations

1. Government requirements

Registration requirements

Registration for Pay As You Earn (PAYE)

When an employer enters Zambia and employs people, the employer must register with the Zambia Revenue Authority (ZRA) for PAYE withholding within 30 days. If the employer has already obtained a Taxpayer Identification Number (TPIN), it can register for PAYE withholding by amending the registration online. If the business does not have a TPIN and requires one, application for TPIN and PAYE withholding can be carried out at the same time.

Workers' Compensation Fund

The Workers' Compensation Fund is a fund that was established by the Government to ensure that businesses are covered for the cost that might follow a workplace-related injury or disease. These costs can include weekly and lump-sum payments, medical, hospital and rehabilitation expenses, and return-to-work costs. Businesses must contribute to the Workers' Compensation Fund if they employ people. The contribution to the fund is made once every year. This is an employer contribution and is based on assessment.

Ongoing compliance requirements

Monthly individual PAYE withholding obligation

The employer is obliged to withhold the PAYE from the employee's payroll on a monthly basis and settle the PAYE on behalf of the employee. The employer should file the employer's return to the ZRA and settle the PAYE payable before the 12th of the following month.

The salaries and wages received by the employee are subject to PAYE at four grades of progressive tax rates ranging from 0% to 37.5%. The requirements are governed by the Income Tax Act and the PAYE regulation.

Social security monthly contribution

Governing law: the National Pension Scheme Authority (NPSA) Act – Administrative

1. The National Pension Scheme is contributory, meaning that employees covered by the scheme are supposed to make monthly contributions through their employers in order to garner rights that entitle them to benefits provided by the scheme.
2. Presently, the monthly contribution rate is pegged at 10% of an employee's gross monthly earnings, subject to the prevailing contribution ceiling in the calendar year in which the employee earns the income. The contribution ceiling is revised annually and the revision takes effect from January of each year.
3. The following constitute gross earnings for NPSA purposes:
 - Basic salary
 - Leave pay
 - Commuted leave days
 - Overtime
 - Bonus
 - All allowances (house, transport, uniform, etc.)

The employer should file the employer's return to the NPSA and settle the social security or pension payable before the 10th of the following month.

2. Pension requirements

Registration requirements

National Pension Scheme Authority (NPSA)

Membership of the scheme is compulsory for all employed persons. This, however, means that membership of the scheme covers all categories of employment for as long as a contract of service between the employer and the employee exists. It should further be clarified that a contract of service can be written or verbal. Therefore, every individual, association, institution or firm with a written or verbal employer or employee contract of service is required to register with the NPSA. The NPSA registration is required as long as there exists an employer/employee relationship (except an employee is referred to as a member).

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Ongoing compliance requirements

NPSA contribution

NPSA is a mandatory pension scheme for all employees. All employers in Zambia are required to contribute a certain minimum amount toward pension support for their workers. The pension contributions made by employers on behalf of employees are generally tax deductible, except for any penalties imposed due to employers not contributing or for delays in contributing. The NPSA contribution rate is 10% of an employee's salary per month. This is shared between the employee and employer, where the employer pays half of the total contribution and the employee the other half. The pension contribution must be remitted every month.

3. Employment obligations

Employment contracts

In accordance with the Employment Act and the Minimum Wages and Conditions of Services Act, the employer and employee should have signed an employment agreement listing the conditions of the employment including, but not limited to, wages (rate of wages, frequency, etc.), wage period, notice period for termination of employment and the details of end-of-year payment, if eligible.

Minimum wage

Under the Act, employees' average wages in a wage period must not be less than statutory minimum wages, i.e., ZMW13 per hour, regardless of whether or not employees are employed under continuous contract.

Leave entitlement

An employer shall grant leave of absence on full pay to an employee at the rate of two days per month, subject to, and in accordance with, the following conditions:

1. Except on termination of the employee's service, an employee shall be entitled to leave only on the completion of six months' continuous service with that employer.

2. Paid public holidays and Sundays shall not be included when computing such periods of leave.
3. The employer shall have the right to give reasonable consideration to the circumstances and interests of the business in agreeing to the dates when such leave may be taken.

4. Payroll requirements

When an employee is paid depends on the industry they are in. Employees must be paid at least monthly. An agreement or employment contract will set out when employees must be paid.

All employees must be provided with payslips within one working day of the payday. Payslips can be provided either in electronic or hardcopy form. Both must contain the same information.

Payslips

All salary and wage income is taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is due to the employee.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- Cash
- Check, money order or postal order, payable to the employee
- Electronic funds transfer (EFT) or bank transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid during each pay period.



Foreign currencies

The following list sets forth the names and codes for the currencies of jurisdictions discussed in this book.

Jurisdiction	Currency	Code
Armenia	Dram	AMD
Austria	Euro	EUR
Azerbaijan	Manat	AZN
Bahrain	Dinar	BHD
Belarus	Ruble	BYR
Chad	CFA Franc BEAC	XAF
Congo-Brazzaville	Franc	CDF
Cyprus	Euro	EUR
Czech Republic	Koruna	CZK
Denmark	Krone	DKK
Egypt	Pound	EGP
Estonia	Euro	EUR
Equatorial Guinea	Guinea Franc	GNF
Finland	Euro	EUR
France	Euro	EUR
Gabon	CFA Franc BEAC	XAF
Georgia	Lari	GEL
Germany	Euro	EUR
Ghana	Cedi	GHS
India	Rupee	INR
Iran	Rial	IRR
Iraq	Dinar	IQD
Ireland	Euro	EUR
Italy	Euro	EUR
Jordan	Dinar	JOD
Kazakhstan	Tenge	KZT
Kenya	Shilling	KES
Kuwait	Dinar	KWD
Latvia	Euro	EUR
Lebanon	Pound	LBP
Lesotho	Loti	LSL
Libya	Dinar	LYD
Lithuania	Euro	EUR

Jurisdiction	Currency	Code
Luxembourg	Euro	EUR
Madagascar	Ariary	MGA
Malawi	Kwacha	MWK
Malta	Euro	EUR
Morocco	Dirham	MAD
Mozambique	Metical	MZN
Namibia	Dollar	NAD
Netherlands	Euro	EUR
Nigeria	Naira	NGN
Norway	Krone	NOK
Oman	Rial	OMR
Pakistan	Rupee	PKR
Palestine	None	-
Poland	Zloty	PLN
Portugal	Euro	EUR
Qatar	Rial	QAR
Romania	Leu	RON
Russia	Ruble	RUB
Rwanda	Franc	RWF
Saudi Arabia	Riyal	SAR
Slovakia	Euro	EUR
Slovenia	Euro	EUR
South Africa	Rand	ZAR
Switzerland	Franc	CHF
Syrian Arab Republic	Pound	SYR
Tanzania	Shilling	TZS
United Arab Emirates	Dirham	AED
Uganda	Shilling	UGX
Ukraine	Hryvnia	UAH
United Kingdom	Pound	GBP
Zambia	Kwacha	ZMW

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