Global snapshot

Hot employment law topics for 2026:

Midyear update

Labour & Employment

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We know that for many of our clients and contacts with a multijurisdictional mandate, horizon-scanning and trend spotting is critical to allow for forward planning and to avoid surprises.

With this in mind, at the start of this year, we asked the partners across our global Labour & Employment Practice to identify the key employment law topics for 2026 in their respective jurisdictions. Six months on, we thought it would be useful to provide a "midyear update", as we are aware that, in certain jurisdictions, there have been further legislative developments, which mean there are new issues for businesses to be aware of. We also wanted to share some of the global employment law trends and themes we have been discussing in our recent conversations with in-house employment counsel and HR professionals in global businesses.

Key trends and themes: 2026 midyear update

"Change"

As can be seen from the "at a glance" table on pages 3 and 4, a key theme for 2026 continues to be "change", with many of the jurisdictions covered in this guide introducing local legislation on a variety of different issues this year. Although there appears to be a real "mixed bag" of new legislation, it is notable that many of the legislative changes will mean improved rights for workers and greater obligations for employers, with the potential downside risks of legal liability for the employer, financial cost and potential reputational damage for getting it wrong. This continues the trend of recent years, but will no doubt continue to present challenges for employers due to the additional cost and time required, in already tricky economic conditions for many.

New pay transparency obligations

Pay equity and pay transparency continue to be global hot topics in 2026. In the US, approximately 25 US states or local jurisdictions have now enacted pay transparency laws, and all eyes have been on Europe in recent months as they approached the 7 June deadline for implementing the Pay Transparency Directive. In the end, only a very small number of countries achieved this. The lack of local implementing legislation has made things more difficult for employers but, as we have highlighted before, this should not act as a barrier to employers taking action. As the minimum requirements in the Directive are clear, employers should be using these as the framework for their preparations, especially as many member states have already indicated that they will not go beyond the minimum requirements of the Directive and/or will preserve any legislation relating to pay transparency and reporting already in place. For further information, please visit our Pay Transparency Directive and Pay Equity Resource Hub.

Increasing use of AI by employees when raising complaints

From speaking to clients, no matter where in the world they are based, we know that many of them are witnessing the increased use of AI by employees to draft grievances/complaints/claims. The "telltale" signs are all there. While AI can be a helpful tool, allowing employees to frame their concerns more clearly, it seems that in practice, it is often leading to lengthier, more complex – but not necessarily more accurate – complaints, and often a more rigid outlook from employees when it comes to attempts to resolve matters, because they have been told by [*Insert name of relevant Gen-AI tool*] that they are legally entitled to so much more. We are also seeing an increase in claims in multiple jurisdictions, especially arising from long-term sickness dismissals, bullying/harassment and whistleblowing.

Global compliance challenges

Regulatory compliance is becoming more complex. It has always been difficult to implement a unified set of policies/practices across the globe, but the fragmented and complex employment law position in different jurisdictions is making this even more challenging. At the same time, employees are increasingly comparing themselves to their counterparts in different parts of the world and, in some cases, pointing to their pay, benefits, etc. to try and improve their own employment position. Social media appears to be accelerating this trend, as it grants workers easy and immediate access to more information about rights and protections elsewhere. With pay transparency, for example, the new legislation in the US and Europe requires many employers to be more transparent about pay. Greater transparency in pay practices in these jurisdictions is raising the profile of this issue in other countries and leading to demands for similar information. Global businesses are having to decide how "global" they want to be.

The importance of workplace culture

Businesses are also continuing to navigate the challenges (and opportunities) that arise from having multiple generations of workers in the same workplace. There are often clear differences between generations in terms of their attitudes, expectations and behaviours. Among younger workers, we are continuing to see heightened expectations around working hours (in particular work-life balance and hybrid working), dignity at work, transparency and authenticity, as well as a greater willingness to challenge any decisions they are not happy with (possibly using AI tools to support them – a number of these themes are interlinked!). It can sometimes be hard for their millennial/Gen X managers to adjust to this, especially as their expectations of the working world may be different. Businesses will do best if they define a few nonnegotiables, e.g. a culture of mutual respect, professionalism and open dialogue.

Global Edge is our award-winning subscription-based product that gives instant access to the latest global employment law developments in 39 countries, direct to a mobile device or desktop. It is an invaluable tool for in-house counsel and HR professionals in global organisations, providing up to date, clear guidance on 29 key employment law topics and upcoming legislation. If you need more comprehensive information and support, please visit our Global Edge page or contact us.

Our Employment Law Worldview blog aims to interest and educate, to stimulate discussion, to provoke and sometimes just to amuse. Through contributions from our own labour and employment lawyers, along with occasional guest writers, it provides a unique global insight into practical and legal HR issues relevant to employers everywhere.

At a glance: Hot employment law topics for 2026 (midyear update)

The headlines are highlighted below. More detail can be found in the fuller commentaries specific to each jurisdiction – simply click on the relevant flag for more information.

 **Australia**	 **Belgium**	 **Brazil**
• Significant court decision impacting the use of setoff clauses for award-covered employees • Potential changes in relation to noncompete clauses • Changes to health and safety legislation in New South Wales, to manage risks arising from AI • Introduction of "payday" superannuation obligations	• Delayed implementation of the EU Pay Transparency Directive • Important employment reforms • Legislative measures to reduce long-term absences	• Various legislative changes that relate to worker rights • Key rulings from the Brazilian Supreme Court, including on the employment status of platform workers • New focus on mental health by labour authorities
 **China**	 **France**	 **Germany**
• Introduction of the draft Healthcare Security Law • Trade union law reforms • Draft legislation on protecting "over-age workers"	• Delayed implementation of the EU Pay Transparency Directive • Changes to business immigration rules concerning the EU Blue Card • Various legislative changes, many of which relate to worker rights	• Delayed implementation of the EU Pay Transparency Directive • Planned reform of the Working Time Act
 **Hong Kong**	 **Italy**	 **Netherlands**
• Change to the definition of "continuous contract" • Increase in number of statutory holidays	• Implementation of the EU Pay Transparency Directive • New legislation governing fair wages, employment incentives and digital labour abuses • 2026 Budget Law	• Delayed implementation of the EU Pay Transparency Directive • Various important legislative changes

Poland

- Partial implementation of the EU Pay Transparency Directive
- New reclassification rules for contractors
- New rules around the prevention of "mobbing"
- New rules on how to calculate length of service

Republic of Ireland

- Delayed implementation of the EU Pay Transparency Directive
- Trend of "quiet redundancies"
- Increase in claims of discrimination, whistleblowing, bullying/harassment
- Increased scrutiny on use of post-termination restrictions

Saudi Arabia

- Three-year Saudisation plan
- Saudi Personal Data Protection Law – update
- New Unified Employment Contract
- AI-driven labour compliance and enforcement: increasing use of AI-enabled digital platforms

Singapore

- First antidiscrimination legislation passed
- Tripartite advisory on providing accommodations for persons with disabilities
- Tripartite guidelines on the use of restrictive covenants
- Further enhancement of shared parental leave

Slovak Republic

- Implementation of the EU Pay Transparency Directive
- Dependent work: New definition
- Prevention and suppression of illegal employment

Spain

- Delayed implementation of the EU Pay Transparency Directive
- Various potential legislative changes, many of which relate to worker rights

United Arab Emirates (UAE)

- Minimum wage for Emiratis in private sector
- Updates to the Wage Protection System
- Emiratisation rules
- UAE Data Protection Law – update
- AI-driven employment and immigration enforcement

UK

- The new Employment Rights Act 2025
- Workplace investigations
- Continuing focus on the use of AI in the workplace

US

- Various US Supreme Court decisions
- New pay transparency laws
- Restructurings/Layoffs
- Paid sick and family leave developments
- Developments in AI laws in various states
- Increased immigration workplace enforcement, visa scrutiny and travel restrictions

Hot topics for 2026

Australia

- **Annualised salaries and setoff** – On 5 September 2025, the Federal Court of Australia handed down a decision against two leading supermarket retailers, which held that payments made to an employee in one pay period that exceed an employer's minimum payment obligations could not be used to discharge minimum payment obligations in another pay period (i.e. setoffs could only occur within the same pay period). This means that an employee must be paid their minimum entitlements under an applicable industrial instrument in full in each pay period, and any shortfall in a pay period must be topped up by the employer, even if the employee's annual salary is sufficient to cover their entitlements at law over the course of a year. The court also clarified what will be considered a genuine agreement in which an employee agrees to vary an award entitlement (e.g. agreeing to monthly pay where the employee is entitled to fortnightly pay under the relevant award), and what is required of an employer to adequately discharge its record-keeping obligations under the Fair Work Regulations 2009 (Cth). Employers should seek advice on how to practically manage the impacts of this decision. The decision is expected to be appealed, but as at the date of this publication, and noting that orders are still being finalised in the first instance decision, the timeframe for the appeal remains uncertain.
- **Noncompete clauses** – As part of its 2025/2026 federal budget, the recently elected federal government announced plans to "ban" noncompete clauses for "most" workers in Australia. This commitment came in light of concerns that noncompete and related clauses were potentially hampering job mobility, innovation and wage growth in industries where they are prevalent. The federal government has indicated its plans to ban noncompete clauses for those workers earning under the high-income threshold (currently AU$183,100 but adjusted annually on 1 July each year). The federal government has now completed consultation on the proposal, and any new legislative changes are anticipated to come into effect from 2027.
- **Changes to NSW WHS legislation to manage risks from AI** – In an Australian first, the New South Wales state government has introduced amendments to the Work Health and Safety Act 2011 (NSW) to impose an express obligation on persons conducting business or undertaking (PCBUs) to ensure, so far as is reasonably practicable, that the health and safety of workers is not put at risk from the use of digital work systems and the allocation of work by a digital work system. Relevantly, "digital work systems" is broadly defined to include an algorithm, AI, automation or online platform. The amendments also:
  - Allow permit holders (usually a union representative) to access a PCBU's digital systems if the permit holder suspects that the PCBU is breaching the WHS legislation
  - Place a positive obligation on PCBUs to consider whether the allocation of work by or using a digital work system creates or results in any of the following risks: (i) excessive or unreasonable workloads for workers; (ii) the use of excessive or unreasonable metrics to assess and track performance; (iii) excessive or unreasonable monitoring or surveillance of workers at work; and (iv) unlawful discriminatory practices or decision making
- **Payday superannuation changes** – The federal government has recently introduced significant changes to Australia's superannuation (i.e. pension) regime. Under the new regime, which takes effect from 1 July 2026, employers will be required to make superannuation guarantee contributions at the same time they pay (or at the latest within seven days from payment of) salary and wages to employees (rather than on a quarterly basis). The quarterly maximum contribution base (MCB), has also been scrapped in favour of an annual MCB, meaning that for high income earners, superannuation contributions will be front-loaded in the first part of the financial year. If an employer operates a total fixed remuneration approach, this could impact an employee's take home pay, which may fluctuate across the year. While the superannuation guarantee rate will remain at 12%, contributions will be calculated by reference to an employee's "qualifying earnings", which include ordinary time earnings and certain other payments. Superannuation guarantee contributions must be received by the employee's nominated superannuation fund within seven days of each payday. If contributions are not received within this timeframe, a superannuation guarantee charge will apply. Penalties will apply for late payment of superannuation contributions. Employers should have plans in place internally, and with any payroll providers and clearing houses, to ensure that they are prepared to transition to the new regime and comply with their obligations under the new law. Further, employers should consider the impact of the new law on the drafting of salary and superannuation provisions in employment contracts and incentive scheme documents.

Belgium

- **Delayed implementation of the EU Pay Transparency Directive** – Even though the deadline for implementation of the Directive has passed, the Belgian legislator has still not published a first draft of the implementing legislation. The Belgian vice president recently indicated that Belgium is not yet ready to implement the Directive due to stalled negotiations between employers and trade unions.
- **Important employment reforms** – A new Belgian federal government was formed in January 2025, and some important changes have been announced on the employment law front:
  - The principle of automatic indexation of wages, by which wages rise with the cost of living, will be retained for the time being, but the social partners have been asked to prepare an opinion on the issue by the end of 2026. Meanwhile, both in 2026 and 2028, only wages up to €4,000 will be indexed (the salary above €4,000 will not be increased). Companies will have to transfer half the benefit they derive from this measure to the state. This €4,000 ceiling will only apply to the first 2% of the index in a year. It will affect employees with a gross salary above €4,000, which is about 40% of Belgian employees. This measure is expected to take effect in June or July 2026.
  - The new government also aims to make labour law more flexible. The ban on night work will be scrapped completely as of 1 July 2026. Night work, which is already allowed in many sectors under certain conditions, should only start at midnight instead of 8 p.m. Furthermore, holidays would become transferable to subsequent years, and overtime, limited to 360 hours per year, would be exempt from tax and social security.
  - The coalition agreement also talks about far-reaching pension reforms. The reforms aim to keep the pension system affordable in the long-term. Phased retirement and respect for acquired rights are central. Measures already announced include the following: anyone who takes early retirement but cannot demonstrate a sufficiently long working history will receive a lower pension. Specifically, a person must have worked for at least 35 years, with a minimum of 156 days worked per year. Over the course of their entire working life, they must have worked at least 7,020 days. On the other hand, there is a pension bonus for anyone who continues to work beyond the statutory retirement age and meets similar conditions – they will receive a higher pension.
  - A new "trial" period has been introduced: during the first six months of service, the notice (or corresponding severance) amounts to one week. This reduction is automatic – employers do not need to include it in their contracts.
- **Legislative measures to reduce long-term absences** – As the number of employees on long-term absence continues to rise, more measures are being introduced to force employers to address the situation at a company level. Conversely, we are seeing (the start of) a trend where former employees claim damages from their employer for not having taken sufficient measures to prevent their long-term illness. Employers should therefore review their numbers and the steps they currently take to prevent burnout type situations, as well as considering whether they might need to do more to satisfy their duties with respect to health and safety. An update of the employee handbook is required to include regular check-ins with absent employees. For more information, please see our blog Belgium's action plan to combat long-term absence requires employers to take action too.

Brazil

- **Various legislative changes that relate to worker rights** – Under current Brazilian legislation, employees may work up to six days per week with one mandatory rest day, and the Constitution limits the working week to eight hours per day and 44 hours per week. On 27 May 2026, the Chamber of Deputies approved a Proposed Constitutional Amendment (PEC) abolishing the 6×1 work schedule. The approved text provides for: (i) a mandatory minimum of two weekly rest days, taking effect 60 days after promulgation; (ii) a reduction of weekly working hours from 44 to 42, also effective 60 days after promulgation, followed by a further reduction to 40 hours one year thereafter; and (iii) a guarantee that no salary reduction shall result from the shortened working hours. The PEC also introduces an exemption for employees holding a university degree and earning above two and a half times the National Social Security Institute (INSS) pension ceiling (currently approximately BRL21,188.87), who would no longer be subject to constitutional limits on working hours or to the guaranteed two rest days, unless otherwise provided by collective bargaining agreements. The PEC now proceeds to the Federal Senate, where it requires approval by three-fifths of senators in two rounds, with identical text. As of the date of this summary, the Senate has not yet voted on the proposal.
- **Key rulings from the Brazilian Supreme Court** – Several important labour issues are under review or expected to be decided by the Brazilian Supreme Court in 2026:
  - The Brazilian Supreme Court has been deliberating on a leading case to determine whether drivers and delivery workers providing services through digital platforms should be classified as employees. The court began hearing the case in late 2024, and deliberations have continued into 2026, with the final outcome still pending. This decision will have general repercussions and will be binding on all similar ongoing cases. In parallel, Complementary Bill (PLP) 12/2024, which proposes a specific regulatory framework for platform workers distinct from traditional employment, remains pending in Congress and may advance in 2026.
  - The Brazilian Supreme Court is also expected to rule on the legality of service provision contracts entered into between companies and individuals through their legal entities (a practice commonly referred to as "*pejotização*"). Justice Gilmar Mendes of the Supreme Court suspended all active lawsuits in the country on this matter, and the suspension remains in effect pending the court's final decision, which will be binding on appellate courts and lower labour courts. The case is expected to be included on the court's docket for the second half of 2026.
  - Additionally, the Brazilian Supreme Court is expected to address the enforcement of awards against group companies. The prevailing position requires demonstrating abuse of the legal entity (deviation from purpose, asset confusion or creditor fraud) to hold companies within the same conglomerate jointly liable if they were not included in the claim during the discovery stage. Although this position is not yet definitive, the court's forthcoming ruling is expected to provide binding guidance on the applicable standard.
  - The Superior Labour Court (TST) is also expected to issue a definitive ruling on when and how nonunionised workers can exercise their right to opt out of paying trade union contributions. This matter directly affects union funding and has generated significant divergence among the lower courts.
- **New focus on mental health by labour authorities –** Amendments to Labour Regulation No. 1 (NR-1) came into effect on 26 May 2025, requiring companies to include psychosocial risk mapping within the scope of their Occupational Risk Management (GRO). These changes introduced new obligations for mapping and managing psychosocial risks, in addition to the traditional physical, chemical, biological and accident-related risks already managed by companies. NR-1 expressly expanded companies' responsibilities to identify, assess and manage risks that may affect workers' mental health. In April 2025, the Ministry of Labour announced that the first year of enforcement (from 26 May 2025 to 25 May 2026) would be educational and guidance-oriented, with no fines imposed for noncompliance during that period. As of 26 May 2026, the transitional period has ended, and full enforcement, including the imposition of fines, is now in effect. Compliance with the updated NR-1 poses a complex challenge for employers, requiring a multidisciplinary approach and in-depth technical and legal knowledge. Companies must ensure compliance with the standard, despite the lack of fully objective criteria for many of the required actions, while mitigating associated legal and reputational risks.

China

- **Introduction of the draft Healthcare Security Law** – China is introducing a landmark piece of legislation, the Healthcare Security Law, designed to unify and strengthen the country's healthcare security framework, aiming to codify the multilayered healthcare system, enhance fund management and, crucially, modernise the national maternity insurance system. A key policy objective is to expand mandatory social insurance coverage to nontraditional workers and create a more birth-friendly society by legally guaranteeing childbirth-related benefits. The draft is currently at the public consultation stage. In anticipation of the law's likely passage, employers should take proactive steps to ensure compliance with, among other things, the upcoming expanded maternity insurance framework. For example, flexible employment groups, such as platform workers and freelancers, are included in the system; nonworking spouses of insured employees are entitled to have their childbirth-related medical expenses covered by the insurance fund.
- **Trade union law reforms** – The Measures of Beijing Municipality on Implementing the Trade Union Law of the People's Republic of China (the Measures) officially came into force on 1 May 2026. The core aim of this revision is to further strengthen the role of trade unions in coordinating labour relations, safeguarding the legitimate rights and interests of employees and, correspondingly, to refine the cooperation and protection obligations of employers. Employers must respect and support employees in legally establishing and participating in trade union activities; it is a mandatory obligation with legal consequences for noncompliance. Breaches may trigger administrative or even criminal liabilities. Article 20 of the new rules is most likely to have a direct impact on daily employee management, as it requires that when an employer unilaterally terminates an employee's labour contract, it must notify the trade union of the reasons five days in advance; where no trade union has been established, it must notify the trade union at the next level up. Article 54 is likely to have the most significant compensation implications. It sets out specific legal liabilities where a labour contract is terminated due to an employee's participation in trade union activities or a trade union staff member's performance of duties. The compensation can be twice the amount of an employee's annual income, plus statutory economic compensation.
- **Draft legislation on protecting "over-age workers"** – Released on 31 July 2025 for public consultation, the MOHRSS Draft Provisional Rules on Protecting Basic Rights and Interests of Over-Age Workers is a landmark initiative aimed at protecting workers who continue to work beyond the statutory retirement age. It addresses the legal grey area where such workers are often excluded from standard labour law protections. Key provisions focus on ensuring the basic rights of these workers including workplace safety, protection against discrimination, timely payment of wages, etc. The draft regulation aims to adapt the legal framework to an aging workforce. The feedback from the consultation process will shape the final version of the regulation, indicating a significant forthcoming change in how businesses manage this growing segment of the labour force.

France

- **Delayed implementation of the EU Pay Transparency Directive** – The Directive has not yet been implemented in France. A draft bill has recently been published. It represents a major overhaul of the French legal framework on equal pay. It introduces detailed transparency requirements, strengthens enforcement, expands employee rights and aligns national law with European standards. It significantly increases accountability for employers by linking transparency, corrective action and sanctions, in a structured and enforceable system.
- **Changes to business immigration rules concerning the EU Blue Card** – A new decree came into force on 25 April 2026. Holders of the EU Blue Card (EBC) issued by another member state may now engage in employment in France without a work permit, for up to 90 days within any 180-day period. A future interministerial order is to be issued to establish a list of professions for which the EBC may be issued without requiring a degree, provided that the applicant can demonstrate at least three years of professional experience acquired during the seven years preceding the application.
- **Various legislative changes, many of which relate to worker rights:**
  - **Additional childbirth leave** – Through two decrees published on 31 May 2026, new rules for additional childbirth leave for children born or adopted on or after 1 January 2026 will be effective from 1 July 2026. This leave, with a maximum duration of two months that may be divided into two periods, entitles the employee to a daily allowance calculated on the basis of 1/730 of the annual social security ceiling (PASS), multiplied by a coefficient of 0.7 for the first month and 0.6 for the second. This leave, if taken by the employee, must begin no later than nine months following the birth or adoption of the child.

France

- **New compensation for occupational accidents and diseases** – Two decrees from 10 May 2026 reformed the compensation system for permanent disability resulting from occupational accidents and diseases. Effective from 1 November 2026, the disability rate will be divided into two distinct components: an occupational component, assessed according to the traditional criteria of the occupational accident and diseases scale; and a functional component, based on permanent functional impairment as defined by the Dintilhac classification, evaluated using a point value system indexed to civil judicial practice.
- **The Simplification of Economic Life Act (**Loi de simplification de la vie économique**)** – Introduced on 28 May 2026, this new law simplifies certain administrative procedures for employers as well as creating a new body responsible for assessing the impact of legislation that creates or amends regulations applicable to businesses: the Business Simplification Council. One of the changes under the Act will impact some business sales in companies employing fewer than 50 employees or more than 50 employees without a Social and Economic Committee in place. Under the new rules, the deadline for notifying employees that they can make an offer to buy is reduced from two months to one, for any sale occurring on or after 26 July 2026.
- **Mutual termination agreement** – On 2 June 2026, the French National Assembly passed a final vote to reduce the length of unemployment benefits following a mutually agreed termination. For workers under 55, these will be reduced from 18 to 15 months. For those aged 55 or above, these will now be 20.5 months (down from 22.5 months for those aged 55–56 and 27 months for those aged 57 and older). This tightening of the rules stems from an agreement reached in early 2026 between employers and three unions (CFDT, CFTC, and FO). The law is expected to be published shortly.

Germany

- **Delayed implementation of the EU Pay Transparency Directive (Directive)** – The deadline for transposing the Directive expired without being met. According to the competent Federal Ministry, only the minimum requirements of the Directive are to be implemented to limit the administrative burden on employers. The Ministry further plans a moderate postponement of the timelines: the implementing act is not expected to enter into force before early 2027; reporting obligations for companies with more than 150 employees will arise only from June 2028 and the right to information will likewise be exercisable from mid-2028. In addition, broad privileges are envisaged for employers bound by or applying collective agreements, with a view to safeguarding collective bargaining autonomy.

  Notwithstanding the absence of implementing legislation, the Directive may already have indirect effect. According to settled Court of Justice of the EU (CJEU) case law, national courts must interpret domestic law, as far as possible, in conformity with the wording and purpose of the Directive – an obligation that is particularly strong after the expiry of the transposition period. Accordingly, there is a significant risk that, for example, information rights under the Directive may already be enforceable through a Directive-conforming interpretation of existing law.

- **Planned reform of the Working Time Act (**Arbeitszeitgesetz. ArbZG**)** – A draft bill is expected in June 2026 that will likely introduce a clearer statutory framework for working time recording (including documentation requirements and possible electronic systems) and increase flexibility by shifting from daily maximum working time (generally eight hours) to a weekly cap aligned with EU law (48 hours on average), while maintaining the 11-hour rest period. The proposal may allow more flexible distribution of working hours within a week but remains politically controversial. This means that negotiating works agreements on working time with works councils or introducing global policies in this area is currently of limited use, as comprehensive reforms are imminent.

Hong Kong

- **Change to the definition of "continuous contract"** – Prior to 18 January 2026, employees who worked for the same employer for four or more consecutive weeks, with 18 hours or more in each of the consecutive weeks, were regarded as being employed under a continuous contract. This definition was relaxed with effect from 18 January 2026 as follows:
  - The weekly working hours threshold has been lowered from 18 to 17 hours.
  - There is an alternative to using the aggregate working hours in four weeks as a counting unit, in which a week with less than 17 working hours is counted towards a continuous employment period provided the sum of the working hours of that week and those of the three weeks immediately preceding that week reaches 68 hours.

  A change in the definition of "continuous contract" affects whether an employee is entitled to rights such as rest days, annual leave with pay, etc.
- **Increase in number of statutory holidays** – The number of statutory holidays in 2026 has increased from 14 to 15, with the addition of Easter Monday as a statutory holiday in Hong Kong.

Italy

- **Implementation of the EU Pay Transparency Directive** – The final legislation implementing the Directive came into force on 7 June 2026. The new regulations apply to both public and private sector employers, with some obligations differing depending on company size. See our recent blog for further details of the changes.
- **New legislation governing fair wages, employment incentives and digital labour abuses** – Decree-Law No.62/2026, entitled "Urgent provisions on fair wages, employment incentives and against digital hiring practices" has been introduced, addressing three key areas: the definition of adequate remuneration, the restructuring of social security contribution exemptions to boost employment, and the protection of workers engaged through digital platforms. See our recent blog for further details of the changes.
- **2026 Budget Law** – The law introduces targeted measures designed to stimulate employment, support families and enhance flexibility. Key changes include:
  - **Contribution exemptions for hiring mothers –** Employers hiring women with at least three children (under 18), who have been unemployed for at least six months will receive a 100% exemption from social security contributions (up to €8,000/year). The duration of the exemption varies: 12 months for fixed-term, 18 months if the (fixed-term) employment contract is converted into a permanent one, and 24 months for permanent contracts.
  - **Incentives for converting full-time to part-time employment** – To promote work-life balance, parents of three or more children (with the youngest under 10 years or without age limit if disabled) have priority for shifting from full-time to part-time, or in altering the percentage for part-time work (with a reduction of at least 40%). Employers facilitating this are granted a 100% social security exemption for 24 months (up to €3,000/year).
  - **Parental leave extension** – The eligibility for parental leave is extended until the child's 14th birthday (previously 12th).
  - **Sick child leave: two new features** – The age of the child for whom it is possible to take sick leave has been increased from 8 to 14 years, and the maximum number of days of leave for each parent has been increased from five to 10 working days per year, for each child between the ages of 3 and 14.

Netherlands

- **Delayed implementation of the Pay Transparency Directive** – On 21 May 2026, the Dutch government submitted the draft legislation implementing the directive to Parliament. Subject to approval by both chambers of Parliament, the legislation is expected to enter into force on 1 January 2027.
- **More Security for Flexible Workers Act (**Wet meer zekerheid flexwerkers**)** – On 12 May 2026, the House of Representatives adopted the More Security for Flexible Workers Act. The bill is currently pending before the Senate. The legislation is intended to reduce reliance on insecure forms of flexible work by, among other measures, replacing most zero-hours contracts with bandwidth contracts, tightening the rules on successive fixed-term contracts, and strengthening the position of agency workers. Subject to approval by the Senate, the provisions on equal employment conditions for agency workers are expected to enter into force on 1 January 2027. The remaining measures are expected to take effect on 1 January 2028.
- **New pension system** – On 1 January 2026, a sweeping change took effect as more than 9.5 million pensions were shifted into the new pension regime created by the Future of Pensions Act (Wtp), marking one of the largest overhauls of the system in decades. The Wtp fundamentally reshapes the Dutch pension system by replacing defined benefit schemes with defined contribution arrangements based on a flat contribution rate. Pension accrual will no longer focus on a guaranteed retirement benefit, but on the contributions paid and their investment returns, with accrual becoming degressive as participants age. For pension funds, this reform generally also involves converting previously accrued pension rights into the new system. This conversion does not apply to pension arrangements insured with an insurer, or administered by a premium pension institution (PPI). In addition, the partner's pension is redesigned, and employers are required to draw up a transition plan to manage and justify the move to the new pension framework. The reforms are being implemented in phases, with pension funds and employers required to transition their pension schemes within a statutory transition period running until 1 January 2028.

Netherlands

- **Anticipated locally driven legislative proposals include:**
  - **Authorisation requirement for temporary employment agencies** – To prevent improper practices in the temporary staffing sector, especially affecting migrant workers, the Dutch government will introduce the Labour Provision Admission Act (*Wet toelating terbeschikkingstelling van arbeidskrachten*) (Wtta). The Wtta will take effect on 1 January 2027. Agencies that want to continue supplying workers must register with the Netherlands Authority for the Temporary Staffing Market (*Nederlandse Autoriteit Uitleenmarkt*) before that date. The assessment of applications will commence on 1 July 2027. Enforcement begins on 1 January 2028, when the Netherlands Labour Authority can impose fines on unauthorised agencies and on companies using workers from such agencies.
  - **Limitation of the statutory severance compensation scheme** – The current proposal to abolish the statutory compensation scheme for severance (*transitievergoeding*) following dismissal after long-term sickness has been delayed. Whereas the original proposal envisaged abolishing compensation for employers with 25 or more employees as of 1 July 2026, the current legislative proposal would abolish the compensation scheme entirely for all employers as of 1 January 2027. This means that employers will once again be confronted with (substantial) costs in the event of dismissals for long-term sickness after two years of illness. These changes are expected to lead to an increase in the number of dormant employment contracts, whereby the employment contract of an employee who has been sick for two years remains in place, but the employer does not pay wages (because the obligation to pay wages has lapsed) and the employee does not work. Following the Supreme Court's Xella-ruling of 2019, employers are currently obliged to agree to a proposal from an employee to terminate a dormant employment contract with the award of a statutory severance payment, if that payment is eligible for compensation by the Employee Insurance Agency (UWV). If the statutory scheme is no longer eligible for compensation by UWV, it raises the question of whether employers will still be obliged to cooperate in terminating the employment contract. The explanatory memorandum to the amended legislative proposal acknowledges that abolishing the compensation scheme may affect the scope and application of this judicially developed standard. However, it expressly leaves it to the courts to determine, on a case-by-case basis, what obligations good employment practices impose once the compensation scheme has been abolished.
  - **Stricter rules for noncompete clauses** – The government's legislative proposal provides for stricter rules in respect of noncompete clauses, with the aim of achieving a balance between the free choice of employment of employees and protection of the employer's business. The most important proposed changes are the following:
    (a) The maximum duration of a noncompete clause will be 12 months.
    (b) The geographical scope of a noncompete clause must be specified when entering it.
    (c) The compelling business or service interest (*zwaarwegende bedrijfs- of dienstbelangen*) for a noncompete clause must be included in writing in all employment contracts (not only in fixed-term employment contracts, as is currently the case).
    (d) The employer must invoke the noncompete clause timely and in writing, stating the number of months for which it will be invoked.
    (e) The employer is obliged to pay the employee compensation if it invokes the noncompete clause. The compensation amounts to 50% of the last monthly salary earned for each month that the clause operates.

Poland

- **Partial implementation of the EU Pay Transparency Directive** – The pay transparency in recruitment provisions came into force on 24 December 2025, imposing additional obligations in terms of ensuring gender-neutral recruitment, a ban on asking questions on past or current salaries, plus an obligation to inform the candidate about the starting salary or salary range for the position and to share with them information on relevant provisions of the collective bargaining agreement or remuneration policy. The government is still working on implementing the other obligations. Based on the current draft, the new regulations will be effective six months after the act is announced – it is currently in the consultation phase. This means that Polish businesses have gained additional time to prepare for the new regulations, which should have been implemented by EU member states no later than 7 June 2026.
- **Various legislative changes** – There are various legislative changes due to come into force in 2026 for employers to be aware of. Key changes include:
  - **New reclassification rules for contractors** – From 8 July 2026, the rules for auditing civil law contracts, contracts of mandate and B2B contracts will change. If a labour inspector finds that a civil law contract has been concluded instead of an employment contract, then instead of initiating a lengthy court dispute on the reclassification of the contractor into an employee, they will have the power to issue an order to the business to remedy the irregularities during the inspection. If not remedied, the state labour inspector will have powers to issue a decision converting a contractor into an employee. Businesses must complete a review of their contracts and practices to minimise exposure.
  - **Redefining "mobbing"** – Work on redefining "mobbing" (sometimes known as bullying) continues in June 2026 at the Polish Parliament, following concerns that the current legislative definition is convoluted and prevents victims from asserting their rights. Once these changes become effective, the burden of proof will be reversed. and it will be for the employer to prove there was no mobbing (rather than the individual being required to prove that there was). It is also expected that mobbing prevention policies will become obligatory and employers will have six months to adjust their collective bargaining agreement (CBAs) or internal policies to ensure that they include rules, procedures and preventative actions addressing violations of dignity and personal rights, unequal treatment and discrimination or mobbing.
  - **New length of service calculation rules** – From May 2026, when calculating employees' length of service, employers will need to include certain nonstandard work periods, such as periods where the individual was deemed to be self-employed or performed work under civil law contracts (e.g. agency contracts). Employees will have 24 months to provide documentation for these periods. This may affect, in particular, notice periods, annual leave entitlements or severance payments (in respect of both collective and individual redundancies).

Republic of Ireland

- **Delayed implementation of the EU Pay Transparency Directive** – Ireland's gender pay gap reporting regime is now well-established, and employers are moving beyond simple compliance toward more sophisticated analysis and action plans. In January 2025, the government published a draft bill that includes two provisions to transpose some of the transparency aspects of the Directive. The Spring 2025 Legislative Programme stated that the Heads of a Pay Transparency Bill were also in preparation. Ireland has missed the deadline for full implementation, and implementation will occur on a phased basis, with pragmatic early enforcement rather than immediate penalties.
- **Restructurings and workforce change** – There is some restructuring activity, particularly in multinational organisations, aligning Irish operations with global cost-saving programmes. Irish collective redundancy rules continue to attract close regulatory attention, especially the 30-day consultation requirement and ministerial notification obligations. Trends show that employers are keen to avoid triggering collective thresholds so as to avoid media and/or regulatory scrutiny.
- **Litigation and claims trends** – The number of claims before the Workplace Relations Commission continues to rise, particularly in the areas of discrimination, protected disclosures and bullying/harassment. Many disputes arise from procedural issues in a process rather than the decision itself, with employees challenging aspects such as the fairness, timeliness and independence of internal processes. Hybrid working has also created new areas of conflict, including allegations of exclusion, inconsistent treatment and failure to accommodate disability-related needs.
- **Restrictive covenants and post-termination protections** – While Ireland has not proposed reforms comparable to those in other EU jurisdictions, employers are reassessing the defensibility of their restrictive covenants. Courts continue to scrutinise the reasonableness of the drafting of these covenants, particularly their duration, geographic scope and whether they are necessary and proportionate to protect legitimate business interests. Many organisations are moving away from noncompetes to use confidentiality, nonsolicitation and garden leave instead as more enforceable and defensible tools to achieve the same protection for the organisation.
- **Workplace investigations and culture** – Investigations are becoming more complex and formal. There is an increase in protected disclosures, heightened expectations around dignity at work and increased employee awareness of procedural rights. Employers are placing greater emphasis on independent investigators, trauma-informed approaches and the maintenance of documentation throughout the process. Finally, overlapping processes – for example, grievance, disciplinary and protected disclosures – require careful coordination to avoid procedural challenge.

Saudi Arabia

- **Saudisation** – As part of ongoing reforms, a three-year Saudisation plan has been introduced to increase the Saudisation rates gradually on an annual basis. The changes form part of the existing Saudisation programme (Nitiqat) in Saudi Arabia, which imposes a quota system for the hiring of Saudi nationals for all companies in the private sector. Nitiqat classifies companies into three categories according to their Saudisation levels: Platinum; Green (with subcategories of High, Medium and Low) or Red. Companies in the Platinum and High Green categories can apply for new block visas. However, companies in the remaining categories (Medium- and Low Green and Red) can only obtain visas for expatriate employees through a transfer of sponsorship (i.e. they are limited to hiring expatriate employees who are already in Saudi Arabia, and who have the requisite work authorisations from their existing employer). Companies have the option of paying monthly fees in lieu of hiring Saudi employees to maintain or change their Nitiqat classification under the Parallel Nationalisation programme, which was introduced in 2017. The amount of the fee varies according to the number of employees employed by the company and the number of Saudi employees required to reach the next Nitiqat classification.

Saudi Arabia

- Ministerial Decision 182495 (dated 11/10/1442H) introduced the following changes to Saudisation:
  - Employers shall have three years to adjust their recruitment plans and ensure compliance.
  - The Ministry of Human Resources and Social Development (MHRSD) has reduced the corresponding economic activities (based on the business sector in which the employer operates) from 85 to 32 categories.
  - The MHRSD has also eliminated employer classification based on size and has placed stronger emphasis on employee headcount. Going forward, a new formula shall be used to determine a fixed Saudisation value and additional annual values for years 1, 2 and 3, as well as the following years of an employer's operations, as well as a logarithm of its total workforce.
- Employers should plan their workforces going forward and consider the required number of roles that must be occupied by Saudi nationals (and in turn, which of their foreign workers will be required to remain within the workforce to ensure business continuity).
- **Saudi Arabia Personal Data Protection Law (PDPL): Update** – The PDPL came into force on 14 September 2024 and applies to the processing of personal data within Saudi Arabia, as well as to foreign entities processing the data of individuals residing in the Kingdom. The law defines personal data broadly and establishes key principles such as transparency, purpose limitation and accountability. Data subject rights include access, rectification, deletion and objection to processing. Implementing regulations and Data Transfer Regulations, both currently undergoing further consultation, set out detailed compliance obligations, including requirements for data protection officers, privacy notices and cross-border data transfers using mechanisms like Standard Contractual Clauses (SCCs) and Binding Corporate Rules (BCRs). For employers, the PDPL introduces heightened compliance requirements in handling employee data, including the need for clear privacy policies and lawful processing grounds. Noncompliance can lead to administrative fines of up to SAR5 million (doubling for repeat offenses) and, in severe cases involving misuse of sensitive data, criminal penalties of up to two years' imprisonment and/or fines of up to SAR3 million.
- **Unified Employment Contract** – Saudi Arabia's Ministry of Justice and the MHRSD launched the Unified Employment Contract, designed to regulate the contractual relationship between employers and employees. The Unified Employment Contract is a legal document that allows the submission of a request for enforcement in the event of nonpayment of wages, without the need for additional documents. The Unified Employment Contract is integrated into Qiwa and Najiz, and verification is automatically completed through the link via the Madad platform. The digital contract enables employees to directly claim their dues through the Enforcement Court, without the need for litigation before the Court of First Instance. To benefit from the enforcement nature of the employment contract, it must be documented through the Qiwa platform, and an implementation number must be obtained from Najiz. The decision is being implemented in three gradual phases, beginning on 6 October 2025, for new or updated contracts. It includes renewed fixed-term contracts starting 6 March 2026, and indefinite-term contracts in the third phase, which begins on 6 August 2026. If the employee does not receive their full wage within 30 days of the due date, or if they receive it partially after 90 days, they can submit an electronic implementation request through the Najiz platform. The other party, the employer, has the right to object within five days from the notification date. Employers face heightened enforcement exposure where wages are unpaid or delayed, with employees able to initiate electronic enforcement proceedings after set nonpayment thresholds.
- **AI-driven labour compliance and enforcement** – Saudi authorities are increasingly using AI-enabled digital platforms (including Qiwa, Madad, GOSI and the Wage Protection System) to automate monitoring of employment contracts, wage payments, Saudisation compliance and work authorisation. Greater system integration allows real-time cross-checking of HR, payroll, social insurance and immigration data, reducing reliance on employee complaints. For employers, this has increased the speed and likelihood of enforcement where issues are identified, including wage delays or underpayment, misclassification, unauthorised work, false Saudisation or inconsistencies between contracts, payroll records and job titles. As enforcement becomes more data-driven, employers in 2026 will need to focus on data accuracy, aligned documentation and proactive compliance across HR, payroll and immigration functions.

Singapore

- **First antidiscrimination legislation passed** – The second part of the Workplace Fairness Bill was passed in Parliament on 4 November 2025. The bill provides a framework for workers who experience workplace discrimination with an avenue to seek redress. Taken with the first part of the Workplace Fairness Bill, passed in January 2025, the Workplace Fairness Act is a landmark piece of legislation against discrimination for workers in Singapore. The Workplace Fairness Act is expected to take effect at the end of 2027. Disputes that are not settled at mediation may proceed to the Employment Claims Tribunal (for claims up to and including SG$250,000) or High Court for adjudication. Employers should familiarise themselves with the Act and ensure that their internal processes are aligned with the requirements of the Act.
- **Tripartite Advisory on providing accommodations to persons with disabilities** –A new Tripartite Advisory with guidance on the provision of reasonable accommodations for persons with disabilities is expected to come into force around the same time as the new Workplace Fairness Act, but as yet there has been no indication as to when this might be issued.
- **Tripartite guidelines on the use of restrictive covenants** – New tripartite guidelines on how and when restrictive covenants in employment contracts can and should be used are expected, but are still being drafted. We await further details from the authorities.
- **Further enhancement of shared parental leave** – Since 1 April 2026, eligible parents have been entitled to 10 weeks of shared parental leave, to be shared between both parents. The shared parental leave is in addition to the government-paid paternity and maternity leave.

Slovak Republic

- **Implementation of the EU Pay Transparency Directive** – The Equal Pay Act has been passed and came into force on 7 June 2026. Some obligations will only apply from 2027. Instead of making isolated changes to the Slovak Labour Code, the government opted for a more comprehensive strategy: adopting a dedicated pay transparency law and simultaneously amending related legislation, including the Labour Code, the Labour Inspection Act and the Employment Services Act, to ensure full alignment with EU requirements. From 7 June 2026, employers will be required to avoid asking about past pay and ensure recruitment practices are gender-neutral. Employers will also need to use clear, objective and gender-neutral criteria when evaluating and setting pay for different roles. Employees will gain the right to request information about their own pay and the average pay of the opposite sex in comparable positions, and employers must remind their employees of this right annually. Companies with more than 100 employees will have to regularly report detailed gender pay gap data and make it available to authorities. If an unexplained pay gap of at least 5% persists, employers will be required to carry out a joint pay assessment with employee representatives and take corrective action.
- **Dependent work: New definition** – The amendment to the Labour Code makes a seemingly subtle change to the definition of "dependent work" by removing the condition "during working hours determined by the employer". As of 2026, dependent work will be understood to be work performed: (i) in a relationship of the employer's authority and the employee's subordination; (ii) personally by the employee for the employer; (iii) according to the employer's instructions; and (iv) on behalf of the employer. Control over working hours is no longer decisive.

  Although the amendment looks minor, it has important practical consequences for employers. This is because dependent work may only be carried out in an employment relationship under the Slovak Labour Code. It cannot be validly carried out in a contractual relationship (e.g. freelance or contractor agreements). Such a contractual relationship would be invalid, and the relationship between the parties would be deemed to be an employment relationship and could potentially therefore be deemed to be illegal employment. There is no general rule to differentiate between an employment versus contractual relationship, and assessment must be carried out on a case-by-case basis by reference to the factors above.

Slovak Republic

From a practical point of view, this amendment has two main objectives: (i) to reflect flexible working arrangements as the amendment aligns the definition with modern work models recognised by the Slovak Labour Code, such as remote work or flexible working time, where employees may schedule their own working hours; and more importantly (ii) to introduce stricter rules against fictitious contractors to prevent illegal employment. The change strengthens enforcement against misclassification. Even if a worker sets their own schedule, the relationship may still qualify as dependent work. As a result, workers previously treated as contractors solely because they controlled their working hours may now in fact be deemed to be dependent workers. Such misclassification may result in findings of illegal employment and increased fines (see below for increased fines that may apply).

- **Prevention and suppression of illegal employment** – From 1 January 2026, the Labour Inspectorate will impose a fine of between €4,000 and €200,000 on an employer or natural person for violating the prohibition of illegal employment, and, in the case of illegal employment of two or more natural persons at the same time, at least €8,000. At the same time, a new rule is introduced, stating that if, within 15 days from the date the decision imposing the fine becomes final, two-thirds of the imposed fine are credited to the bank account specified in the decision, the fine will be considered paid in full.

Spain

- **Delayed implementation of the EU Pay Transparency Directive** – On 19 March 2026, the Ministry of Labour and Social Economy published a draft Royal Decree transposing EU Directive 2019/1152 on transparent and predictable working conditions, but, at this stage, the draft remains limited in scope, focuses primarily on information obligations regarding employment conditions, and does not yet establish binding or specific rules in relation to pay transparency. Although pay transparency is already regulated by several Spanish regulations, this new Directive will strengthen and transform some aspects of pay transparency in Spain, including a cultural and legal shift whereby pay transparency ceases to be a recommendation and becomes a legally enforceable right for every employee. Key changes include (i) an obligation on employers to make information available to their employees on starting pay or rank, salary levels and salary progression, including the mandatory publication of salary ranges in all job offers; (ii) new rights for job applicants to receive information on starting pay or rank, the relevant collective bargaining provisions applicable to the position and the individual right to know the average pay by gender for work of equal value; (iii) a prohibition on employers from asking applicants about their salary history in previous employment relationships; and (iv) a reversal in the burden of proof, coupled with automatic corrective action when an unjustified pay gap exceeds 5%. This represents a break with the current Spanish model (Royal Decree 902/2020), which only requires justification of gaps above 25%. In 2026, the compliance threshold will drop drastically, and the Labour Inspectorate will be able to demand evidence of immediate correction. The pay register and salary audit will shift from being diagnostic tools to mechanisms of direct accountability.
- **Various potential legislative changes** – 2026 will be marked by several important potential legislative developments, including:
  - **Potential reduction in working hours** – As regards the previously proposed reduction in working hours from 40 to 37.5 per week, the proposal is still pending parliamentary approval, and as of June 2026, there is no new approved proposal nor any expected entry into force date. This measure is expected to affect more than 8 million employees who currently work full time as, once the changes come into force, they will work half an hour less each day. Such a reduction in hours will not be accompanied by any reduction in pay, so this will mean employees working fewer hours for the same salary. Such a reduction will not, however, affect those employees who already benefit from a shorter working day – something that is becoming increasingly common in many sectoral collective agreements or in the public sector, which already provides for a shorter working week.
  - **Potential digital working hours recording system** – In parallel, the Ministry of Labour and Social Economy plans to implement a new mandatory digital working hours recording system, accessible in real time to the Labour Inspectorate. While companies have been required to record employees' clock-in and clock-out times since May 2019, the new regulation goes further by requiring a unified, traceable digital system, eliminating paper records or Excel spreadsheets. However, as of June 2026, this reform has not yet been approved nor implemented, and the current legal framework under Article 34.9 of the Workers' Statute remains in force. It will apply to all public and private sector employees, ensuring effective control of working time, compliance with rest periods, and protection of the right to digital disconnection.

Spain

- **Potential reform of the regulation of practical training** – Another key reform is the regulation of practical training. On 4 November 2025, the Council of Ministers approved the draft Statute of Persons in Non-Employment Practical Training, fulfilling the commitment under Royal Decree-Law 32/2021 to develop specific internship legislation. The statute, which is still pending parliamentary approval, is the result of extensive social dialogue and was agreed with the main trade unions.
- **Potential bereavement and palliative care leave reform** – On 9 October 2025, Second Vice President and Minister of Labour, Yolanda Díaz, announced a planned reform of the Workers' Statute to extend bereavement leave and introduce palliative care leave for relatives. Agreed with trade unions but not employers' organisations, the proposal extends bereavement leave to ten days for first-degree relatives (two days for second-degree relatives, with possible travel extensions) and formalises palliative care leave. As of June 2026, the reform remains at the prelegislative stage and has not yet been approved or enacted.
- **Potential compensation for unfair dismissal reform** – On 17 September 2025, the Congress of Deputies approved a nonlegislative proposal urging the government to reform unfair dismissal. In 2026, discussions on reforming compensation for unfair dismissal have intensified. The government's 2026 Annual Regulatory Plan includes a proposal to amend dismissal rules in order to align Spanish legislation with the European Social Charter and International Labour Organization (ILO) Convention 158. Negotiations with the social partners are ongoing, although no legislative reform has yet been enacted.
- **Potential industry law** – The Draft Law on Industry and Strategic Autonomy is currently being processed. It includes a reindustrialisation plan for situations in which a company suffers a significant loss of industrial capacity affecting essential or strategic resources. Under this plan, companies will be required to notify the competent authority nine months in advance of any potential closure or reduction in activity that could lead to a substantial reduction in employment, and to explore measures aimed at preventing, correcting or mitigating the effects associated with the closure or workforce reduction.
- **Potential new Occupational Risk Prevention Law** – Work is underway on a possible reform of the Occupational Risk Prevention Law in order, among other matters, to strengthen the prevention of (i) risks associated with the use of technologies or exposure to certain chemical substances, and (ii) psychosocial risks, as well as to incorporate a gender perspective into occupational risk prevention.
- **Incentives for remote work in rural areas** – Certain incentives for remote work in rural areas may be approved in 2026 to encourage young people to work from those locations. On 22 October 2025, the Congress of Deputies approved a non-legislative proposal urging the government to "develop measures that encourage remote work to retain young populations in rural areas," in cooperation with the autonomous communities to implement such measures.

Home

United Arab Emirates (UAE)

- **Minimum wage for Emiratis in private sector** – Commencing 1 January 2026, the minimum wage for Emirati employees in the private sector is AED6,000 per month. The increase applies to citizen work permits with a two-year validity, whether newly issued, renewed or amended. From this date, employers will not be able to print or submit applications for the issuance, renewal or amendment of an Emirati work permit if the registered salary is below AED6,000. Any application listing a salary below this threshold will not be processed, and employers will be required to adjust the salary accordingly. The Ministry of Human Resources and Emiratisation (MoHRE) has provided a six-month grace period for employers to bring existing salaries into compliance. All affected salaries must be corrected by 30 June 2026. If salaries are not adjusted by this deadline, enforcement measures will apply from 1 July 2026. These may include excluding underpaid Emirati employees from Emiratisation quota calculations and placing restrictions on establishments that prevent the issuance of new work permits until compliance is achieved. The measure is intended to strengthen Emiratisation outcomes and improve job stability for Emiratis employed in the private sector.
- **Upgrades to the Wage Protection System (WPS)** – In December 2025, the MoHRE announced that it had launched an upgraded WPS in collaboration with the Central Bank of the UAE, Al Etihad Payments and leading financial institutions. The upgraded WPS allows employers registered onshore and the Jebel Ali Free Zone Authority (JAFZA) and Dubai Multi Commodities Centre (DMCC) free zones to complete all processes digitally, accurately track salary payments and ensure employees are paid on time, with improved transparency, data security and communication with government authorities. Employers must continue to pay salaries monthly, in the amount and by the date agreed in the employment contract, through the WPS using approved banks, financial institutions or exchange houses, in line with UAE Labour Law. Effective from 1 June 2026, the UAE has also introduced a unified salary payment deadline for private sector employers registered with the ministry under the WPS framework. Salaries for the preceding month must be paid on the first day of the following Gregorian month through the WPS or another approved payment channel. An employer will be considered compliant if it pays at least 85% of the total wages due to its employees by the set deadline. This reform eliminates the previous 15-day grace period, and is intended to strengthen wage protection compliance, improve monitoring of salary payments and facilitate faster enforcement action in cases of delayed or nonpayment of wages. Employers that fail to comply may face administrative penalties, restrictions on MoHRE services and potential suspension of work permit processing.
- **Emiratisation rules** – The UAE Emiratisation programme continues to expand in 2026, with the MoHRE reaffirming that private sector establishments employing 50 or more employees must achieve a 1% increase in Emiratisation within skilled roles during the first half of 2026, with a further 1% increase required during the second half of the year. This would bring the overall Emiratisation target to 2% growth in skilled positions by year-end. From 1 July 2026, financial penalties will be imposed on establishments that have failed to meet the required Emiratisation threshold for the first half of the year. MoHRE also continues to encourage employers to utilise the Nafis platform to connect with suitably qualified Emirati candidates across a range of specialisations.
- **New UAE Data Protection Law (UAE DP Law): Update** – The UAE issued new legislation to regulate the collection and processing of personal data in the country. While the UAE DP Law was enacted on 2 January 2022, it has yet to be formally implemented, as further executive regulations that will clarify various aspects (including the scope and level of sanctions) are yet to be published. Once published, controllers and processors will then have a period of six months from the date of issuance of such regulations to adjust their status and comply with the UAE DP Law. The new law is designed to protect "personal data", which is "any data related to a specific natural person or related to a natural person that can be identified directly or indirectly by linking the data". This expressly includes an individual's name, voice, image, identification number, electronic identifier and geographical location. It also includes sensitive personal data and biometric data. The UAE DP Law does not currently state the penalties that will apply for breaches of the law. The level of sanctions will be specified in subsequent executive regulations, including any administrative penalties that may be imposed. It is unclear whether those executive regulations will contain a schedule of fines (and other sanctions) for different violations or simply specify a maximum amount with more discretion available to the UAE Data Office and the courts.
- **AI and automation in work permit processing** – MoHRE has accelerated its use of AI and automation in immigration and employment administration, including AI-enabled processing of work permit applications and renewals. These systems are designed to reduce processing times, limit human intervention and enhance regulatory oversight through automated data checks and cross-verification of employment information. In practice, this is expected to increase scrutiny of employment classifications, contract terms, salary data and Emiratisation compliance, and may heighten enforcement risks for employers where inconsistencies or "fictitious" employment arrangements are identified. Employers are therefore increasingly required to ensure accuracy, consistency and alignment across contracts, payroll and immigration records.

UK

- **The Employment Rights Act (ERA) 2025** – The single most important development in the UK remains the ERA 2025, which introduces significant employment law changes. See our October checklist for details on the changes coming into force in October 2026 and the steps that employers should be taking now to prepare.
- **Workplace investigations** – We continue to see companies seeking advice on how to handle workplace investigations, especially in light of the ongoing focus on workplace culture and behaviour, including sexual harassment in the workplace. This will only become all the more important this year, in light of the changes under the ERA 2025, particularly the more onerous duty, which will apply to employers from October 2026 to take "all" reasonable steps to prevent sexual harassment in the workplace (the duty now is simply to take "reasonable steps"), as well as the reintroduction of liability for third-party harassment (for more information on these changes, please see our ERA 2025 "At a Glance" guide). Our blog on Handling Investigations in a Global Workplace provides some tips on managing investigations and our top 5 key issues to consider before you commence.
- **AI** – Although there is currently no legislation dealing specifically with AI in the UK, the use of AI in the employment context falls within the scope of existing laws, e.g. the use of AI tools in recruitment could lead to discrimination claims if algorithms favour certain groups and reject others. As such, companies will need to take care when purchasing technological solutions, which, while "legal" per se, may produce outcomes that are not. Similarly, this is a rapidly evolving space, and businesses will need to ensure that they keep abreast of any new legislation being introduced to ensure that they do not invest heavily in AI solutions that are likely to be prohibited in the future.

US

- **Upcoming US Supreme Court cases and the shifting employment litigation landscape** – The Supreme Court has agreed to consider but, as of the date of publication, has not yet issued a decision in *Thomas Crowther v. Bd. Of Regents of Univ. Sys. of Georgia* (cert. granted May 18, 2016), a case in which the court agreed to decide whether employees of federally funded schools and colleges have a private right to sue their employers directly for sex discrimination under Title IX of the Education Amendments of 1972, which could dramatically alter workplace protections for educational staff.
- **Pay transparency** – Although the US has not passed a federal law mandating pay transparency, an increasing number of states and municipalities are adopting laws requiring employers to disclose pay information in job postings, share pay ranges directly with applicants, or both. As of year-end 2025, there were 25 US state or local jurisdictions where pay transparency laws have been enacted and are either currently effective, or will become effective in the next two years.
- **Restructurings/layoffs** – The economic climate in the US remains uncertain, and mergers of equals continue to drive business restructuring- and redundancy-based layoffs. Although there were no updates in 2025 to the federal Worker Adjustment and Retraining Notification (WARN) Act, i.e. the law requiring advance written notice to certain employees affected by plant closings or mass layoffs, on 1 October 2025, California amended its analogous Cal-WARN Act to impose an obligation on certain employers conducting a mass layoff, termination or relocation of its workforce to include additional information in their notices to employees. Starting 1 January 2026, Cal-WARN notices must disclose whether employers plan to coordinate services in the wake of widespread employment losses, such as a rapid response orientation through the local workforce development board or some other entity. If the employer does not plan to coordinate services with any entity, the employer must affirmatively state as much in the written notice to affected individuals and provide specific information to affected workers about how to access certain social services. Specifically, employers must provide a "functioning email and telephone number" of the local workforce development board; a description of CalFresh, the statewide food assistance programme, the CalFresh benefits helpline and a link to the CalFresh website; and the following statement: "Local Workforce Development Boards and their partners help laid-off workers find new jobs. Visit an America's Job Center of California location near you. You can get help with your resume, practice interviewing, search for jobs, and more. You can also learn about training programs to help start a new career."

US

- **Paid sick and family leave developments** – Although there still is no federal law requiring the provision of paid sick leave, the number of states and cities requiring some form of paid sick leave continues to grow. One such law, the New York City Earned Safety and Sick Time Act, effective 23 February 2026 and applicable to New York City employers, expands the covered reasons for which employees may take sick/safe time (e.g. providing childcare, attending legal proceedings for subsistence benefits or housing, responding to a public disaster, or workplace violence). It provides employees with an additional 32 hours of unpaid sick/safe time, includes a statutory entitlement to paid parental leave, and incorporates the requirements under the NYC Temporary Schedule Change Act, which allows time off for "personal events".

  Since 1 January 2026, New Hampshire employers with 20 or more employees have been required to provide employees with up to 25 hours of unpaid leave from work to attend their own medical appointments for childbirth or postpartum care, or the employee's child's paediatric medical appointments within the first year of the child's birth or adoption. Also, effective 1 January 2026, Colorado employers are now required to provide employees with an additional 12 weeks of benefits under the Colorado Paid Family and Medical Leave Insurance law to care for a child who is receiving inpatient care in a neonatal intensive care unit (NICU). A similar NICU leave law came into effect on 1 June 2026, but the neonatal leave available to Illinois employees is capped at 0, 10 or 20 days, depending on employer size.

- **AI** – The growth of AI continues to vex US employers, and is a trend requiring regulatory compliance and risk management strategies in 2026 and beyond. Although the new presidential administration rescinded the prior administration's executive orders, and the Equal Employment Opportunity Commission (EEOC) removed technical assistance documents on AI bias, some states continue to focus on the risks of discriminatory hiring practices influenced by AI. For instance, California's Privacy Protection Agency has issued regulations regarding "automated decision-making tools" that require opt-out rights and enhanced disclosures when automated technologies replace human decision-making in employment decisions. Furthermore, effective 1 January 2026, Illinois requires disclosure to employees when employers use AI for employment decisions and prohibits the use of zip codes as proxies for protected classes. Colorado adopted landmark AI disclosure rules, but it has postponed implementation of the law until at least June 2026. And, although not aimed directly at private employers, the Texas Responsible AI Governance Act, which took effect on 1 January 2026, prohibits the development and deployment of AI systems that intentionally discriminate against a protected class in violation of federal or state law. In addition to state-specific regulatory developments, AI is driving litigation around biased decision-making. For example, in June 2025, a court in the Northern District of California certified a class of employees and applicants alleging that an HR software vendor's AI tools are discriminatory and disproportionately weeded out individuals aged 40 and over (*Mobley v. Workday, Inc.*).

- **Title VII and DEI programmes** – A number of lower federal courts, including recently the Tenth Circuit Court of Appeals, have actively clarified boundaries and rejected hostile work environment claims brought by employees based solely on requirements to participate in employer-mandated diversity, equity and inclusion (DEI) training. Nonetheless, federal oversight of DEI programmes remains stringent. For instance, the EEOC and Department of Justice issued joint technical assistance warning that DEI training can support a colourable hostile work environment claim if it exhibits severe discriminatory content, forces stereotyping, or uses targeted racial hostility. Furthermore, on 14 May 2026, the EEOC issued a proposed rule titled "Rescission of EEO-1 Reporting Requirement", signalling that the agency may (in calendar year 2027 or after) eliminate its requirement that companies with 100 or more employees annually report the number of employees at each work location by job category, sex and race/ethnicity.

US

- **Increased immigration workplace enforcement, visa scrutiny and travel restrictions** – The Trump administration continues to hold removal of undocumented foreign nationals as a central focus of its immigration operations by increasing information and personnel sharing between executive agencies, stepping up workplace enforcement raids and operations across the US, and broadening penalties for right to work review documentation violations on Form I-9. On the employment side, the focus on sectors with higher populations of undocumented workers, such as meat packing, manufacturing, food services and construction, among others, has broadened to include most US industries. All employers should be prepared for contact with government officials conducting right to work audits, raids and documentation checks, even if they do not employ foreign nationals. Preparing cohesive hiring policies and government agent contact plans, and conducting internal I-9 and documentation audits, will help inoculate US employers against hefty civil penalties for sloppy hiring and paperwork maintenance, and even criminal penalties if the company is knowingly hiring unauthorised workers. Changes in visa and green card policies and regulations, including significant restrictions for the H-1B visa programme, which are expected to deepen, are resulting in stricter adjudication, slower processing, increased denials and higher costs. Further tightening of legal immigration will continue. Employers should take extra care to prepare strong factual petitions with immigration counsel for all non-US citizen hires, workers transferred to the US from abroad, and even employees visiting the US temporarily on business trips. Increased enforcement at all US border entry points is expected for the foreseeable future. All travellers should be prepared to face heightened questioning, deeper review of social media and online presence, and possible inspection of personal electronic devices by border agents. A revived patchwork of travel bans that affects refugees, visa applicants and green card applicants has expanded to cover more countries than during the first Trump administration and provides limited waivers and exemptions. All foreign nationals seeking to enter the US, whether as a visitor or worker, should consult an immigration lawyer and carry appropriate documentation to prove their qualifications.

Please note that this guide is intended as a high-level overview only and should not be regarded as legal advice.

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