APRIL 2025

Global Mobility Newsletter

After a short break, we're back to keep you informed on key developments and insights in the world of global mobility through our quarterly updates.

In this first edition of 2025, we take a look at the Belgian government's new plans and their impact on global mobility. We also reflect on the introduction of Austria's Teleworking Act and explore the challenges of working with an Employer of Record, using Spain as an example. Plus, we've included a comprehensive comparative analysis of Working Time Regulations.

We hope you find this edition insightful! If you have any questions about the topics covered — or anything related to global mobility — please don't hesitate to contact us.

Tamara van den Broek & Yves Coppens

Belgium Introduces New Government Plans Impacting Global Mobility

By Audrey De Bevere, Baker Tilly (Netherlands)

Since the end of January, Belgium has a new government and signed a coalition agreement outlining its strategic plans. Several proposed measures are expected to impact the global mobility landscape. Below is an overview of the key changes.

Wage costs and employer competitiveness

- Employer social security contributions will be capped for gross annual salaries exceeding EUR 250,000.
- Adjustments to the 'Plus Plan' include an ongoing reduction of EUR 2,000 per quarter for the first employee, with an additional reduction of EUR 1,000 per quarter for the first three years for the 2^{nd} to 5^{th} employee.
- The expat tax regime is set to become more attractive, increasing tax-exempt expenses from 30% to 35% and lowering the minimum gross salary threshold from EUR 75,000 to EUR 70,000.

Employment law reforms

- A reintroduction of the trial period by 31 December 2025, allowing either party to terminate an employment contract within the first six months with one week's notice.
- Severance pay will be capped at 52 weeks of salary.
- The ban on night work will be lifted.
- Voluntary overtime limits will increase to 360 hours across all sectors (450 hours for hospitality), with 240 of these hours exempt from overtime pay, social security and tax obligations.
- The current 180 tax-friendly overtime hours and standard procedures for involuntary overtime will remain in place.

Increased audits and compliance focus

Authorities plan to increase audits on:

- application of the **183-day rule** under double tax treaties
- identification of **false self-employment**
- potential **misuse of secondments**
- **malicious subcontracting** practices
- **undeclared work**
- activities on **digital platforms and in the sharing economy**
- **single permits** compliance.

New solidarity contribution – capital gains tax on financial assets

A new **10% solidarity tax** will be introduced on future capital gains from financial assets, including cryptocurrency, with key exemptions:

- gains accrued before the tax introduction (planned for 2026) will be **exempt**
- sales of substantial shareholdings (at least 20%) will have a tiered tax structure:
  - EUR 1 million exempt
  - EUR 1 million – EUR 2.5 million: **1.25% tax**
  - EUR 2.5 million – EUR 5 million: **5% tax**
  - EUR 5 million – EUR 10 million: **5% tax**
  - Above EUR 10 million: **10% tax**
- **a general exemption of EUR 10,000** will apply to small investors
- **capital losses will be deductible** within the same category and year.

Next steps

These proposed changes could have significant implications for businesses and individuals operating in Belgium. As further details emerge, companies should assess potential impacts on employment costs, compliance requirements and global mobility strategies.

The Home Office Act Becomes the Teleworking Act

Carmen Propst
TPA Austria

Effective 1 January 2025, the legal framework for remote work has been expanded with the introduction of the Teleworking Act. This legislation extends beyond traditional home office arrangements, now allowing employees to perform their duties from locations outside the company's premises.

In addition to home offices, employees can now legally telework from alternative locations such as co-working spaces, providing greater flexibility under a structured legal framework.

As with home office arrangements, teleworking requires a written agreement between employer and employee. Neither party can unilaterally impose or initiate teleworking without mutual consent.

Key updates on allowances and taxation

The previously available non-taxable home office allowance is now redefined as the teleworking allowance. Employees can claim up to EUR 3 per day for a maximum of 100 days per calendar year (EUR 300 annually). The eligibility criteria remain unchanged, except that work no longer needs to be performed exclusively from home.

Considerations for foreign employers

Foreign employers with teleworking employees in Austria should assess whether this creates a permanent establishment for tax purposes. Unlike secondments or assignments, cross-border teleworking does not trigger a ZKO notification obligation. However, if employees working remotely in Austria remain covered by foreign social security schemes, A1 certificates should be readily available.

Regarding employer contributions, the obligation to contribute to the Family Burdens Equalisation Fund (FLAF) within the EU/EEA remains linked to social security requirements. Additionally, Austrian municipal tax liability generally does not arise, as the employer does not exert control over the employee's home workspace. However, if a foreign employer leases a coworking space in Austria on a long-term basis, the assessment could differ.

Permanent Tax Regulations

The tax provisions concerning home office activities, including the home office lump sum of EUR 3 per day, have now been incorporated into permanent legislation, ensuring continued clarity and consistency in tax compliance.

Challenges of Using Employer of Record in Global Employee Mobility

Daniel López
Baker Tilly (Spain)

In today's interconnected world, where businesses seek top talent across borders, the Employer of Record (EOR) model has become an essential yet often misunderstood solution. While EORs offer efficiency and compliance benefits, navigating the complex legal landscape remains a significant challenge that organisations must carefully assess.

Understanding the EOR model and its challenges

An EOR facilitates global employment by handling administrative functions such as hiring, payroll management and compliance with local labour regulations. This allows companies to expand internationally without establishing a legal entity in each jurisdiction. However, despite these advantages, the legal standing of EORs varies across jurisdictions, creating potential compliance risks.

A key example is Spain, where EORs operate in a legally ambiguous space. While EOR arrangements are widely accepted in many countries, Spanish labour laws strictly regulate worker leasing, making it potentially unlawful unless conducted within the framework of authorised temporary employment agencies. This highlights the necessity for businesses to conduct thorough due diligence before engaging EOR services.

Implications of non-compliant EOR usage in Spain

In Spain, unauthorised labour leasing — where employees are effectively supplied to another company without a legally recognised arrangement — is prohibited. Engaging in such practices can lead to serious legal and financial consequences, including:

- **economic sanctions** – companies found in breach of Spanish labour laws may face fines ranging from EUR 7,501 - EUR 225,018, depending on the severity and recurrence of the violation
- **legal liabilities** – beyond financial penalties, companies may be subject to lawsuits, labour claims and legal actions from affected employees and regulatory authorities. This can compromise business continuity and operational stability
- **reputational damage** – non-compliance can severely impact a company's reputation among clients, investors and stakeholders, eroding trust and credibility in an increasingly compliance-focused business environment.

Given these risks, companies must ensure that their EOR arrangements align with local employment regulations. While Spain serves as a notable case study, similar regulatory challenges exist in other jurisdictions, making compliance a global concern.

Exploring alternative employment solutions

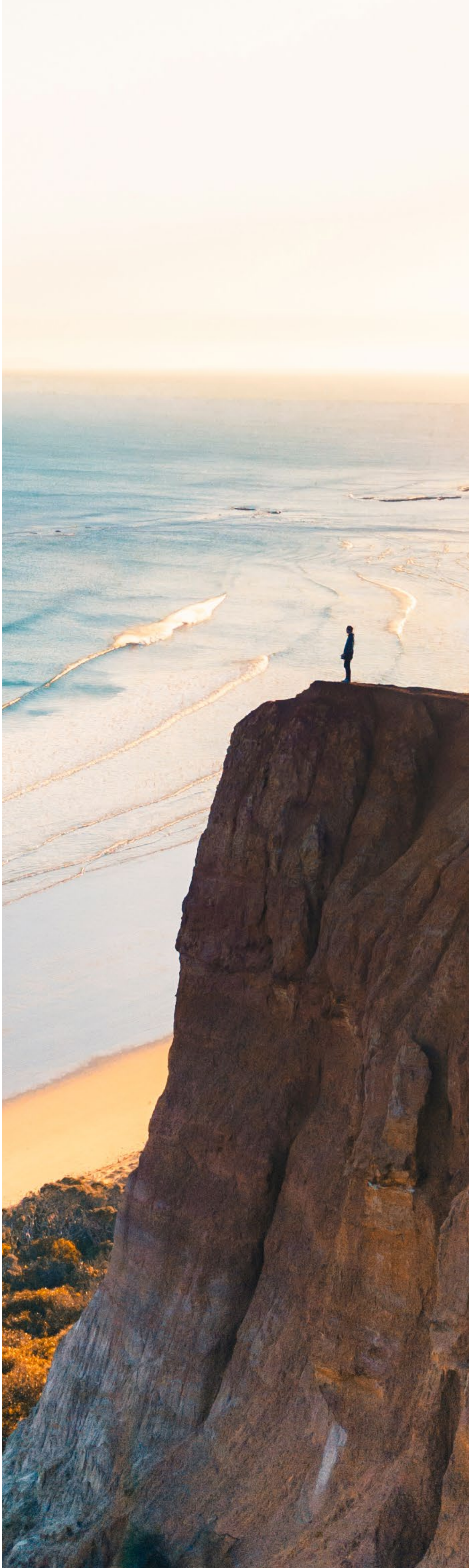
For companies seeking to expand internationally while ensuring compliance, alternative approaches to EOR should be considered.

- **Direct employer registration** – non-resident entities may register as employers in the destination country without establishing a permanent establishment. While this approach provides greater legal certainty, it requires careful tax and compliance management.
- **Branch or subsidiary establishment** – setting up a local branch or subsidiary offers a fully compliant employment structure but involves a greater investment of time and resources.

Conclusion

The EOR model offers businesses a streamlined approach to global expansion, but its legal risks cannot be overlooked. To mitigate potential pitfalls, companies must take a proactive stance by conducting rigorous compliance assessments and seeking expert legal guidance.

For tailored solutions in global workforce deployment and compliance, Baker Tilly International's global mobility team provides strategic insights and expert support. With deep industry knowledge and a global presence, we help organisations navigate the complexities of international employment with confidence.



The Global Landscape of Working Time Regulations: A Comparative Analysis

Daniel López
Baker Tilly (Spain)

A shifting paradigm: Spain's working hours reform in context

Spain is poised to redefine its working time regulations, reigniting discussions on how nations regulate maximum working hours and mandatory rest periods. While most countries impose some form of restriction on weekly and daily working hours, the specifics vary widely based on economic structure, historical labour movements, and cultural attitudes toward work-life balance.

For companies managing international employee mobility, understanding these differences is critical — not only for compliance but also for structuring competitive compensation packages and effectively managing global workforces.

To provide a data-driven perspective, we have conducted a comparative study on maximum working hours across several key economies. Our primary sources include:

- first-hand insights from Baker Tilly International's Global Mobility Committee, reflecting expert interpretations of local labour laws
- official government sources, including national labour codes and international regulations.

Below, we examine legal maximum working hours (both per week and per day) and mandatory rest periods across a selection of key jurisdictions.

Maximum working hours and rest periods: a global comparison

While international labour standards, particularly those set by the International Labour Organisation (ILO), encourage reasonable work limits, national legislation remains highly diverse. The following comparative insights highlight key trends and differences.

Country	Legal Maximum Hours per Week (excluding overtime)	Legal maximum hours per day	Overtime Regulations	Mandatory Rest Periods (daily/weekly)
Austria	40	8 (up to 10-12h with agreements)	Up to 48h max incl. overtime	11h daily; 36h weekend rest
Belgium	38	9h	Overtime regulated by sector	11h daily; mandatory breaks for >6h shifts
Bulgaria	40	8h	Overtime highly regulated	12h daily; 48h weekly
Croatia	40	Varies by industry	Up to 50h/week in some industries	12h daily; 24h weekly (Sunday preferred)
Czech Republic	40	12	Overtime regulated by sector agreements	11h between shifts; 35h weekly
France	35	10 (max; 12h with authorized exceptions)	Max 48h/week (avg 44h over 12 weeks)	11h daily; 35h weekly
Germany	40	8 (max normal); 10h with conditions	Max 48h/week (avg over 6 months)	11h daily; 24h weekly (Sunday rest)
Italy	40	8 (contractual) ~13h (with overtime)	Max 48h with overtime	11h daily; 24h weekly
Latvia	40	8	Up to 56h in certain cases	12h daily; 35h weekly
Spain	40	9	Max 48h with overtime	12h daily; 36h weekly (1.5 days)
Switzerland	45	14h	Max 50h in certain sectors	11h daily rest
UK	40	No explicit limit (typically up to 12h)	Up to 48h with opt-out	11h daily; 24h weekly (or 48h fortnightly)
Canada	40	8 (standard)	Varies by province, but 48h max incl. overtime	8h rest between shifts; 24h weekly rest
USA	No federal limit	No limit (varies by state/industry)	Overtime pay required after 40h	No federal rest requirement
Australia	38	7.6	Reasonable overtime allowed	No statutory min. (common 2-day weekend)
Brazil	44	8	Up to 48h max incl. overtime	1h meal break (>6h); 24h weekly (Sunday preferred)
Singapore *	44	12 (max, unless approved by Ministry of Manpower)	Overtime allowed only with exceptional circumstances or prior approval	1 mandatory rest day per week
China	40	8	Up to 44h/week allowed	≥1 rest day per week
Japan	40	8	Up to 45h/month allowed	45min break >6h; 1 day off/week
India	48	9	Up to 48h (overtime highly regulated)	30min break/5h; 1 day off/week

*In Singapore, the legal limits on working hours, as outlined under Part IV of the Employment Act, apply only to specific employees — namely, manual workers earning up to SGD 4,500 per month and non-manual workers earning up to SGD 2,600 per month. Employees in managerial, executive, and other exempt categories are not subject to these limitations.

Europe: harmonised yet diverse

The EU Working Time Directive sets a 48-hour weekly cap (including overtime) averaged over a reference period, mandates 11 hours of daily rest, and requires at least one full day off per week. However, national implementations vary significantly.

- **France** – a 35-hour workweek acts as an overtime threshold, but the legal maximum remains 48 hours, with a daily cap of 10 hours.
- **Germany** – standard workweek is 40 hours, extendable to 48 hours with overtime, and a daily limit of 10 hours.
- **UK** – Employees can opt out of the 48-hour limit, allowing for more flexibility, though rest period regulations remain in place.
- **Switzerland** – enforces a 45-hour workweek, extendable to 50 hours in certain industries.

North America: freedom vs. protection

- **United States** – no federal limit on working hours. Employers must pay overtime beyond 40 hours per week, which acts as a regulatory deterrent, but no daily or weekly rest periods are mandated.
- **Canada** – follows a 40-hour workweek standard, with a maximum of 48 hours including overtime.

Asia: structured yet demanding

- **Singapore** – legal working hour limits apply only to specific employees under Part IV of the Employment Law (manual workers and certain non-manual workers). Executives and professionals are exempt.
- **Japan** – enforces a 40-hour workweek, with overtime permitted up to 45 hours per month.
- **China** – standard workweek is 40 hours, with an extension up to 44 hours in some cases.
- **India** – follows a 48-hour weekly cap, with strict overtime regulations.

Australia and Latin America: evolving policies

- **Australia** – one of the shortest standard workweeks at 38 hours, with reasonable overtime permitted.
- **Brazil and Latin America** – many countries maintain a 44-hour week with strict weekly rest requirements.

The global outlook: a shift toward flexibility?

As Spain considers reducing working hours, broader global trends lean toward flexibility rather than rigid limits. Some nations enforce strict work-hour caps and mandatory rest periods, while others rely on employer discretion and overtime compensation.

For companies engaged in global mobility, this evolving landscape presents key considerations:

- ✔ Ensuring compliance with local regulations to mitigate legal risks.
- ✔ Adapting employment contracts and benefits to remain competitive across different markets.
- ✔ Understanding regional labour law differences to optimise international assignments and workforce planning.

The debate on working time regulation is far from over. The question remains: will more nations follow Spain's lead, or will the global market continue to prioritise flexibility over rigid limitations?

Now, for tomorrow

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