



TAIWAN

Seven Amendments to Labour Standard Law: What Companies Need to Watch Out For

Amendments to the Taiwan's Labour Standard Law pertaining to working time, rest days, public holidays, annual leave and overtime compensation was made in 2017. Companies could face fines or suffer insufficient manpower if they do not take heed of these new provisions. These are the seven new provisions enterprises must be aware of:

1. Itemised payslip is a must

Typically, human resource departments rely on payroll software to calculate salaries. Now, according to the amended Article 23 of the Labour Standard Law, companies must clearly list details in the pay-slip, such as the calculation methods of all salary items, such as the quantity of overtime hours, breaking them down over weekdays, weekends or holidays, and the formulas for the different overtime pay during the different periods.

2. Overtime pay to rise

According to the amendments, if an employee works overtime for less than two hours on weekends, the employee will be paid his hourly salary amount on weekdays plus an additional one and one-third of it or more.

If overtime exceeds two hours, the multiple is one and two-thirds or more and if.

overtime exceeds eight hours, the multiple will be two and two-thirds or more. This overtime pay is subject to a minimum of four hours, i.e., if an employee works overtime for less than four hours, his overtime pay will be calculated based on four hours.

Hence, companies will face higher manpower costs and will have to revamp their payroll systems to handle these changes, which could be a big project for their IT departments.

3. Annual leave is individualised

The new law makes changes in the methods and provisions for the conversion of annual leave.

Previously, annual leave was calculated using the calendar year. Now, the "annual year" of each employee is to be used instead, i.e. pay in lieu of leave has to be calculated based on the date they join the company.

For example, using the old method:

An employee has been working in a company for two years. Assuming that 2017 was his second year and using the traditional calculation cycle from 1 January 2017 to 31 December 2017, the employee can have seven days of annual leave and must take them within the calendar year.

After amendment:

If the employee joined the company on 1 March 2017, he can have three days of annual leave after half a year, i.e. after 1 September 2017. The new law stipulates that junior employees can take annual leave after working for half a year. After a year, he can take all seven days of his annual leave, i.e. after 1 March 2018.

Therefore, leave will need to be calculated taking into account the different start dates of each employee. If the leave is not consumed within a specified term, the employer must convert it into salary.

A caveat—as long as the leave is not lower than the provisions of the Labour Standard Law and as long as the enterprises negotiate with the employees, the Labour Department allows enterprises to settle the pay and arrange annual leave by the calendar year or the fiscal year.

4. Shift workers must rest 11 hours after each shift

In a provision yet to be implemented, a new provision will stipulate that shift workers must rest a minimum of 11 consecutive hours after each shift.

We expect that enterprises may respond by increasing manpower and shortening business hours. Round-the-clock business operators, such as retail shops, fast food chains and service stations, may decrease operating hours

due to low utilisation and their customers may have to get accustomed to the loss of convenience.

In order to reduce manpower cost, businesses may also turn to temporary or part-time employees, which will impact the country's employment structure.

5. Faster response to employee complaints

The Labour Inspection Department has to complete investigation of employee complaints within 60 days. This means that after receiving a complaint, inspectors will shortly visit the enterprise, in order to complete the investigation and furnish a report within 60 days.

6. Rising fines

If the Labour Inspection Department finds that the company has violated its employees' rights or interests after investigation, the company may be fined up to a limit of TWD 1 million, previously TWD 300,000. This upper limit may be increased to TWD 1.5 million according to the size of the company, the number of violations and its severity.

7. Basic salary and labour and health insurance premium to rise

The Ministry of Labour issued an order on 19 September 2016, for basic salary to be increased from 1 January 2017. The basic monthly salary of employees paid monthly was adjusted from TWD 20,008 to TWD 21,009, while the basic hourly salary of employees paid hourly was adjusted from TWD 126 per hour to TWD 133 per hour.

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