

# ISRAEL

Israel is a small country in the Middle East that borders the Mediterranean and Red Seas, with a lengthy and rich history that dates from prebiblical times. The political capital is Jerusalem and the business center is Tel Aviv. Despite its small a population of approximately 9.6 million people, its economy is a highly developed free-market economy with diversified sectors, with technology, manufacturing, and diamond-cutting being the most significant. Also, Israel is one of the world's leading citrus producers.

**NATIONAL HOLIDAYS**

Israel celebrates many official public holidays. It is also important to note that Jewish holidays usually start with half a day off followed by a day off or more (Erev Chag). Working on holidays requires special permit and entitles employees for additional payment of **150%**.

**Full-time employees** are entitled for **9 paid days** due to holidays. **Hourly employees** are entitled for paid holiday after completing **3 months** of employment.

<b>FEB 27</b>	Municipal Elections* ( <i>*National Day off. Date may vary.</i> )
<b>APR 23</b>	Passover Day** ( <i>**Erev Chag. Day may vary</i> )
<b>APR 29</b>	Seventh day of Passover** ( <i>**Erev Chag. Day may vary</i> )
<b>MAY 12</b>	Memorial Day*** ( <i>*** this is not a day off</i> )
<b>MAY 14</b>	Independence Day** ( <i>**Erev Chag. Day may vary</i> )
<b>JUN 12</b>	Pentecost** ( <i>**Erev Chag. Day may vary</i> )
<b>OCT 03</b>	Rosh Hashanah** ( <i>**Erev Chag. Day may vary</i> )
<b>OCT 12</b>	Yom Kippur** ( <i>**Erev Chag. Day may vary</i> )
<b>OCT 17</b>	Sukkot** ( <i>**Erev Chag. Day may vary</i> )
<b>OCT 24</b>	Simchat Torah** ( <i>**Erev Chag. Day may vary</i> )

*It's also important to note that Election Day is a day off in Israel.*

**EMPLOYMENT CONTRACTS**

Overall, there are 2 types of employment contracts:

**TEMPORARY (OR LIMITED IN TIME):** It specifies the start and end date of completion of the employment relationship.

**INDEFINITE:** It is a contract that is not subjected to a term, so it will last until one of the parties, voluntarily or involuntarily decides to end the employment relationship. It can also be subdivided into: **a) MONTHLY SALARY;** **b) HOURLY RATE.** Most employment agreements include clauses regarding confidentiality, assignment of intellectual property, and non-competition.

**WORKING HOURS**

The standard work week in Israel is Sunday through Thursday, although non-Jewish people may choose Friday, Saturday, or Sunday as their main weekly rest day. Jewish people may not work on Saturdays unless their employer is open on Saturdays with a special permit.

The work week may not exceed **42 hours**, allocated over five or six days of work. Employees are entitled to overtime pay which is calculated on a daily and a weekly basis.

On top of that:

- a)** For the **first two** overtime hours, the remuneration is **125% of the regular wage;**
- b)** For any additional hour of work as well as for work during the weekly day of rest, remuneration



shall amount to **150% of the regular wage;**

c) Some companies pay a global monthly amount as compensation for overtime pay.

### BONUS REQUIRED BY LAW

There is no statutory bonus that is legally required unless it is in the contract.

### VACATIONS

Israeli employees have the right to paid annual leave, the length of which depends upon the period of service of the employee. The minimal period required by law is **12 days a year**.

### SICK LEAVE

Employees have the right to receive sick leave at a rate of one and a half days (1.5) for each month of employment with the right to accumulate **up to 90 days**.

a) Employees are not entitled to **any payment** for the **first day** of sickness (some companies pay from the first day);

b) For the **second and third days**, employees are entitled to **50% of the salary**;

c) From the **fourth day onward, 100% of salary**;

d) It should be noted that it is common for some industries to pay full salary for sick leave from day one (very common in big organizations, high-tech companies, and more).

### PARENTAL LEAVE

Pregnant women are entitled for up to 26 weeks of maternity leave, 15 weeks are paid by the



National Security Institute of Israel and the rest is unpaid leave. In addition, the employee is entitled for an additional unpaid absence of **1/4 of the employment period** and **up to 1 year from the birth**. Parental leave can be shared with the other parent, according to the legal terms. Male employees receive an **8-day paternity leave** following the birth of their child. This includes **three paid vacation days** and **five days of sick leave paid** by the employer.

In general, it is forbidden to dismiss a pregnant employee who worked for **over six months** (even if the employer was not aware of the pregnancy on the day of notice).

Dismissal is also prohibited **throughout the employee's pregnancy**, as well as **during the maternity leave** and a period of **60 days** after that. The dismissal of a pregnant employee can only be done with a permit.

### PROBATIONARY PERIOD

Not applicable.

### TERMINATION

Employment may be terminated by resignation, dismissal, retirement, death, or the expiration of a limited period of employment. Dismissal should be conducted in good faith and based on relevant considerations, and due to a hearing process.

Dismissal entitles the employee to receive severance pay (equals to **1 monthly salary per employment year**). However, there are certain

circumstances in which the dismissed employee is not entitled to receive severance, i.e. with cause. The employer or employee must provide written notice before the termination.

The statutory period of prior notice for dismissal and for the resignation is **one month** for employees who completed **one year of employment**.

### TAXES

Employees pay progressive income tax in Israel starting at **10% and increasing to a maximum of 50%**. Both **employers** and **employees** contribute a portion of their salary to National Insurance and Health Insurance. The top rates are **6.75% for the employer** and **12% for the employee**.

### HEALTH INSURANCE

All Israeli citizens are entitled to healthcare as stipulated under the National Insurance Law. There are **four healthcare organizations** for basic treatment and citizens are given the choice of one, as well as the choice of increasing their coverage by purchasing supplementary health insurance.

### EMPLOYEE BENEFITS

a) **PENSION:** Employees are entitled for pension insurance comprised minimum of **12.5% employer's** contributions and **6% employee's** contribution. The employer's contribution includes payment in lieu of severance payment.

reements and the employee's employment contract. Travel expenses can be included in the employee's salary, subject to the employee's written consent;

**b) TRANSPORTATION EXPENSES:** Employees are entitled for reimbursement for their travel expenses, based on public transportation fees and up to a maximum rate which it's updated from time to time. Some employers provide a company car to their employees or pay a separate fee for the use and maintenance of the car;

**c) RECREATION:** After completing **1 year of employment**, the employee is entitled for an **annual** payment comprised of a number of days based on seniority and calculated according fixed and updated tariff.

#### **LABOR LAW - NUMBER AND VALID PAGE**

Access the following links for more information:

- a) <https://www.gov.il/he/departments/topics/workers-rights/govil-landing-page>
- b) [https://www.kolzhut.org.il/he/שאלות\\_ותשובות](https://www.kolzhut.org.il/he/שאלות_ותשובות)

#### **HOME OFFICE/HYBRID WORK - LAW - GUIDANCE**

There is no law regarding the home office.

Hybrid work is according to an agreement with the employer.



**FOREIGN EMPLOYEES: WHICH PAPERS  
DO THEY NEED TO HAVE TO BE  
CONTRACTED BY THE LOCAL LAW?  
MAXIMUM QUOTA ALLOWED.**

Employment of foreign employees is subject to obtaining a work permit, meeting minimal benefits and terms.

