

# Doing Business Abroad – Employment Related Challenges of Israeli Companies

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## The main points which we will tackle:

- Where do I conduct my business?
- How do I do business?
- Immigration
- Local manpower
- Harmonizing employment documentation and policies
- On the one hand: equalizing benefit plans
- On the other hand: maintaining clear distinction between laws in different jurisdictions
- Equity plans



## Where do I conduct my business?

- Location with the best business opportunities
- Local laws and heavy / inflexible employment regulation may be a factor
- Choosing location requires collaboration between global and local attorneys



## How do I do business?

- Subsidiary, branch or local payroll company (PEO)?
- Local legislation
- Reverse example – foreign employers coming to Israel
- Who will make up the workforce that I will be employing? Which legal entity (if any) do I need to establish to engage workers?
- Global policies

## Immigration

- **Man on the ground:**
  - Local recruitment
  - International assignments of employees between group companies
- **Relocation – issues to consider:**
  - Visas, tax and national insurance
  - Define relationships with the home and host countries during assignment
  - Acceptable commercial terms
  - Governing law during assignment

## Local manpower

- **How do I recruit local manpower?**
  - Are any mandatory obligations triggered once reach minimum headcount?
  - How tolerant is the local jurisdiction to atypical working arrangements?
  - Specific requirements even for consultancy arrangements?
- **In Israel:**
  - 9 month limitation on engagement of manpower employees
  - “Grey area” - using consultants and “service contractors”



## Harmonization of employment documents and code of conduct

- Labour law is territorial - tendency to apply local law regarding basic employment benefits
- Local attorney needed to ensure compliance with statutory matters
- Harmonization of employment documents
- Consider company's core values, policies and code of business conduct
- Multinational employers - identify important principles
- Conflict between local rules / norms and those acceptable in Israel



## On the one hand - equalization of benefit plans

- Differences arise in benefit packages of employees in different countries e.g. due to mergers and acquisitions
- Process of equalizing benefit plans must be handled by local attorneys
- **Examples:**
  - “Trend” of unlimited vacation or parental leave policies
  - Bonus and incentive plans
  - Retirement packages



## On the other hand - clear distinction between rules in each country:

- Apply relevant law in each country e.g. fact that Israeli employees receive severance pay (1 month's salary per year of service) and employer pension contributions (6.5% of salary), does not mean employees abroad will receive the same
- Consider this when drafting employment policies and employment agreements



## Equity plans

- Working under different regimes simultaneously
- Documents must “speak the same language” - adapt between local law that applies and the law that governs the plan
- Relocated employees
- Policy dictated by the parent company – in collaboration with local law



## To summarize...

- We live in a small global village, borders getting narrower
- Ideal model - combine local advice with maintaining a coherent view of the company's global activities, while safeguarding its business interests and managing its legal risks globally



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Thank you