

Bits & Briefs

Israeli Labor and Employment Law | Special Series | 31 January 2019

In our new "Bits & Briefs" Special Series dedicated to **Israeli Labor and Employment Law**, we will provide periodic bite-sized updates introducing key provisions of Israeli labor law and their practical implications, particularly from the perspective of businesses looking to operate in, or expand to, Israel. In this update we will cover some of the basic rights granted to employees in Israel regarding workweek and overtime.

Workweek and Overtime

Bit #1: Israeli labor laws establish the right of an employee to receive compensation for overtime and restrict employment of an employee on weekly rest days (i.e., Saturday for Jewish employees). "Overtime" is generally defined as weekly work hours in excess of 42 hours.

Bit #2: For the first two hours of overtime, an employee is entitled to 125% of the employee's hourly salary and for each additional hour thereafter, the employee is entitled to 150% of his or her hourly salary. In addition, an employee working on a rest day is entitled to compensation amounting to 150% of the employee's normal salary.

Practical Implications:

- In practice, some employers include in their employment agreement a global fixed monthly compensation for overtime hours.
- According to an Israeli Labor Court ruling, in such cases the employer should monitor the employees' overtime hours in order to ensure that the overtime compensation covers their actual overtime hours.
- In addition, it is customary to include such global overtime compensation as part of the employee's salary for purposes of calculating social benefits (pension fund, vacation/sickness day value, etc.).
- Failure to comply with the provisions of the Israeli labor laws regarding overtime is deemed a criminal offense that may result in an administrative fine.
- The provisions of the Israeli labor laws regarding overtime do not apply to an employee employed in a management position, in a position requiring a special degree of personal trust, or in a position which by its nature does not allow supervision.
- The Israeli Labor Courts have interpreted these exceptions very narrowly, such that they generally only apply to senior management with particularly high salaries who are involved in setting company policy.

We are happy to assist you in providing legal advice in relation to each of these issues, their ramifications for the workplace and the practical steps that may be taken as a result.

Sincerely,

Fischer Behar Chen Well Orion & Co.

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