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Bits & Briefs

Israeli Labor and Employment Law

Special Series

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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.

Introduction to Israeli Labor and Employment Law

Israeli employment law is a blend between the Continental and Common law legal systems. Employment protection laws – a set of laws that provide minimum conditions for all employees, irrespective of their wage levels – are at the foundation of employment law in Israel. In this update we will cover some of the basic rights granted to employees in Israel.

Bit #1: Notice of Terms of Employment

Employers are required by law to provide their employees with written notification of certain terms of their employment (e.g., description of the employee's main duties; reference to the salary payment date and whether the employment agreement is for a defined or an open-ended period). Such notice may be provided within an employment agreement.

Bit #2: Payment of Salary and Minimum Wage

Employers are required by law to pay employee salaries no later than the 9th day of the calendar month following the month in which wages were earned. The statutory minimum wage is NIS 5,300 per month for a full-time position.

Bit #3: Pay Slips

Employers are required by law to include certain specific information in employees' pay slips (e.g., the updated minimum wage; the number of hours the employee has worked over the relevant month).

Bit #4: Annual Vacation

An employee is entitled to minimum annual leave ranging from 15 to 28 days, based on seniority. Employment agreements may provide for additional vacation days. Up to a maximum of two years of unused statutory vacation entitlement is redeemable by an employee upon termination. However, company policy or personal agreements may provide for enhanced redemption rights.

Bit #5: Sick Leave

Every employee is entitled to sick leave, such that one and a half days of sick leave is accrued for each month of employment, up to a maximum of 90 sick days in total. Unused accumulated sick days cannot be redeemed. The employee's 1st day of absence is not required to be paid, and on the 2nd and 3rd days of absence 50% of the daily salary is paid. Full entitlement is paid from the 4th day of sick leave. In practice, it is customary to pay the employee in full from the 1st day of absence.

Practical Implications

- Failure to comply with these requirements may constitute a criminal offense and further expose an employer to liability for damages.
- An employer will be considered to be withholding wages if salaries are not paid by the 9th day of each calendar month.
- Failure to comply with the annual vacation and/or sick leave payment requirements should be considered as part of the employer's indebtedness towards employees and treated as debt on its financial statements.

We are happy to assist you in providing legal advice in relation to each of the issues above, 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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