MARSH

October 2026

# International newsletter

Mercer's Global Mobility (GM) team offers integrated solutions to adress the legal aspects of international mobility.



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# Immigration

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# America

## ARGENTINA

**Argentina outlines a new citizenship-by-investment route for foreign investors**

Argentina has announced a new citizenship-by-investment program, expected to be implemented in the last quarter of 2026. Based on the available framework, the program would offer a path tied to either a USD 350,000 contribution to the National Treasury or a USD 800,000 subscription to a government bond, with additional contributions potentially required for certain family members. Applications would be subject to identity and criminal background checks, immigration status review, source-of-funds analysis, and anti-money laundering controls. For global mobility teams and internationally mobile investors, the program could create a new long-term residence and citizenship planning option in South America, although important operational and procedural details still depend on supplementary regulation.

## CANADA

**Canada adjusts Express Entry points for job offers and certain Canadian work experience**

Canada has announced changes to the Express Entry system that will take effect in early November 2026, including adjustments to Comprehensive Ranking System points linked to job offers and Canadian experience in higher-wage occupations. These revisions are important for employers and mobile employees because they may alter the competitiveness of permanent residence profiles and the relative value of existing employment arrangements. Organizations with Canadian talent pipelines should reassess candidate strategies, employer support assumptions, and internal communications for individuals who are close to filing or awaiting invitations.

## UNITED STATES

**A proposed U.S. rule could end the post-employment grace period for key visa holders**

The Department of Homeland Security published a proposed rule on September 11, 2026 that would remove the discretionary grace period of up to 60 days currently available after the end of employment for E-1, E-2, E-3, H-1B, H-1B1, L-1, O-1, and TN workers and their dependents. If finalized, affected workers would generally need to leave the United States once employment ends unless they have another basis to remain. Although the grace period remains in effect while the rule is under consultation, the proposal is strategically important because it would materially affect termination planning, change-of-employer timelines, and redeployment options for sponsored employees.

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# Asia

## AUSTRALIA

**Australia introduces a broader character test framework from late October**

Ministerial Direction 123 replaces Direction 110 from October 31, 2026 and will govern character decisions made on or after that date. This is relevant because character assessments can affect visa grants, cancellations, and review outcomes across multiple immigration categories. A broader or more assertive character framework increases the need for early case review where there are prior convictions, conduct concerns, or other adverse factors. Employers sponsoring staff into Australia should account for the possibility of tougher scrutiny in more sensitive cases.

## JAPAN



**Japan increases residence application fees from October 2026**

From October 1, 2026, Japan is applying new fees for residence-related filings. Change of Status of Residence and Extension of Period of Stay applications move from a flat JPY 6,000 fee to a tiered structure based on the period granted, ranging from JPY 10,000 for up to three months to JPY 75,000 for five years or more when filed in person, with lower rates for most online applications. Permanent Residence application fees also rise sharply, from JPY 10,000 to JPY 200,000. The change makes filing timing more important because applications submitted on or before September 30 remain subject to the previous fee structure. Employers and assignees should therefore review any near-term filings, update budgeting assumptions, and communicate the new cost profile for future renewals and status changes.



# Europe

## SWITZERLAND

**Switzerland keeps long-term business visa routes focused on high-skill and business-need criteria**

Switzerland continues to frame long-term business immigration around tightly controlled criteria for staff transfers, highly skilled individuals, investors, and shortage occupations. The practical implication is that business immigration remains available, but only where the employer can evidence a real commercial need, the candidate meets qualification thresholds, and the filing fits within the Swiss labor market framework. Companies using Switzerland as part of a regional mobility strategy should keep expectations calibrated, prepare strong supporting documentation early, and build lead time into assignment planning.

## UNITED KINGDOM

**The UK extends illegal working exposure across wider labor supply models**

From October 1, 2026, the UK illegal working regime extends beyond traditional employment to cover individuals engaged under a worker contract, some individual subcontractors, and individuals engaged through online matching services. Liability for civil penalties of up to GBP 60,000 per illegal worker may also extend to other businesses within a labor supply chain. This materially broadens the set of relationships in which right-to-work checks and immigration compliance controls become relevant. Employers that rely on contractors, contingent workers, or platform-based sourcing should review onboarding procedures, vendor controls, and contractual protections to address the wider scope of exposure.

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# Labour

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# America

## BRAZIL

**Brazil moves toward ending the 6x1 schedule and reducing the standard workweek**

Brazil's Congress has approved a constitutional amendment that would end the traditional 6x1 work schedule and reduce the weekly workweek to 40 hours. If implemented as expected, the change would have major implications for staffing models, working-time organization, payroll cost planning, and collective bargaining across sectors that rely on intensive scheduling. Employers with Brazilian operations should begin scenario planning early, especially where business models depend on current roster patterns or long weekly working arrangements.

## COLOMBIA



**Colombia suspends a decree on higher-level collective bargaining**

Colombia's Council of State has provisionally suspended the effects of Decree 234 of 2026, which regulated collective bargaining at levels above the company. The suspension matters because bargaining structure directly affects labor relations strategy, trade union engagement, and employer planning. Until the legal position becomes clearer, employers should avoid assuming that broader-level bargaining mechanisms will apply as originally anticipated and should keep monitoring litigation and regulatory developments.

## COSTA RICA

**Labor non-compliance can now affect eligibility for public contracting in Costa Rica**

Costa Rica has brought into force a new rule under which labor non-compliance may prevent a company from contracting with the State. This materially raises the stakes of employment-law compliance because the consequences now extend beyond labor inspection or litigation exposure into commercial eligibility. Employers that participate in public procurement or supply public-sector projects should review compliance controls, payroll discipline, and employment documentation to reduce the risk of exclusion.

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# Europe

## BELGIUM

**Belgium increases the mileage allowance rate for employee business travel from Q4 2026**

From October 1, 2026 through December 31, 2026, the approved reimbursement rate for employees who use their own car for professional travel rises to EUR 0.4452 per kilometer, up from EUR 0.4440. The same quarterly adjustment cycle also remains relevant for electricity reimbursement in certain company-car charging scenarios. While the increase is small, employers should still update payroll and expense policies, internal travel guidance, and finance assumptions to ensure consistent application during the quarter.

**Belgium raises accepted lump-sum travel allowances for domestic business trips**

As of September 1, 2026, the lump-sum amounts accepted by the Belgian tax authorities for domestic business travel reimbursement have increased. This affects employers that reimburse employees on a flat-rate basis for qualifying business travel within Belgium. Even where the changes are technical, they matter in practice because they influence the tax-efficient limits for travel reimbursement and require payroll and expense administration to reflect the updated thresholds correctly.

**Belgium updates educational leave rules for the 2026–2027 school year**

The 2026–2027 school year brings updated rules and regional distinctions for educational leave in Belgium, including the interaction between paid educational leave and Flemish training leave. Employees remain entitled to follow approved training and to be absent from work while retaining salary rights, subject to the applicable scheme conditions and salary caps. Employers should review which regional rules apply to their workforce, confirm which courses qualify, and ensure that leave administration and payroll treatment are aligned with the latest requirements in Flanders, Brussels, and Wallonia.

**Private investigation compliance is becoming more visible in Belgian dismissal disputes**

Recent Belgian case law continues to test whether employers have complied with obligations under the Private Investigation Act when conducting investigations in the context of dismissals for serious cause. Courts are paying closer attention to these requirements, which increases the practical importance of compliance in workplace investigations. With the regulatory deadline on private investigation approaching, employers should reassess internal investigation protocols, documentation, and third-party investigator arrangements to reduce litigation risk.

**Belgian employers face a packed year-end HR compliance calendar**

Belgian employers are entering the year-end period with a broad set of HR and payroll deadlines, including statutory annual leave, working time reduction days, replacement public holidays for 2027, year-end bonuses, wage indexation, holiday certificate settlements, group insurance reporting, and social election preparation for 2028. Additional developments include a higher Flemish educational leave salary ceiling, proposed mandatory time registration, potential mobility-budget obligations, and an increase in the second part of notice periods for certain long-serving employees from 2027. The practical message is that employers should not treat the last quarter as routine administration. Several items have direct payroll, policy, and workforce-structure implications and benefit from early preparation.

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## PORTUGAL

**Portugal keeps building a clearer legal framework for digital disconnection and workplace algorithms**

Portuguese employment-law developments continue to focus on the right to digital disconnection and on the use of artificial intelligence and algorithms in labor relations. These topics matter because they sit at the intersection of working-time control, employee well-being, transparency, and managerial oversight. For employers, the practical consequence is that technology-enabled management and after-hours communications now need to be assessed not just as efficiency tools, but also as compliance issues. Companies operating in Portugal should review policies on out-of-hours contact, remote supervision, and algorithmic decision-making in employment processes.

## SPAIN

**Spain tightens probation-period rules in parts of the hospitality sector**

A new Spanish labor development affecting the hotel industry requires employers to define probation-related terms with greater specificity before the employment relationship begins. In practice, the change reduces the scope for loosely structured probation arrangements and increases the importance of precise contract drafting and process discipline at the start of employment. Hospitality employers should review contract templates, onboarding procedures, and manager guidance to make sure probation clauses and related expectations are set out clearly and lawfully.

**Spanish courts scrutinize AI-based dismissals more closely**

Recent Spanish litigation suggests that dismissals justified by automation or artificial intelligence will not be upheld merely because the employer invokes technological change in general terms. Courts are focusing on whether there is genuine evidence that the role has truly been replaced and whether the employer can substantiate the business rationale. This means organizations exploring AI-led restructuring should be prepared to document the real operational impact and not assume that references to digital transformation alone will support a dismissal decision.



**Spain transposes the EU directive on transparent and predictable working conditions**

Spain has transposed the EU Directive on transparent and predictable working conditions through Royal Decree 723/2026. The measure is significant because it strengthens information rights and predictability in the employment relationship, which can affect how employers structure hiring documents, communicate key terms, and manage changes during employment. The transposition aligns Spain more closely with the wider European trend toward greater clarity around working conditions, while also increasing the need for employers to check whether templates and onboarding documentation still meet the new standard.

## UNITED KINGDOM

**The UK doubles employment tribunal time limits for many claims from October 2026**

From October 1, 2026, one of the most significant procedural changes to UK employment litigation in decades comes into force, with time limits for many employment tribunal claims moving to six months. The change matters for both employers and employees because it extends the window in which disputes can be brought and may affect evidence retention, settlement strategy, and case forecasting. Employers should update litigation readiness processes, document preservation assumptions, and internal timelines for managing potential claims.

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# Social Security

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# Europe

## SPAIN

**Spain gives social security recognition to certain historical periods for ministers of worship and professional athletes**

Spain has adopted rules allowing certain past periods of activity to be counted for social security purposes in relation to retirement pensions for ministers of worship from evangelical churches and for professional athletes whose work predated integration into the General Social Security Regime. The measures are narrow in scope but important for the affected groups because they can alter contributory records and pension entitlement. They also illustrate the continued use of targeted rules to address historic gaps in social security coverage.

# Tax

# 04

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# America

## ARGENTINA

**Argentina introduces new transfer pricing regulations**

Argentina has introduced new transfer pricing regulations and consolidated several related matters into a single text. The update is significant for multinationals because transfer pricing obligations affect documentation, risk analysis, and cross-border intercompany pricing positions. Businesses with Argentine operations should review whether their current reporting processes, benchmark support, and intercompany arrangements remain aligned with the revised framework.

## PHILIPPINES

**The Philippines requires invoices to show creditable withholding tax separately**

New Philippine tax rules require invoices to present creditable withholding tax as a separate line item. This is operationally important because invoicing format now has a direct bearing on tax compliance and supporting records. Businesses should review billing templates, ERP settings, and finance procedures to ensure invoices reflect the new presentation standard and reduce the risk of downstream disputes or processing issues.



# Asia

## INDIA

**India moves to bring the principal purpose test into force under the Mauritius treaty protocol**

India has notified the protocol amending the India–Mauritius tax treaty, bringing the principal purpose test into effect. This is important because it strengthens anti-abuse scrutiny in treaty-based tax planning and may alter how cross-border structures involving Mauritius are evaluated. Groups using Mauritius holding or investment structures should revisit substance, commercial rationale, and documentation to ensure they can support treaty access under the updated framework.

## UNITED ARAB EMIRATES

**The UAE tightens expectations around input tax recovery and supporting controls**

Recent UAE VAT changes are putting greater emphasis on supplier verification, input tax apportionment, and documentation quality in input tax recovery. The practical effect is that businesses must reassess how they validate suppliers and supplies, support their claims, and apply apportionment under the revised framework. The changes are especially relevant as e-Invoicing rolls out, because an e-Invoice alone may not be enough to support VAT recovery if the underlying control environment is weak. Finance and tax teams should therefore review internal procedures, evidentiary standards, and risk controls for input tax claims.

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# Europe

## BELGIUM

**Belgium highlights year-end payroll and tax reporting pressure points**

Belgian year-end payroll management remains closely linked to tax reporting obligations, including the treatment of employer business expenses on form 281.10, the settlement of holiday certificates, and contributions on group insurance premiums. Additional developments such as the new 20% rule for certain lump-sum taxable benefits in kind and related corporate tax consequences for company directors increase the need for accurate year-end review. Employers should use the final quarter of 2026 to validate payroll data, reimbursement reporting, and benefit treatment before year-end close.

## PORTUGAL

**Portugal's 2027 budget proposals keep tax change in focus for employers and investors**

Portugal's proposed 2027 state budget includes tax measures relevant to businesses, investors, and sector-specific stakeholders, including energy-related provisions. Even before final enactment, the proposals are important because they signal where the tax burden, incentives, and compliance focus may shift in the next fiscal cycle. Employers and investors with Portuguese exposure should assess whether the proposals would affect planning, financing, compensation structures, or sector-specific investment assumptions.

## SPAIN

**Spain starts the final run-up to mandatory B2B e-invoicing**

Spain has published the ministerial order establishing the technical and operational framework for mandatory B2B e-invoicing, with implementation beginning in October 2027. The publication moves the measure from abstract policy into a more concrete execution phase and gives businesses a clearer basis for planning system changes, vendor processes, and internal controls. Organizations with Spanish operations should treat the remaining period as preparation time for technology alignment, invoice workflow redesign, and contract readiness.

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