

Developing a competitive benefits plan for your business expansion can help your company stand out in the labor market. When you develop your Hong Kong employee benefits plan, you must consider compliance requirements and market standards to build a competitive business.

## **Hong Kong Compensation Laws**

Your team helps you achieve your company vision, and a developed benefits plan is key to employee recruitment and retention. These provisions are also vital for your business's compliance. Every country's labor regulations will describe minimum provisions for employees under the law.

When you're designing a benefits plan, you have to consider these regulations and the standards set in the local labor market. Most employers choose to provide supplemental benefits beyond the legally required ones. These additional provisions will make your plan competitive with other companies in your industry, leading more candidates to apply for your open positions.

Possible supplemental benefits include:

- Holiday bonuses
- Tuition reimbursement
- Rewards programs
- Transportation stipends
- Dental care insurance
- Telecommuting opportunities

## **Guaranteed Benefits in Hong Kong**

As an employer, it's your responsibility to understand the labor regulations in Hong Kong and develop a benefits plan that recognizes them. The guaranteed benefits described in the employment laws are:

- Paid annual leave, sick days, and holidays
- Provident fund contributions
- Paid parental leave

Leave regulations will vary depending on how long an employee has worked with your company. For example, employees must receive seven days of paid annual leave in their first year and 14 days by their ninth year of service.

## Hong Kong Benefits Management

When you're ready to develop your benefits plan, you'll need to find a balance between your company's financial abilities and the support your workers want from their employer. This three-step process can be helpful in creating your benefits packages.

### 1. Consider Your Company's Resources

Keeping your benefits expenses within a certain percentage of your earnings will ensure you don't overextend your company resources. Evaluate your income and determine what you're willing to spend on benefits. During this stage, you should also consider your goals and how the benefits you offer can contribute to them.

Do you want to focus your resources on recruiting, or would you rather dedicate time and money to employee retention? You may even aim to improve your competitive edge as an employer within your industry.

### 2. Research Employee Needs

Workers will consider your benefits offerings when applying to your company, so it's in your best interest to research their needs. You might survey employees in your area or look into benefits offerings from companies similar to yours. It's important to note that employee expectations will vary depending on your location and industry.

### 3. Develop Your Employee Benefits Plan

With all the information you collected, you can move into the creation stage. Reference your employee research and financial evaluation to strike a balance between your workers' needs and your resources. Factor in the required benefits first and distribute your remaining funds to supplemental benefits.

#### Average Cost of Benefits

Benefits costs vary widely between different companies depending on their size, revenue, and the extent of their benefits. Your company should evaluate your earnings and set a percentage aside for benefits. You can build your plan around that percentage, and your budget will grow as your revenue does.

#### How to Calculate Employee Benefits

For provisions like annual leave and holidays, employees should earn the standard wages they would make during working hours. This calculation may factor into a salary or involve an hourly rate. As for pension funds, employers match the employee contribution at 5 percent.

Hong Kong also allows for payment in place of annual leave. In this scenario, an employee will earn their wages for a working day and receive that same amount as a vacation payment.

#### How Are Employee Benefits Taxed in Hong Kong?

The taxation laws in Hong Kong designate most benefits as forms of taxable income, including:

- Holiday and leave pay
- Education benefits
- Allowances and bonuses
- Stock awards

- Pensions and retirement benefits

The only benefits considered nontaxable are injury compensation payments and severance pay covered under the Employment Ordinance.

## **Employee Health Benefits**

In Hong Kong, health care is virtually free for all citizens, permanent residents, and nonresidents. However, this accessibility means there are often long wait times for care at all public institutions in the country.

While it's not required, most employers will offer a small amount of private coverage to offset the wait times. They may also choose to provide dental coverage, which does not exist within the free healthcare system.

## **Hong Kong Competitive Benefits Planning**

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## **About Your Hong Kong Employee Benefits Plans**

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### **Required Employee Benefits**

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### **Choose Globalization Partners Today**

Globalization Partners works with HR and legal professionals to help your company develop compliant and competitive benefits plans in Hong Kong. [Get in touch today](#) to learn more.