

When your business thrives in your country, expanding abroad is a natural next step. This process can offer abundant success for your company, but you'll encounter a range of challenges along the way. From language and distance barriers to new employment laws, you and your expansion team need to be ready for potential hurdles.

Globalization Partners can make the transition easier as your Employer of Record (EOR) in Tuvalu. Our EOR model makes us responsible for many details involved in international expansion, from payroll to benefits management.

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As your EOR, we'll hire your employees through our subsidiary in your country of choice. We have connections in more than 180 countries, and our team of HR and legal professionals has the expertise to help you expand in any of these locations. We'll guide you through benefits management, compensation laws, payroll details, and onboarding processes as you offload all legal risk onto our shoulders.

## Doing Business

Tuvalu's economy is primarily focused on fishing and tourism. With tourism playing a

significant role in the country's gross domestic product (GDP), many business types can succeed on the islands, from hospitality to food service.

When you expand to this Oceanic archipelago, you'll have to confront a range of employment laws and a new business culture. The two languages on the islands are Tuvaluan and English, with the latter being the primary language of business. The professional environment relies on representation for workers and employer support for meeting basic needs.

## **Employment Contracts**

Tuvalu labor laws state that employment contracts can be expressed or implied. Contracts must be written if the employment is meant to last for longer than 30 days or the terms significantly differ from similar positions in the industry. Employers must make three copies of every written agreement, and they should include:

- The name and addresses of both parties
- Nature of employment
- Duration
- Termination policy
- Wages and their calculation
- Welfare provisions
- Repatriation policy
- Any other special conditions

Since Tuvalu is a small island in the Pacific, the country has policies regarding how long a contract can last for travel from another island. If there is a journey from the place of recruitment to the place of business in the country, the employment contract can last 12 months for a single person or two years if the employee travels with their family.

## **Working Hours**

The general workday is eight hours on the islands, though regulations will vary. The Labor Commissioner decides the days and hours of work for specified jobs and industries. For task workers, employers must discuss the task at hand to determine whether it qualifies as an

eight-hour day and should be treated as such.

## **Vacation Leave**

The labor laws do not describe any required annual leave. An employer may choose to provide leave with or without pay as they see fit.

## **Sick Leave**

There is no amount of required sick days with or without pay in the country.

## **Public Holidays**

No employee is required to work on a public holiday unless the work is necessary to preserve the employer. If a worker must provide services on a public holiday, they cannot work more than two hours. These working hours must take place before 8 a.m. or after 4 p.m.

There are 10 recognized public holidays in the island nation, and they are:

- New Year's Day
- Good Friday
- Easter Monday
- Commonwealth Day
- Te Aso o te Tala Lei (Gospel Day)
- The Anniversary of the Birthday of the Sovereign
- National Children's Day
- Tuvalu Day
- Christmas Day
- Boxing Day

If any public holiday falls on a Saturday or Sunday, it will be recognized on the following Monday.

## Maternity Leave

Women are entitled to 12 weeks of maternity leave with six weeks before confinement and six weeks after. Employees must present a medical certificate six weeks before delivery to receive time off. Workers on maternity leave should earn at least 25 percent of their standard wages.

After maternity leave ends, mothers are permitted two half-hour periods each workday for nursing their infants.

## Termination and Severance

Contracts automatically terminate based on the expiration date in the contract or upon the death of either party. The parties can also reach a mutual agreement about the termination of a contract. In this instance, notice is not required.

The employer or employee may initiate termination with the appropriate notice. Task workers do not require notice. Either party must provide 14 days of notice for more than one month of work in any other circumstance. For less than one month of service, notice should be seven days.

An employer may dismiss an employee without notice in specific circumstances. These scenarios include:

- Misconduct
- Willful disobedience
- Habitual neglect of the position's duties
- Absence without permitted leave
- Lack of skill that an employee expressly claimed they had

The country's labor laws do not require severance in any termination circumstances, but employees can receive coverage through the National Provident Fund for retirement, incapacitation, and other special circumstances.

## Tax and Deductions

The island nation operates on a flat income tax system at 30 percent for all income-earning individuals. Along with deductions for income tax, employers must withhold a set percentage for contributing to the National Provident Fund.

## Health Insurance

Health care is publically funded in the country, so the labor laws do not require employers to provide health insurance schemes. If an employee sustains injuries while under contract, the employer must cover any medical expenses.

In some instances, the Health Officer may require an employer to maintain a hospital or sickroom on the employment premises. This scenario depends on the number of workers and the nature of work. These arrangements may be:

- A room designed for sick employees capable of holding 10 percent of the workforce
- A separate building equipped as a hospital with a capacity for 10 percent of the workforce
- Services from a health care professional

The employer will cover these expenses in full if the Health Officer requires it.

## Bonuses and Additional Benefits

Tuvalu labor laws do not describe required bonuses for employees, but employers may choose to provide them as they see fit.

Extra benefits are offered in some cases for employees who are working far from their homes. In addition to free repatriation covered by the employer, these workers must receive housing as a part of their employment contract. This housing should accommodate any dependants the employee has with them.

## Expand Business to Tuvalu With Globalization Partners

You can trust Globalization Partners to handle the details of your expansion. With us as your EOR, you can focus on building your business. [Reach out today](#) to learn more.