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The firm is a leading expert in complex labor and employment litigation before all relevant Israeli tribunals—including regional and national labor courts, government-appointed committees, arbitration panels, and the Supreme Court.

We represent clients in both individual and collective disputes, with deep expertise and strategic advisory in matters involving large-scale organizational processes such as restructuring, collective bargaining, retirement processes, handling senior executives, and more.

Our partners are also active in the professional community, frequently lecturing and participating in conferences and panels organized by the Israel Bar Association, the International Society for Labor Law and Social Security, ACC, and leading academic institutions.

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ABOUT THE LITTLER INTERNATIONAL GUIDE

For more than 15 years, Littler has published the International Guide, which provides a comprehensive, comparative analysis of workplace laws and regulations for more than 45 countries and territories. Written by a combination of Littler attorneys and selected attorneys and scholars from around the globe, the compilation tracks the employment cycle in a Q&A format, with each jurisdiction providing responses to the same questions. Recently redesigned to add new questions that address relevant trends, the Guide helps multinational corporations respond to the needs of the changing global workplace. With the redesign, each Guide contains additional information prepared by the editors: an introduction to each section to provide readers an overview of the scope of coverage, and a Glossary of Terms at the end of the Guide.

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TABLE OF CONTENTS

1. SETTING UP BUSINESS & STRUCTURING THE EMPLOYMENT RELATIONSHIP 1

1.1 Is a business without a physical presence in the country required to create a local entity to engage local workers? 1
1.2 Is a business permitted to engage a third-party entity to either assume the role of employer or to employ individuals locally? If so, are there restrictions on these arrangements? 2

1.2(a) Employer of Record 2
1.2(b) Global Employment Organization 2
1.2(c) Professional Employer Organization 3
1.2(d) Temporary Work Agencies or Staffing Firms 3

1.3 Is outsourcing allowed, and what are the legal considerations to reduce a company's exposure to liability? 3
1.4 What are the major laws that govern the employment relationship? 5
1.5 What categories of workers are recognized, and what tests do courts or agencies use to evaluate these categories? 7
1.6 What rights, protections, or entitlements are attached to each category of worker? 8
1.7 What legal claims can be brought for misclassifying a worker? 9
1.8 Are there emerging categories of workers based on technological innovations or economic changes? 10

2. PRE-HIRE & HIRING 11

2.1 Is an employer permitted to carry out background checks on an applicant or to ask an applicant about certain topics? 11

2.1(a) Credit Checks 11
2.1(b) Criminal Record Checks 11
2.1(c) Drug and Alcohol Testing 12
2.1(d) Educational History 12
2.1(e) Health or Medical Screening 12
2.1(f) References from Previous Employers 13
2.1(g) Salary History or Prior Compensation 13
2.1(h) Social Media or Public Web Page Searches 13

2.2 Is an employer required to hire particular groups of people in preference to others? 13
2.3 Is an employer required to provide information on pay or pay ranges when advertising a job? 14
2.4 Are there any notices that employers must provide to employees upon hiring? If so, what are the notices? 14
2.5 Must an employer or a foreign national obtain any prior approval (*e.g.*, a visa, work permit, or sponsorship license) from a government authority before a foreign national can work in the jurisdiction? 14

3. EMPLOYMENT CONTRACTS 16

3.1 Is an employer required to provide an employee with a written employment contract or other written document? If so, what terms of employment are *required* to be included? 16
3.2 What terms of employment are *recommended* to be included in a written employment contract? 17
3.3 Are fixed-term employment contracts permissible? 18
3.4 Are probationary periods allowed, and if so, do restrictions apply? 19
3.5 Can an employer change the terms or conditions of employment unilaterally (*i.e.*, without the employee's agreement)? 19

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3.6 Is there a language requirement for written employment contracts or other employment documents? 20
3.7 Can e-signatures be used to execute employment contracts or other employment documents? 20
3.8 What are the rules regarding flexible work arrangements? 21
3.9 Are post-employment restrictive covenants enforceable? If so, under what conditions? 22

4. WORKING TIME & COMPENSATION 24

4.1 Is there a limit to the number of hours an employee can work daily and/or weekly? Can an employee opt out of such restrictions? 24
4.2 What general activities constitute compensable working time? 25
4.3 Are there required rest, meal, or other break periods during the workday? 25
4.4 Is there a national minimum wage? 26
4.5 If an employee works overtime, how is it compensated? 27
4.6 What elements are considered part of a salary? 27
4.7 What is the required schedule for paying wages, and in what form and currency must wages be paid? 28
4.8 What bonuses, if any, are mandated? What bonuses are customary? 29
4.9 What are the employer and employee payroll contributions? 29
4.10 Are there any rules related to pay equity and/or pay transparency? 29

4.10(a) Pay Equity 29
4.10(b) Pay Transparency 30

5. TIME OFF FROM WORK 30

5.1 What are the national (bank) holidays? What are the requirements if an employee works on such holidays? 30
5.2 Is there a required day of rest? What are the requirements if an employee works on that day? 32
5.3 Is an employee entitled to annual leave or vacation? 32
5.4 Is an employee entitled to time off if they are sick, including for medical leave? 33
5.5 Is an employee entitled to caregiver leave (*e.g.*, to care for a close relative)? 34
5.6 Is an employee entitled to other types of leave? 35
5.7 Is an employee entitled to leave related to the birth of a child? 36

5.7(a) Pregnancy/Maternity/Birth 36
5.7(b) Miscarriage/Stillbirth 37
5.7(c) Adoption 38
5.7(d) Paternity 38

5.8 What requirements are there for employees with infants (*e.g.*, breaks for breast feeding, day care entitlements, part-time work)? 39

5.8(a) Breastfeeding Rules 39
5.8(b) Day Care Facilities 39
5.8(c) Flexible Work Arrangements 39
5.8(d) Other Employer Requirements 39

6. DISCRIMINATION & HARASSMENT 39

6.1 What characteristics or categories of individuals are protected under the antidiscrimination laws? 40
6.2 What types of conduct are prohibited in relation to these protected categories? 41
6.3 Are there any types of prohibited discriminatory conduct against other groups? 41
6.4 Are there legal justifications for otherwise impermissible discrimination? 41
6.5 Is an employer required to make adjustments for an employee based on the employee's religion? 42

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6.6 Is an employer required to make adjustments for an employee based on the employee's disability? 42
6.7 What types of harassment are prohibited under the law? 42
6.8 What prohibitions exist regarding retaliation/reprisal? 43
6.9 Is an employer required to provide training on prevention of discrimination, harassment, or retaliation? 44
6.10 Are employers required to investigate allegations of discrimination, harassment, or retaliation? 44
6.11 May individual persons be liable for discrimination, harassment, or retaliation? 45

7. Work Rules & Policies 46

7.1 Are there internal work rules or policies that an employer must adopt? 46
7.2 Do whistleblower protections exist? 47
7.3 What general health and safety rules apply in the workplace? 48
7.4 What should employers consider when implementing a global policy and/or a global code of conduct locally? 51

8. Privacy & Protection of Employee Personal Information 52

8.1 Are there any data privacy laws protecting the personal data of employees or job applicants? 52
8.2 What are an employer's obligations when processing (*i.e.*, collecting, storing, using, handling, etc.) personal data of employees or job applicants? 53

8.2(a) Lawful Basis for Processing 53
8.2(b) Notice of Processing 54
8.2(c) Security, Accuracy, and Retention of Personal Data 54
8.2(d) Other Obligations 55

8.3 Are there any special requirements related to sensitive personal data of employees or job applicants? 55
8.4 What rights do employees and job applicants have with respect to their personal data? 57
8.5 Is an employer permitted to transfer the personal data of its employees or job applicants? 58

8.5(a) Transfers Within the Jurisdiction 58
8.5(b) Transfers Outside the Jurisdiction 59

8.6 What are the penalties for failure to comply with the data privacy laws? 60
8.7 In the event of a data breach involving personal information of an employee, what are the employer's obligations? 61

9. Workers' Representation, Unions & Works Councils 62

9.1 Do workers have a fundamental right of association and representation regarding their working conditions? 62
9.2 What are the types of worker representative bodies recognized in the jurisdiction? 62
9.3 When is an employer required to recognize a worker representative body? 63
9.4 Do workers acquire special rights, protections, or obligations by being a member of a worker representative body? 63
9.5 Is the employer required to bargain with, consult, and/or inform the worker representative body? If so, under what circumstances? 64
9.6 What are the primary mechanisms of action (*e.g.*, strikes, picketing, etc.) workers may use to advocate for their collective rights or working conditions? 64

9.6(a) Strikes 64
9.6(b) Lockouts 64
9.6(c) Picketing 65
9.6(d) Secondary Action 65

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9.7 Does the law prohibit or otherwise limit workers' right to strike in specific industries, job positions, or circumstances? 65

10. INDIVIDUAL DISMISSALS & COLLECTIVE REDUNDANCIES 65

10.1 On what grounds can an employer dismiss an employee? 66

10.1(a) Permitted Grounds 66

10.1(a)(i) Misconduct 66
10.1(a)(ii) Capabilities and Performance 66
10.1(a)(iii) Economic and Structural Reasons (e.g., Redundancy) 67
10.1(a)(iv) Other Reasons 67

10.1(b) Prohibited Grounds 67

10.2 Does the employer have to inform the employee of the grounds for dismissal? 68
10.3 What process must an employer follow when dismissing an individual employee? 68

10.3(a) Termination Based on Employee Misconduct 69
10.3(b) Termination Based on Capabilities and Performance 70
10.3(c) Termination Based on Small-Scale Redundancy 70
10.3(d) Termination Based on Other Reasons 70
10.3(e) Additional Risks 70

10.4 For collective redundancies, are there additional or different rules? 71

10.4(a) Triggering Event 71
10.4(b) Employer Obligations 71
10.4(c) Timing 72
10.4(d) Additional Risks 72
10.4(e) Most Common Method for Executing Collective Redundancies 72

10.5 What general costs will an employer pay for dismissing an employee? 72

10.5(a) Termination Pay 73
10.5(b) Notice Pay 73
10.5(c) Other Required Pay or Benefits 74

10.6 What penalties apply for an employer's alleged noncompliance in dismissal situations? 74

10.6(a) Individual Dismissals 74
10.6(b) Redundancy and Collective Redundancies 74

10.7 What obligations apply when an employee resigns? 75
10.8 Is an employee's release of claims in a separation agreement enforceable? 75

11. EMPLOYMENT & CORPORATE TRANSACTIONS 75

11.1 Are there legal obligations to inform, consult, and/or reach agreement with employees, worker representative bodies, or any government agency in certain corporate transactions? 76

11.1(a) Share Sale 76
11.1(b) Indirect Share Sale 76
11.1(c) Business Sale 77

11.2 What are important legal considerations within the context of a business sale? 77

11.2(a) Process for Employee Transfers 77
11.2(b) Employee Consent or Objection 77
11.2(c) Successor Liability 77

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11.2(d) Continuation of Benefits and Service 77
11.2(e) Selective Offers of Employment 78
11.2(f) Additional Rights of Employees 78
11.2(g) Union Recognition and Collective Bargaining 78

11.3 Are there additional important legal considerations within the context of a share sale or indirect share sale? 78
11.4 Are there any legal restrictions that prevent or restrict the use of secondment or transitional services arrangements? 78
11.5 Are there any other issues that may give rise to a material liability, a material legal risk, or a material delay because of the transaction? 78

12. EMPLOYMENT DISPUTES & LEGAL LANDSCAPE 79

12.1 What government bodies enforce the major laws that govern the employment relationship? 79
12.2 What are the primary mechanisms to resolve employment disputes? 80
12.3 May an employer compel employees to arbitrate employment disputes? 80
12.4 Can an employee bring claims on behalf of other workers (*i.e.*, class or collective action)? 81
12.5 What are the most important characteristics of the legal culture relating to employment? 81
12.6 What are the five most common mistakes foreign employers make and what can be done to help avoid them? 81

GLOSSARY OF TERMS 83
ABOUT THE LITTLER INTERNATIONAL GUIDE 87

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ISRAEL

1. Setting Up Business & Structuring the Employment Relationship

Once a company makes a business decision to open operations in a country, from an employment law standpoint, a company must decide what corporate structure it plans to use or establish when hiring workers in the new country. This section provides information on the employment relationship and the various types of workers (*e.g.*, employees, independent contractors, temporary workers, and outsourced workers) recognized within the country. This section also details key employment considerations for: (1) hiring employees directly or through the creation of local entities; (2) hiring workers through third-party entities; (3) utilizing outsourcing services; and (4) addressing worker misclassification.

New terminology in this area, such as an "employer of record (EOR)" or "digital nomad," are included in the ***Glossary of Terms*** at the end of this Guide.

1.1 Is a business without a physical presence in the country required to create a local entity to engage local workers?

A foreign company may employ individuals to work in Israel without being registered in Israel. However, any foreign company intending to employ individuals in Israel must either establish a local legal entity or engage a local service provider to ensure compliance with applicable employment and tax laws.

Every employee working in Israel must be employed by an employer responsible for paying wages, issuing pay slips, and making all mandatory payments and contributions, including income tax withholding, social security contributions, and pension contributions.

Incorporation and/or Registration Requirements

The process of establishing a local entity in Israel requires the employer to undertake the following actions:

- Register with the Companies' Registrar at the Ministry of Justice and prepare the necessary founding documents (such as articles of association or internal regulations) to obtain legal corporate status in Israel. This process typically takes a few days.
- Register the newly established corporation with the Israeli Tax Authority for the purposes of paying corporate income tax and withholding income tax from its employees. This process generally takes a few days.
- Register with the Customs and VAT Division in order to fulfill VAT reporting and payment obligations. This registration process usually takes a few days.
- Register with the National Insurance Institute ("*Bituach Leumi*") for the purposes of paying national insurance (social security) and health insurance contributions.

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Options for a Foreign Entity Engaging in Israel

In Israel, common types of entities used by foreign employers include:

- **Limited Liability Company (Ltd.):** This structure generally provides full separation of liabilities between the foreign parent company and its Israeli operations. The local entity is subject to Israeli tax laws. Establishing a local Limited Liability Company may also simplify legal and commercial interactions with local suppliers and other Israeli entities.
- **Branch of a Foreign Entity:** In some cases, operating as a branch may offer certain tax advantages. However, this structure exposes the foreign company to liabilities arising from its Israeli activities and operations. It may also result in more complex bureaucratic and legal processes, particularly with respect to compliance with local labor laws, taxation, accounting, and other regulatory requirements. Additionally, any legal disputes arising in Israel may require the foreign entity to appear before Israeli courts.

Penalties for Failure to Comply with Registration Requirements

Noncompliance with registration requirements may result in a range of legal consequences, including criminal charges, fines, administrative enforcement, civil proceedings and even imprisonment. Since the relevant obligations arise from various areas of law—including corporate, tax, social security, and labor law—each of them imposes its own set of sanctions for noncompliance. For example, failure to comply with tax registrations may result in fines and even imprisonment; violations related to filings with the Registrar of Companies may lead to fines.

1.2 Is a business permitted to engage a third-party entity to either assume the role of employer or to employ individuals locally? If so, are there restrictions on these arrangements?

It is permissible to employ individuals through a third party—such as licensed manpower contractors or outsourcing service providers—although these arrangements are subject to legal limitations, including a general maximum assignment period of nine consecutive months (excluding employees in certain computing roles). It is also possible to engage an individual as an independent contractor; however, this approach carries the risk that the engagement may ultimately be reclassified as an employer-employee relationship.

1.2(a) *Employer of Record*

The term "employer of record" is not specifically recognized or regulated in Israel as a distinct legal category within the context of employment law.

In practice, it is possible to employ employees through a third party by using manpower contractors, which must operate in accordance with the conditions set forth in the Employment of Employees by Manpower Contractors Law, 1996 ("Manpower Contractors Law"), or through outsourcing companies or other locally compliant employment structures that are subject to applicable employment and labor laws.

1.2(b) *Global Employment Organization*

The term "global employment organization" does not exist in Israel in the context of employment law.

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1.2(c) *Professional Employer Organization*

The term **"**professional employer organization" does not exist in Israel in the context of employment through such organizations.

Employer organizations in Israel are associations that unite employers to promote shared interests, particularly in matters of collective bargaining with representative unions and the advancement of labor relations regulation. In Israel, employer organizations are typically organized by the industry in which their members operate and may be parties to sectoral collective agreements. The Manufacturers Association of Israel is the largest employers' organization in the country, representing employers and addressing a broad range of issues affecting the industrial sector.

1.2(d) *Temporary Work Agencies or Staffing Firms*

The term "temporary work agency" is not a recognized legal term in Israeli legislation.

However, it is possible to employ employees by manpower contractors, subject to the restrictions set forth in the Manpower Contractors Law. The engagement must be with a manpower contractor that holds a valid license to operate as a manpower contractor from the Ministry of Labor. Employment of an employee through a manpower contractor may not exceed nine months and is allowed only for temporary or short-term work (subject to exceptions and extensions), after which the employee may be deemed an employee of the service recipient.

1.3 Is outsourcing allowed, and what are the legal considerations to reduce a company's exposure to liability?

In Israel, a distinction is made between two types of outsourcing:

- **Manpower Outsourcing:** Usually, engagement with a manpower contractor is for the performance of temporary or short-term work usually at the "actual employer" (the service recipient) site, either as a temporary supplement to the client's workforce (*e.g.*, due to a specific workload increase) or to temporarily replace another employee (*e.g.*, an employee who is on maternity leave).

  The actual employer must engage only with a manpower contractor that holds a valid license to operate as a "manpower contractor" under the Manpower Contractors Law.

  It is common for employees of a manpower contractor and employees of the service recipient to work side by side in similar or even identical roles.

  Under Israeli law, if an employee of a manpower contractor is placed with a service recipient for a period exceeding nine consecutive months, that employee will be deemed an employee of the service recipient for all legal purposes,[1] unless an extension has been granted by the Ministry of Labor under specific conditions.[2]

- **Functional Outsourcing (Service Engagement**): *Functional outsourcing* refers to the transfer of entire operational functions from the employer's organizational framework to an external

[1] The nine-month employment term set forth in Section 12(a) of the Manpower Contractors Law does not apply to IT employees, pursuant to an exemption in Section 13 of the Manpower Contractors Law.

[2] Section 12B of the Manpower Contractors Law.

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service provider. Common examples include IT services, payroll administration, customer service operations, and call-centers.

The services may be provided either at the service provider's premises or at the service recipient's site.

An outsourcing company engaged in functional outsourcing is not subject to the provisions of the Employment of Employees by Manpower Contractors Law and is therefore not required to obtain a manpower contractor license from the Ministry of Labor.

Exception – Cleaning and Security Services

When the outsourcing involves cleaning or security services, the provider is considered a "service contractor" under the Manpower Contractors Law and it must obtain a special license from the Ministry of Labor. In addition, the Law to Increase Enforcement of Labor Laws, 2011 imposes enhanced obligations on both the service provider and the service recipient with respect to the rights and working conditions of employees in these sectors.

Furthermore, when services are provided through functional outsourcing—including in the cleaning and security sectors—it is permissible for employees to work at the client's site for more than nine months without being deemed employees of the service recipient.

The distinction between a contractor providing outsourced services and a contractor providing manpower services is not straightforward and has been frequently addressed by labor courts.

In general, a service contractor is one who delivers a service, a product, or a finished task (rather than just supplying employees), provides tools and equipment to its employees, and supervises the work and its quality. In contrast, a manpower contractor is one who supplies employees to perform tasks that are supervised by the client's employees, using the client's tools and equipment rather than those of the contractor.

Tests for Recognizing a Service Provider as an Outsourcing Service Contractor Rather than a Manpower Contractor

The following factors are considered when determining whether a service provider is an outsourcing service contractor, rather than a manpower contractor:

- The type of service provided by the contractor is not part of the core business of the service recipient (*i.e.*, it constitutes an external service).
- Supervision of the work is carried out professionally and managerially by the supplier. However, if day-to-day supervision (*e.g.*, task reporting, vacation approvals, sick leave reporting, etc.) is handled by the service recipient rather than the supplier, the more likely the arrangement will be classified as a manpower engagement.
- Training and guidance of employees are provided by the supplier, not by the service recipient.
- Employee selection is performed by the supplier, and the service recipient is not involved in recruitment and does not require that the service be delivered by any specific individual.
- The supplier provides the tools, equipment, and/or uniforms necessary for the job.
- The supplier operates independently and assigns its employees to work at its own premises.

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- Payment to the supplier is made as a fixed amount for a defined product or service, rather than based on the number of hours worked by its employees.

These factors are assessed together, with no single factor being determinative.

Labor Court Rulings

Labor courts have addressed claims by service contractor employees seeking to be recognized as employees of the client (service recipient). There have also been claims for unpaid salary and social benefits, where the contractor fails to pay its employees their legal employment rights. In some cases, the courts have ruled that the contractor and the service recipient are joint employers of the contractor's employees for the purpose of ensuring payment of the employees' rights. In particular, this applies in situations where the contractor faces financial difficulties or where the same employee is transferred between different contractors while working at the same premises (*i.e.*, the client site).

Key Considerations for Service Recipients (Clients)

Some key considerations for service recipients (clients) include:

- When receiving services from a manpower contractor, the client must ensure that the company holds a valid license. Engaging with a manpower contractor without a valid license is a criminal offense (subject to a fine) for the client and for any "officers" in a corporation as defined by law (such as a director, partner, or person responsible for compliance).
- In the cleaning, security, and catering sectors, the client must ensure that engagements with service contractors comply with the Law to Increase Enforcement of Labor Laws, which imposes monitoring obligations on the client to ensure that the contractor pays its employees their employment rights and benefits in accordance with the law.
- The service agreement must include contractual protections regarding the absence of an employer-employee relationship, indemnification clauses, and liability of the service provider in the event of claims filed by its employees against the client.
- The remuneration to the contractor must not result in a "loss-making contract"—*i.e.*, a payment which is too low to allow the contractor to cover the minimum employment rights required by law and extension orders.

1.4 What are the major laws that govern the employment relationship?

The major laws that govern the employment relationship in Israel include:

Individual Employment Laws

- **Employment**
  - Notice to Employee and Job Candidate (Employment Terms and Hiring Process) Law, 2002
  - Employment Service Law, 1959
  - National Insurance Law [Consolidated Version], 1995
  - Employment of Workers by Manpower Contractors Law, 1996
  - Foreign Workers Law, 1991
  - Right to Work While Seated and Under Proper Conditions Law, 2007

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- Protection of Privacy Law, 1981

- **Wages and Wage Protection**
  - Minimum Wage Law, 1987
  - Wage Protection Law, 1958
  - Prohibition on Receiving Deposits from Employees Law, 2012
- **Working Hours, Rest, and Absence**
  - Hours of Work and Rest Law, 1951
  - Sick Pay Law, 1976
  - Annual Leave Law, 1951
- **Equal Opportunities – Pay, Rights, and Antidiscrimination**
  - Equal Employment Opportunities Law, 1988
  - Equal Rights for Persons with Disabilities Law, 1998
  - Women's Employment Law, 1954
  - Equal Pay for Female and Male Employees Law, 1996
  - Prevention of Sexual Harassment Law, 1998
- **Youth and Apprenticeship**
  - Youth Employment Law, 1953
  - Apprenticeship Law, 1953
- **Discharged Soldiers, Soldiers' Families, and Emergency Situations**
  - Discharged Soldiers (Return to Work) Law, 1949
  - Protection of Employees in Times of Emergency Law, 2006
  - Property Tax and Compensation Fund Law, 1961
  - Emergency Labor Service Law, 1967
- **Termination of Employment**
  - Advance Notice for Dismissal and Resignation Law, 2001
  - Severance Pay Law, 1963
  - Retirement Age Law, 2004
  - Protection of Employees (Exposure of Offenses, Ethical Violations, or Administrative Malpractice) Law, 1997
- **Labor Inspection and Enforcement**
  - Labor Inspection Organization Law, 1954
  - Law to Increase Enforcement of Employment Laws, 2012
  - Occupational Safety Ordinance [New Version], 1970

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- Occupational Accidents and Diseases Ordinance (Notice), 1945

Collective Labor Law

- Collective Agreements Law, 1957
- Settlement of Labor Disputes Law, 1957

Extension Orders of General Collective Agreements

These orders mandate the following social rights provisions for employees in the Israeli labor market:

- Extension Order for Mandatory Pension
- Extension Order on Reimbursement of Travel Expenses
- Extension Order on Payment of Recuperation Pay
- Extension Order regarding Payment for National Holidays

1.5 What categories of workers are recognized, and what tests do courts or agencies use to evaluate these categories?

The following categories of workers are recognized in Israel:

Employee

There is no single statutory definition for the term "employee". The term *employee* refers to a person who is engaged under an employer-employee relations and performs work personally and under the employer's direction and control, as an integral part of the employer's business, in exchange for a salary.

Independent Contractor

The term *independent contractor* refers to a person who provides services as part of an independent business, generally not under the employer's direct supervision or control, and who bears the entrepreneurial risk for the work performed. Such a person is not integrated into the employer's organization and is responsible for its own taxes, social security, and pension obligations.

Manpower Contractor Employee

An *employee of a manpower contractor* refers to a person who is employed by a licensed manpower contractor (as set forth under the Manpower Contractors Law), but who performs work under the direction of the client company for temporary or seasonal work and for a tenure of up to nine months, excluding computing (IT) professions.

Employee v. Independent Contractor

The employment relationship in Israel is considered a matter of legal status, and therefore, the classification of an individual as an "employee" or an "independent contractor" is determined by the labor courts based on judicial tests established in case law. Even if a written agreement states that no employer-employee relationship exists between the company and the service provider, such an agreement is not decisive in determining the individual's status by the labor court.

Whether a person is deemed an "employee" or an "independent contractor" is determined based on several tests. No single factor is decisive; rather, the overall balance of various factors determines the existence of an employer-employee relationship. The primary factor remains the "integration test," which

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forms part of the broader "mixed test" developed by the labor courts, and examines the extent to which the individual is integrated into the employer's business. This test consists of two components:

- **Positive aspect:** Does the individual performing the work "integrate" into the employer's business? Specifically, is the task performed part of the company's regular core operations, and does the individual integrate into the organizational structure of the workplace?
- **Negative aspect:** Does the individual operate an independent business? For example, is the individual registered with tax authorities and does the individual employ other employees, assume business risks (such as the possibility of profit or loss), and provide services to multiple clients rather than relying solely on one company for income?

Additional tests include:

- The level of control and supervision by the service recipient (*e.g.*, approval of vacation, reporting illness, working hours).
- Place of work (at the service recipient's premises or at the contactor's offices).
- Ownership of tools or equipment used by the contractor.
- The form of payments and tax deductions (income tax, VAT, National Insurance, etc.).
- The parties' intention as stated in the service agreement.
- Economic dependence by the contractor on the service recipient.
- Exclusivity of services.
- Continuity and duration of the engagement

1.6 What rights, protections, or entitlements are attached to each category of worker?

The status of an individual as a salaried employee, independent contractor, or manpower contractor employee will result in an identifiably separate set of rights for the individual. Key employment rights for each type of worker are summarized in the table below:

Right / Benefit	Salaried Employee	Independent Contractor (Freelancer)	Employee via Manpower Contractor
Protection against discrimination	Yes	Yes	Yes
Annual vacation	Yes	No	Yes
Maternity leave	Yes	No	Yes
Paid holidays	Yes	No	Yes
Sick leave	Yes	No	Yes
Minimum wage	Yes	No	Yes
Pension rights	Yes	No	Yes

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Right / Benefit	Salaried Employee	Independent Contractor (Freelancer)	Employee via Manpower Contractor
Severance pay	Yes	No	Yes (under certain conditions)
Protection against unlawful dismissal	Yes	No	Yes
Whistleblower protection	Yes	No	Yes
National Insurance coverage	Yes	No	Yes

1.7 What legal claims can be brought for misclassifying a worker?

Misclassifying an individual as an independent contractor can lead to lawsuits by the contractor (freelancer) against the service recipient, claiming that an employer-employee relationship existed throughout the engagement. As such, the contractor may seek retroactive payment of all employment-related rights which the contractor would have been entitled to as an employee. In addition, labor courts may award monetary and non-pecuniary damages in favor of the contractor as a deterrent to employers from misclassifying employees to avoid granting social benefits.

Below is a list of mandatory cogent employment rights under Israeli law that a misclassified contractor may be entitled to if an employer-employee relationship is established:

- **Severance pay:** If the engagement is terminated at the initiative of the service recipient, the labor court may deem the termination as a "dismissal," entitling the contractor to severance pay. Severance pay is calculated based on the last monthly salary multiplied by the duration of employment (with no statute of limitations).

  Regarding the determination of the "salary" amount for severance purposes and social benefits, the employer must provide evidence of the salary of a comparable employee in a similar position (or the market salary for an employee of similar status), in order to calculate the contractor's entitlement based on the "reduced salary" rather than the full remuneration paid to the contractor.

- **Pension contributions:** Pension contributions are calculated as the monetary value of the employer's pension contributions according to the general extension order applicable in the labor market, at a minimum, up to the insured wage ceiling as determined from time to time by the extension order (the average wage in the economy as defined in Section 2 of the National Insurance Law) for the seven years preceding the engagement.

- **Annual leave redemption:** Annual leave redemption is available for the three years preceding the engagement (plus the current year), unless it is proven that the contractor used vacation days during the engagement term while receiving the regular monthly remuneration.

- **Travel expenses:** Travel expenses may be claimed for a period of seven years in accordance with the extension order applicable in the labor market regarding travel allowance.

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- **Convalescence pay:** Convalescence pay may be claimed for a period of seven years in accordance with the extension order applicable in the labor market regarding convalescence pay.

Additional Exposure

If the freelancer was not insured under National Insurance or had no pension insurance, and a work accident or insurance event occurs (*e.g.*, disability or death), the court may require the company to pay the benefits that should have been provided through insurance or state coverage.

Employers often include provisions in the service agreement requiring contractors to insure themselves with a comprehensive pension plan and maintain National Insurance coverage as an independent contractor.

1.8 Are there emerging categories of workers based on technological innovations or economic changes?

There is currently no specific legislative framework governing emerging categories of workers such as digital nomads, gig workers, or platform workers. However, discussions are ongoing regarding legislative proposals aimed at addressing non-traditional forms of employment and aligning labor protections with the changing nature of the workforce.

Furthermore, legal debates are ongoing regarding the concept of joint or partial liability in cases involving platform-based workers. A class action lawsuit has been filed against a digital delivery platform,[3] alleging that its independent couriers should be classified as employees. To date, no judgment has been issued by the National Labor Court.

Digital Nomads

There is no specific regulation or legislation under Israeli law that directly addresses these employees. Israeli labor laws do not apply automatically; their applicability depends on whether the individual has a "center of life" in Israel, determined according to the "closest ties" test used to establish legal jurisdiction. The primary risks are tax liabilities, immigration issues, and questions regarding the territorial application of employment laws.

Gig Workers

There is no specific legal framework in Israeli law that governs this category of employees.

The primary risk in this engagement is an exposure to legal claims for employee rights, particularly if it is later determined that an employer-employee relationship existed. Therefore, the main issue concerns the classification of the individual as either an employee or an independent contractor. This classification is assessed using the legal tests for employment relationships outlined above (see 1.5).

Platform Workers

There is no specific legal framework in Israeli law that governs this category of employees.

[3] Class Action (Tel Aviv Regional Labor Court) 35327-08-20 *Golan Hazanovich v. Wolt Enterprises Israel Ltd*. (Wolt operates a digital platform that intermediates between restaurants/shops and customers, utilizing couriers to perform the deliveries).

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The main risk is legal exposure regarding the classification of employment status, particularly in cases where the platform dictates the terms of engagement and payment.

2. Pre-Hire & Hiring

Rules and regulations governing the hiring process are as varied as they are complex. The types of information and the degree to which employers may seek information from job applicants differ significantly from country to country, and even by location within a country. Depending on the jurisdiction, whether an employer can conduct background checks (*e.g.*, request an applicant's criminal record, credit history, or educational background), conduct health screenings or perform drug and alcohol tests, may be required, lawful with restrictions, or outright illegal. Other pre-employment steps, such as whether employers must disclose pay information and/or inquire about a job applicant's pay history—also vary by country. This section focuses on issues that employers may need to consider at the pre-hire and hiring stage of the employment lifecycle.

2.1 Is an employer permitted to carry out background checks on an applicant or to ask an applicant about certain topics?

Employers may conduct background checks on job candidates, particularly in sensitive sectors, provided they comply with applicable legal restrictions and the checks are proportionate and relevant to the position. Certain types of information cannot be requested from candidates according to the law, for example, criminal records (see below).

Questions that may be considered discriminatory under the Equal Employment Opportunities Law, 1988 include inquiries about: health status, marital status, military service, residence, sexual orientation, religion, ethnicity, nationality, or political beliefs.

Even where no specific legal prohibition applies, employers must adhere to principles of reasonableness and proportionality, ensuring the relevance of the question to the position and considering the potential invasion of the candidate's privacy.

2.1(a) *Credit Checks*

Under the Credit Data Law, 2016, an employer may not request credit data or a credit rating—directly or indirectly—even with the candidate's consent. Accordingly, employers must refrain from asking about a candidate's financial status or debt obligations. However, it is permissible to ask about salary expectations.

2.1(b) *Criminal Record Checks*

Private sector employers are generally prohibited from contacting law enforcement agencies to request a criminal background certificate about the candidate or obtaining criminal-record information directly through the candidate, even with the candidate's consent.[4]

An employer may not require a candidate to declare the absence of their criminal record, or to answer questions about their criminal records, even if such a record or information is relevant to the position. However, the law specifies certain bodies that are authorized to access information from the criminal registry—for example, positions involving work with children or vulnerable populations in order to

[4] The Criminal Information and Rehabilitation of Offenders Law, 2019.

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prevent the employment of sex offenders in certain institutions, information required by state investigative and intelligence authorities, and entities or officials for whom access to such information is essential for a vital public interest. These exceptions generally do not apply to ordinary private-sector employers.

An employer's request for criminal record information in violation of the law constitutes a criminal offense.

2.1(c) *Drug and Alcohol Testing*

There is no law that prohibits pre-employment drug and alcohol testing. Nonetheless, such testing constitutes a potential violation of the employee's privacy.

According to labor court rulings, an employer may only conduct such tests where it is relevant to the position, and provided it is reliable and minimally intrusive.

For certain sensitive roles (*e.g.*, security positions involving firearms, transportation roles such as bus/train drivers and pilots), such tests are more common and accepted.

Tests must be administered with respect and discretion, using the least intrusive methods available (*e.g.*, breathalyzer over blood test for alcohol; urine test over blood test for drug screening, where the more invasive testing method, the stronger the justification required). Testing must be conducted by qualified professionals, and the accuracy and reliability of the testing must be ensured.

It is required to obtain the candidate's consent for performing such tests.

2.1(d) *Educational History*

Employers are permitted and it is a customary practice to request a candidate to submit educational and professional certification records relevant to the position. Candidates usually submit this information voluntarily as part of the application process.

2.1(e) *Health or Medical Screening*

Employers may not ask candidates about health-related information unless it is directly relevant to the job requirements. Inquiries about disabilities or health conditions may constitute discrimination under the Equal Employment Opportunities Law, 1988.

Regarding medical examinations, the labor courts have held that if an employer wishes to require a job applicant to undergo a medical examination, the employer bears the burden of proving that the examination is relevant to the position and is limited to the minimum necessary under the circumstances. In any case, no individual may be compelled to undergo a medical examination, as such a requirement may infringe upon their dignity and their right to bodily integrity, pursuant to the Basic Law: Human Dignity and Liberty.

In certain regulated industries or safety-sensitive positions, medical examinations may be required by law or regulatory requirements, subject to privacy and proportionality principles.

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2.1(f) *References from Previous Employers*

It is common and acceptable to request a candidate to submit references from former employers. Often, candidates voluntarily provide such references or contact details. The employer must maintain confidentiality regarding any information received and use such information fairly and in good faith.

2.1(g) *Salary History or Prior Compensation*

Employers may inquire about a candidate's previous salary (prior compensation) and salary expectations. However, candidates are not obligated to answer such questions.

The employer is not obligated to disclose a salary range for the offered position.

It is important to note that under the Equal Pay for Female and Male Employees Law, 1996, equal pay is required for work that is identical, substantially similar, or of equal value. Employers with more than 518 employees are required to publish an annual report detailing the average pay gaps between female and male employees in the workplace by specific classification as prescribed by law and in the Ministry of Labor's regulations.

2.1(h) *Social Media or Public Web Page Searches*

As part of the employee recruitment process, employers commonly use various professional and social platforms such as LinkedIn, Facebook, as well as available data on the internet, to obtain public information about a candidate. In general, information that a candidate voluntarily publishes and that appears on their publicly accessible social media profiles is considered public information.

In addition, an employer may search for information about a candidate in legal databases containing published court decisions related to the individual. There is no legal restriction preventing an employer from searching for or accessing such information.

However, the employer may not use such information in a discriminatory manner. For example, if, during the search, the employer discovers the candidate's sexual orientation or political views, the employer is prohibited from discriminating against the candidate on these grounds, pursuant to the provisions of the Equal Employment Opportunities Law, 1988.

2.2 Is an employer required to hire particular groups of people in preference to others?

In Israel, affirmative action is employed through legislation aimed at promoting fair representation to employees with disabilities. The Equal Rights for Persons with Disabilities Law, 1998 requires employers to take measures to promote adequate representation of persons with disabilities in their workforce, including making reasonable accommodations. The law stipulates that a "public body" (including government ministries, municipalities and statutory corporations) employing more than 100 employees, must strive to ensure that at least 5% of its employees are persons with disabilities. The law also mandates specific actions that public bodies must take to achieve this target, most notably the appointment of an employment officer responsible for promoting the employment of people with disabilities. The law does not impose employment of disabled employees according to such quota, but rather a duty to take active measures to promote such employment.

In the private sector, according to an Extension Order, employers with more than 100 employees are required to take measures to promote the employment of persons with disabilities, with a target of at

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least 3% of the workforce being individuals recognized as having a disability. The Extension Order does not impose employment of disabled employees according to such quota but rather obligates employers to actively promote adequate representation in the workplace, and to take active measures to achieve such a goal.

The Women's Equal Rights Law, 1951, states that public and governmental bodies are required to provide adequate representation of women, as appropriate under the circumstances, within its workforce, management, and board of directors.

In addition, there is a legal obligation to ensure adequate representation in the civil service (public sector) for individuals from the following population groups—in addition to the requirement to represent both genders and persons with disabilities: members of the Arab population (including Druze and Circassians), individuals who themselves or whose parents were born in Ethiopia, members of the Haredi (ultra-Orthodox Jewish) community, and new immigrants.[5]

2.3 Is an employer required to provide information on pay or pay ranges when advertising a job?

Israeli law does not impose an obligation on employers to disclose salary terms or salary range when advertising a job. However, certain employers—primarily in the public sector, where salary scales are applied—customarily publish the applicable salary range.

2.4 Are there any notices that employers must provide to employees upon hiring? If so, what are the notices?

Pursuant to the Notice to Employee and Job Candidate (Terms of Employment and Screening and Hiring Procedures) Law, 2002, an employer is required to provide a new hire, within 30 days from the commencement of their employment, with a written notice detailing the employment terms. The notice must include information such as salary, scope of employment and working hours, a description of the main duties, vacation days, social benefits, and more. In addition, if there is a change in the employee's terms of employment, the employer is obligated to provide a written notice specifying the change. Furthermore, the employer is obligated to inform employees of the company's internal policy regarding the prohibition of sexual harassment, in accordance with the Prevention of Sexual Harassment Law, 1998. Further, employers are required to present a notice in the workplace detailing employees' rights under the Minimum Wage Law, Including the minimum wage.[6]

2.5 Must an employer or a foreign national obtain any prior approval (*e.g.*, a visa, work permit, or sponsorship license) from a government authority before a foreign national can work in the jurisdiction?

In most cases, the employer must obtain a work permit in advance for the employment of a foreign worker. The conditions and requirements for obtaining such a work permit vary depending on the sector of employment, and in certain sectors, approvals from several government ministries are required as part of the process. In addition, the foreign worker must hold a valid B/1 work visa as a prerequisite for working in Israel.

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[5] Section 15A of the Civil Service (Appointments) Law, 1959.

[6] Section 6B in Minimum Wage Law 1987.

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Foreign workers may be employed in a variety of sectors, mainly industry, commerce and services, construction, agriculture, caregiving, hospitality, and as foreign experts.

The table below summarizes the most common visa types, the approving authorities, processing times, and general costs:

- **Trade and Services Visa**: This visa is available under bilateral agreements or private recruitment.
  - **Approval Authority:** Population and Immigration Authority + recommendation by the Ministry of Economy and Industry.
  - **Processing Time:** Varies.
  - **General Cost:** Application fee: NIS 370. Annual fee: NIS 8,490.
- **Industry Visa**: This visa is available under bilateral agreements or private recruitment.
  - **Approval Authority:** Population and Immigration Authority + recommendation by the Ministry of Economy and Industry.
  - **Processing Time:** Varies.
  - **General Cost:** Application fee: NIS 1,060. Annual fee: NIS 8,490.
- **Foreign Expert Visa:** This visa requires aa salary of at least twice the "average national salary" published by the National Insurance Institute. This visa is common in high-tech, academia, or specific expertise.
  - **Approval Authority:** Population and Immigration Authority + Ministry of Interior
  - **Processing Time:** Varies.
  - **General Cost:** Application fee: NIS 1,420. Annual fee: NIS 11,320.
- **Caregiving License:** This license is available for employment in private or institutional caregiving and is subject to quotas.
  - **Approval Authority:** Population and Immigration Authority + Ministry of Welfare
  - **Processing Time:** Varies.
  - **General Cost:** Application fee: NIS 370. Annual fee: NIS 8,540.
- **Agricultural Work Visa:** This visa is available for workers from specific countries pursuant to bilateral agreements.
  - **Approval Authority:** Population and Immigration Authority + Ministry of Agriculture
  - **Processing Time:** Varies.
  - **General Cost:** Application fee: NIS 710. Annual fee: NIS 1,420.
- **Construction Work Visa:** This visa is subject to a limited quota and is primarily available to workers from Bulgaria, China, India, Moldova, Romania, Sri Lanka, Ukraine, and Uzbekistan.
  - **Approval Authority:** Population and Immigration Authority + Ministry of Housing
  - **Processing Time:** Varies.

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- **General Cost:** Application fee: NIS 1,060. Annual fee: NIS 8,490. Annual permit fee: NIS 14,430.

3. EMPLOYMENT CONTRACTS

Employment contract requirements vary from country to country, including if they are required and whether a contract must be in writing or in a particular language. The specific provisions required to be in a contract, along with recommended provisions, vary as well. This section addresses common contract requirements employers may encounter, such as the duration of the contract, whether probationary periods are permitted, and whether employment contracts may be signed electronically. Employers may also need to note whether they have the ability to change the terms of an employment contract unilaterally or if employees are entitled to a flexible work arrangement in their country. Another area of law that differs greatly between countries is whether restrictive covenants—including noncompete, nonsolicitation, and confidentiality agreements—are permissible. This section covers which restrictive covenants are permitted, if any, and the general legal framework for such agreements, as well as potential challenges to the validity of each.

The ***Glossary of Terms*** at the end of this Guide provides general definitions of the various restrictive covenants that may be permitted in some countries.

3.1 Is an employer required to provide an employee with a written employment contract or other written document? If so, what terms of employment are *required* to be included?

Employers are obligated to inform their employees in writing of their terms of employment.

The obligation to provide an employee with a breakdown of their employment terms is established in the Notice to Employee and Job Candidate (Terms of Employment and Screening and Hiring Procedures) Law, 2002 ("Notice to Employee Law").

Pursuant to the Notice to Employee Law, an employer is required to provide a new hire with written notice specifying the terms of employment within 30 days from the commencement of employment.

The Notice to Employee Law, Section 2(a), and the Notice to Employee (Terms of Employment) (Form and Details of Notice) Regulations, 2002, stipulate the list of employment terms that the employer must include in the notice document to be provided to the employee:

- The identity of the employer and the identity of the employee; the start date of employment; the period of employment (if the employment contract is for an indefinite period, the employer must state this).
- A description of the main duties of the position; the name or job title of the employee's direct supervisor.
- The length of the employee's normal workday or normal workweek, as applicable; the employee's weekly rest day.
- The total payments payable to the employee as wages, the types of payment, and the dates of wage payment (if the employee's wage is determined by a ranking under a collective bargaining agreement, the employee's ranking and grade must also be specified).

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- The types of payments (to the extent the employee is entitled to them) in detail, such as base salary, value equivalent, seniority pay, premiums and incentives, overtime, shift differential, convalescence pay, and any other payment for work, whether fixed or not fixed.
- The basis on which the wage is paid: monthly salary, hourly wage, daily wage, etc.
- Types of payments by the employer and the employee for the employee's social benefits (pension, insurance, advanced study fund (if the employee is entitled), etc.), as well as a breakdown of the entities to which the employer actually transfers said payments.
- For an employer that is, or whose employers' organization of which they are a member is, a party to a collective bargaining agreement that regulates the employee's terms of employment: the name of the employees' organization that is a party to that agreement.
- For an employer that is a manpower contractor or an employer that is a party to a contract for the performance of work or provision of services: specific conditions relating to the termination of the employment relationship.

The Notice to Employee Law, Section 2(b) requires an employer to state that such notice does not derogate from any right granted to the employee by virtue of any law, extension order, collective bargaining agreement, employment contract, or other contract relating to their terms of employment.

In accordance with the Law, Section 2(d), the employer may provide the employee with a written employment contract that includes all the aforementioned matters that must be included in the notice to the employee, and this will constitute fulfillment of the employer's obligation to provide a notice to the employee.

Violation of the obligation to provide a notice to an employee constitutes a criminal offense punishable by a fine. Additionally, the labor courts may award statutory compensation of up to NIS 15,000 per employee without proof of damage, depending on the circumstances of the violation.

3.2 What terms of employment are *recommended* to be included in a written employment contract?

In addition to the list of employment terms that the employer is required to include in the notice or in an employment contract, employers should consider including the following clauses:

- The employee's duties to perform their work with dedication and loyalty, avoidance of conflicts of interest, and maintaining confidentiality.
- Provisions regarding the use of the employer's equipment, computer resources, workplace-monitoring and data privacy provisions.
- Provisions regarding the termination of the employment relationship, return of equipment, and transfer of position.
- Provisions regarding the employee's obligations after the end of employment, such as noncompetition period (to the extent that the employer has a legitimate interest in restricting the employee's occupation, and such restriction complies with the conditions set forth under Israeli law).
- Provisions regarding prior notice, to the extent that they differ from what is stipulated in the Prior Notice for Dismissal and Resignation Law, 2001.

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- Provisions regarding the applicability of the arrangement under Section 14 of the Severance Pay Law, 1963, to the employer's deposits for the severance pay component in the pension insurance, to the extent that its application has been agreed upon between the parties (with the attachment of the general approval) or by virtue of a collective bargaining agreement.
- Provisions regarding the application of the general approval under Section 14 of the Severance Pay Law, pursuant to which pension-fund severance contributions replace part or all of the statutory severance-pay obligation.

3.3 Are fixed-term employment contracts permissible?

An employment contract may be executed for a fixed term. A *fixed-term employment contract* is an employment contract that includes a termination date. When a fixed-term employment contract expires, the employee is generally deemed to have been dismissed for purposes of the Severance Pay Law, 5723-1963, unless the employer offered to renew the contract on substantially similar terms.

A fixed-term employment contract indeed expires at the end of the agreed-upon period, but when a new contract is made, which begins on the day after the previous one expired, the existence of an employer-employee relationship will apply to both periods, which will be considered a single continuous term.

There are no restrictions on the categories of employees who may enter into a fixed-term contract with their employer.

A fixed-term agreement (as opposed to an employment contract for an indefinite period) is not the common employment contract, and it has special and exceptional legal implications. In a fixed-term employment contract, which does not contain a provision allowing a party to terminate it at any time before the end of its term without breaching the contract, the employee may be entitled, in the event of termination by the employer, to expectation damages based on the loss caused to the employee as a result of the breach. That is, the monthly salary for the number of months of employment between the dismissal and the end of the period stipulated in the contract (subject to the employee's duty to mitigate damages).

In light of the special legal implications of a fixed-term agreement, it has been determined that a personal fixed-term employment contract must be unequivocal and must clearly reflect the conscious consent of the parties to the contract, regarding the obligations they are undertaking.

The format of employment in fixed-term contracts does not exempt the employer from the obligation to provide a prior notice to the employee about the non-renewal of their employment contract, and from holding a hearing before the termination of employment.

While a one-time or limited renewal of a fixed-term contract is generally considered legitimate—particularly where there is a substantive justification (such as a temporary project or the replacement of an employee)—repeated renewals may lead to the conclusion that the employment relationship is permanent in substance. In such cases, fixed-term contracts may be viewed as a means to circumvent pre-termination procedural requirements or the payment of statutory employment rights. As a result, the employee may be deemed a permanent employee, and the employer will not be able to rely on the contractual end date of the fixed-term contract.

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3.4 Are probationary periods allowed, and if so, do restrictions apply?

Israeli law does not establish a general statutory probationary-period regime. Rather, it is permissible to employ an employee for a probationary period. A probationary period at work is an arrangement that originates from an employment contract or a collective agreement. The length of the probationary period is determined in the agreement, and according to it, it can be extended or shortened.

A *probationary period* is, as a rule, a period of work in which the employer assesses their employee, and the employee also assesses the nature of the work and the workplace where they are employed.

During the probationary period, the employer is still obligated to conduct a pre-termination hearing However, the criteria for unsuitability for the purposes of dismissal are different during the probationary period. Labor courts generally grant employers with a wider margin of appreciation when assessing suitability during probationary period, provided the decision is made in good faith.

There are no restrictions on the categories of employees who may be placed on a probationary period.

Employment during a probationary period is customary in Israel mainly in a unionized workplace where there is an institution of "tenure," which imposes restrictions on the employer in dismissing employees who are in a tenure status, in accordance with the mechanisms stipulated in a collective bargaining agreement, which usually require the involvement of the employees' union. Therefore, it is customary in collective bargaining agreements to include a probationary period before the employee is accepted for tenure. The application of such restrictions is stipulated in the collective agreement, during which the employer may, at their discretion, terminate the employment of the employee on probation, subject to the law, including the duty to hold a pre-hearing. However, there is no impediment to including a probationary period also in a personal employment agreement.

Employment contracts may include a probationary period, which may be extended with the employee's consent and subject to the principles of good faith and reasonableness. Although Israeli law does not limit the duration of the probationary period or the number of extensions, extensions that are not agreed in advance or that are repeated without justification may be viewed as an attempt to circumvent proper termination procedures.

Termination of employment during the probationary period remains subject to statutory requirements, including the obligation to conduct a hearing and to provide prior notice.

3.5 Can an employer change the terms or conditions of employment unilaterally (*i.e.*, without the employee's agreement)?

No, an employer cannot change the terms or conditions of employment unilaterally. To change a term or condition of employment, an employer needs to obtain the employee's consent. A party to an employment contract is not entitled to and cannot unilaterally change one of its terms.

Consent can also be recognized through the employee's conduct. The existence of a continuous pattern of behavior leads to the conclusion that, by the employee's conduct, the employee agrees to the change in the terms of employment. Thus, if an employee continued to work and did not file a claim with the labor court, they may in certain circumstances be deemed to have accepted the change in the terms of employment based on their conduct.

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When a change is made to an employee's terms of employment, the Notice to Employee Law requires the employer to inform the employee in writing of the change within 30 days from the day the employer became aware of the change.

Where the change appears in the pay slip or originates from law, then in accordance to Notice to Employee Law, Sections 3(1) and 3(3), there is no obligation to inform the employee in writing of the change in their terms of employment, although such an obligation may rise from the general obligations of good faith and fairness in the employment relationship.

3.6 Is there a language requirement for written employment contracts or other employment documents?

The Notice to Employee Law does not include an explicit provision regarding the language in which the notice must be provided, but writing a notice in a language understood by the employee is consistent with the purpose of the Law, to ensure the transparency and certainty of the terms of employment. Therefore, an employment contract must be in a language that the employee understands.

The Foreign Workers Law, 1991, stipulates that an employer must enter into a written employment contract with a foreign worker, in a language that the foreign worker understands.

3.7 Can e-signatures be used to execute employment contracts or other employment documents?

E-signatures are generally permissible. An *e-signature* is defined as an electronic signature, and the Electronic Signature Law, 2001 ("Electronic Signature Law"), regulates the possibility of using an electronic signature on documents, and distinguishes between two different types of electronic signatures: (1) a secure electronic signature; and (2) a certified electronic signature.

For both types of signatures, the requirements set out in the law must be met, namely that the signature is unique to the person in possession of the means of signature; the signature enables identification of the person possessing the means of signature; it was produced by a means of signature under the exclusive control of the person in possession of the means of signature, and it enables identification of a change made to the electronic message after the time of signing.

Regarding a certified signature, it is required, in addition to meeting the requirements of a secure signature, that it receives certification from a third party, which is a certifying authority registered in the registry according to the provisions of the law.

The distinction between the types of signatures has evidentiary implications that may arise, for example, if an employee tries to deny their signature on documents, while a secure signature constitutes *prima facie* evidence that no changes were made to the electronic message after it was signed and that it was signed with a signature device suitable for an electronic signature, only a certified electronic signature (*i.e.*, for which the certification of a certifying authority was given) constitutes *prima facie* evidence that the signature was made by the holder of the signature device.

Prior consent is not required for an e-signature to be valid.

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3.8 What are the rules regarding flexible work arrangements?

Israeli law generally does not grant employees a statutory right to remote work or other flexible working arrangements, absent a contractual, collective or workplace-based entitlement.[7]

Regarding work in a remote work arrangement (also called "*work from home*"), employes to do not have a right to such arrangement unless such a right has been granted by virtue of a personal agreement, collective arrangement, or practice in the workplace.

Regarding *flexible working hours* arrangements (*e.g.*, working on shorter days and completing absence hours on longer workdays), insofar as the employer requires the employee to work on a full-time basis, the hours the employee would be required to make up on another workday in order to reach full-time employment may exceed the daily quota (regular hours and overtime) prescribed by the Hours of Work and Rest Law, and such employment would be contrary to the law.

Furthermore, since working hours are calculated daily, if an employee works extended days in order to make up the required hours, the employer would be obligated to pay overtime payment for hours performed beyond the regular working hours. Under a flexible working hours arrangement, hours worked by the employee on longer workdays, beyond the standard daily working hours, are used to offset hours of absence on shorter workdays. Accordingly, these hours are compensated at the regular hourly rate and not at the overtime pay rate. Therefore, the compatibility of flexible-hours arrangements with the Hours of Work and Rest Law depends on the structure of the arrangement and remains the subject of evolving case law. Labor-court decisions have not always been consistent regarding the validity of flexible-hours arrangements.

In addition, the issue of regulating flexible working hours has been raised in several legislative bills; however, these have not materialized into binding legislation.

Unilateral Implementation of Flexible Work Arrangements

As a rule, any change in the terms of employment during employment must be made with the employee's consent. The employer may not unilaterally impose such a change. Therefore, when the flexible hours arrangement (including working remotely) is the result of a good faith agreement between the employer and the employee or the employees' union, does not stem from the employer's needs but from a desire to benefit the employees, was not imposed on the employee unilaterally by the employer, as long as it is not an arrangement that disadvantages the employee and the arrangement does not contradict the purpose of the Work and Rest Hours Law, it may be recognized, by virtue of the principle of good faith.

Whether a New Employment Contract Is Necessary

As detailed above, according to the Notice to Employee Law, employers have an obligation to inform their employees in writing of their terms of employment, or of a change in their terms of employment, whether the change is by agreement or unilateral, except for a change arising from the pay slip or originating from law.

[7] *Flexible work arrangements* encompass telework (work from home) arrangements, schedule modification, among others.

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Considerations When Working Remotely from Another Country

From the Israeli labor law perspective, there is no impediment to employing an employee remotely from another country. However, employment abroad raises several issues that need to be regulated, such as the issue of the choice of law that will apply to the employee, whether it is Israeli law or local law, and the jurisdiction in case of disputes—whether the jurisdiction will be vested in the labor courts in Israel or in the country where the employee will be employed. Other relevant issues include immigration law (including work visa requirements) and taxation, which should be examined on a case-by-case basis in accordance with the laws of the country from which the employee intends to work remotely.

3.9 Are post-employment restrictive covenants enforceable? If so, under what conditions?

Post-employment restrictive covenants may be enforceable. For a post-termination restrictive covenant to be enforceable it must be proven that the employer has a legitimate interest to protect. These types of restrictive covenants include: noncompete, nonsolicitation of employees, nonsolicitation of clients, nondisclosure, and intellectual property protection.

Clauses restricting the employee after the end of their employment may be valid, subject to the nature of the clause restricting the employee, the scope of the restriction, and the circumstances of the specific case.

Noncompete Clause

A *noncompete clause* in an employment agreement is an undertaking that restricts the employee's freedom of occupation subsequent to the termination of their employment. Such a clause is considered to infringe upon public policy under Israeli law and to be contrary to the Basic Law: Freedom of Occupation.

Accordingly, a noncompete clause will only be upheld if the employer proves the existence of a "legitimate interest." Pursuant to the Supreme Court and the National Labor Court decisions, legitimate interests justifying the restriction of an employee's occupation after the end of employment include: the existence of a trade secret belonging to the employer; the provision of special training to the employee by the employer; specific compensation granted in exchange for the employee's noncompete undertaking; and a breach of the duty of good faith and the duty of loyalty (it has been held that fiduciary duties imposed on senior executives are broader than those imposed on junior employees).

However, even if the employer is entitled to the protection of their legitimate interests, such protection is not absolute but relative, since the public interest encompasses the legitimate interests of the employee.

The noncompete restriction will be examined according to the tests of reasonableness and proportionality, including the duration of the restriction, its geographic scope and the nature of the activity being restricted.

Israeli labor courts generally approach post-employment noncompete obligations cautiously and frequently decline to enforce broad restrictions.

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Nonsolicitation of Employees Clause

The enforcement of a nonsolicitation clause, whereby a departing employee is prohibited from inducing other employees to resign from their employment with the employer, is generally addressed by labor courts as part of a broader claim regarding an employee's noncompete undertaking.

It has been held that such a restriction must also be examined based on the tests of reasonableness and proportionality, including with respect to the scope and duration of such restriction.

The employer's ability to enforce such a clause may be strengthened if they can demonstrate that actual damage was caused as a result of the solicitation, *e.g.*, loss of multiple employees or significant loss of clients.

Soliciting employees to leave their employment with the employer may also constitute the tort of unlawful inducement to breach a contract, pursuant to Section 62 of the Civil Wrongs Ordinance [New Version].

According to case law, an employee's solicitation of other employees to join a competing company may constitute a breach of the duties of good faith, loyalty, and fairness.

Nonsolicitation of Clients Clause

Case law has expressed the view that an employee's approach to the employer's clients with a proposal to leave the employer may constitute a breach of the duties of loyalty and good faith imposed on the employee, which are not limited solely to the period of the employment.

A clause restricting the employee from approaching the employer's clients will likewise be examined based on the tests of reasonableness and proportionality. For example, a sweeping prohibition against contacting all of the employer's clients is distinguishable from a specific restriction prohibiting the employee from handling clients with whom the employee had direct contact during their employment, and who had been referred to the employee by the employer.

In addition, the more time that has passed since the termination of the employee's employment, the stronger the presumption that the terms of engagement with the clients have changed, and that no protectable trade secret remains.

According to case law, in certain circumstances, a client list may be recognized as a trade secret that constitutes the employer's proprietary right. In such a case, unauthorized use of the trade secret may constitute a civil wrong under the Commercial Torts Law, 1999.

Furthermore, soliciting clients to leave the employer may also amount to the tort of unlawful inducement to breach a contract, in accordance with Section 62 of the Civil Wrongs Ordinance [New Version].

Confidentiality Clause

An employee's duty to maintain the confidentiality of their employer's secrets is an obligation that applies indefinitely, even after the termination of the employment relationship.

This duty derives from the employee's heightened duties of good faith and loyalty toward the employer, and it applies even in the absence of an express confidentiality undertaking in an individual or collective employment agreement.

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A breach of the duty of confidentiality toward the employer may constitute a civil wrong under the Commercial Torts Law, 1999.

In addition, the disclosure of confidential information obtained by a person by virtue of their profession or occupation, where such disclosure is not required by law, may also constitute a criminal offense under Section 496 of the Penal Law, 1977.

Protection of Intellectual Property

The employee's obligations toward the employer with respect to inventions and patents are regulated under the Patents Law, 1967.

According to Section 132 of the Patents Law, the default rule is that the rights to *service inventions*, *i.e.*, inventions created during the course of and as a result of employment, belong to the employer, unless there is an agreement to the contrary between the employee and the employer, or if the employer does not claim ownership of the invention within six months from the date on which the employee provided notice of the invention.

In addition, Section 140 of the Patents Law provides that an employee who created a service invention, the ownership of which, in whole or in part, has passed to the employer, is obligated to do everything required by the employer to obtain protection for the invention in favor of the employer, including signing any necessary documents for that purpose.

Many employment agreements include detailed provisions concerning the protection of the employer's intellectual property, including clauses addressing the employer's proprietary rights in service inventions or other forms of intellectual property developed by the employee during the course of employment.

4. Working Time & Compensation

Almost every country has laws and regulations regarding work time and compensation. In addition to possible penalties for noncompliance, violations of these laws and regulations may give rise to costly and time-consuming litigation. To help avoid these consequences, it is important for employers to become familiar with the various wage and hour requirements in the countries in which they operate, particularly since there is a wide variation among countries, and even within countries where there may be differences based on region or industry. This section addresses the laws, regulations, and issues relating to work hours and compensation, including: (1) restrictions on the number of hours an employee may work; (2) rest, meal, and other break times during the workday; (3) required minimum wage and overtime pay requirements; (4) the frequency, schedule, form, and currency in which wages must be paid; (5) mandatory or customary bonuses; (6) required payroll deductions; and (7) what laws, if any, apply to pay equity and transparency.

4.1 Is there a limit to the number of hours an employee can work daily and/or weekly? Can an employee opt out of such restrictions?

The workweek under Israeli law must not exceed 42 regular hours.

In workplaces where employees work five days per week: the number of daily hours is 8.6 regular hours (8 hours and 36 minutes) for four days, and one shortened day of 7 hours and 36 minutes (excluding breaks).

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In workplaces where employees work six days per week, a regular day must not exceed eight regular working hours. On the day before the day of rest and on the day before a holiday, the workday must not exceed seven working hours.

There is a general permit in the Israeli market under the Hours of Work and Rest Law to employ employees in overtime, as follows:

- The maximum number of working hours per day is 12 hours (regular hours plus overtime).
- The maximum number of overtime hours per workweek is 16, regardless of whether it is a five-day or six-day workweek.
- The workweek must not exceed 58 hours in total (42 regular hours plus 16 overtime).

An employee cannot waive these statutory limitations and agree to work more than the hours stated above. However, there are certain groups of employees to whom the Hours of Work and Rest Law does not apply and are therefore not subject to working hours limitations. Examples include employees occupying positions of special personal trust, senior managerial positions, or positions where working hours cannot be effectively supervised. It is important to emphasize that the exceptions to the applicability of the Hours of Work and Rest Law are interpreted narrowly by the labor courts.

4.2 What general activities constitute compensable working time?

Israeli law defines *compensable working hours* as the time during which the employee is at the employer's disposal, excluding breaks. In addition, the labor court interprets the term "at the employer's disposal" according to the circumstances of each case, examining the employer's degree of control over the employee's time, the required availability, and the employee's ability to attend to personal matters concurrently.

As a rule, travel time is not considered part of working hours, since the employee is not at the employer's disposal during those times, unless a personal agreement, collective agreement, or extension order provides otherwise.

Payment for on-call hours in Israel is not regulated by binding legislation. Accordingly, the right to payment for on-call worktime is currently determined based on collective agreements, personal agreements, or workplace practice. Case law has established entitlement to compensation for on-call time depends on the degree of restriction imposed on the employee and the applicable contractual or collective arrangements. However, in cases where the on-call duty is performed at the workplace, the employee is entitled to full wages for those hours, even if no actual work was performed during that time.

As a rule, break time is not considered part of working time unless otherwise agreed between the parties. The law also provides that if an employee is required to remain at the workplace during a break of half an hour or more, the break time will be considered part of the working hours entitling the employee to wages.

4.3 Are there required rest, meal, or other break periods during the workday?

Break periods include the following:

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Rest Break Period

Section 20 of the Hours of Work and Rest Law establishes an obligation to provide a break for rest and a meal during the workday. (Note that the break is for both rest *and* meal purposes.)

On a workday of six hours or more, the employee is entitled to a break of at least 45 minutes, of which at least half an hour must be consecutive. On the day before the weekly rest day and on the day before a holiday, the break must be at least half an hour.

There is a general permit regarding breaks for non-manual work, under which:

- it is permissible to employ such a worker for eight or nine hours without a break (depending on the length of the workweek); and
- on the day before the weekly rest day and on the day before a holiday, it is permissible to employ such a worker for seven hours without a break.

For manual work, it is permissible to employ for six hours without a break.

Meal Break Period

See discussion under "Rest Break Period."

Other Break Periods

Employees are entitled to pray during the workday according to their religious requirements. The prayer time will be set at the workplace according to the needs and constraints of the work, while considering the employee's religious requirements. Case law holds that the employee's prayer break does not constitute part of their compensable working time.

An employee is entitled to take breaks during the workday for restroom use, as necessary.

4.4 Is there a national minimum wage?

The State of Israel has a national minimum wage. The Minimum Wage Law provides an automatic update mechanism every April, so that the minimum wage is set at no less than 47.5% of the national average wage. As of April 1, 2026, the statutory minimum wage for a full-time employee (42 weekly hours) is NIS 6,443.85 per month or NIS 35.50 per hour.

There are no differences in minimum wage based on geographic region in Israel. The minimum wage is uniform and applies throughout the country, with no distinction between districts, cities, or settlements.

Minimum Wage Variations Based on Industry or Type of Worker

In Israel, there are differences in minimum wage according to worker type and industry. For example, employees who are minors are entitled to a minimum wage lower than the general minimum wage, according to their age, as set in the Minimum Wage (Rates for Minor Employees) Regulations. In addition, it is possible under the Minimum Wage Regulations to pay employees with disabilities a reduced minimum wage based on a comparison of their work capacity to that of a regular worker. There are also certain industries where higher sectoral minimum wages have been set by binding collective extension orders, in sectors such as construction and security.

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4.5 If an employee works overtime, how is it compensated?

The Hours of Work and Rest Law requires payment at a rate of 125% of the employee's wage for each of the first two hours of overtime, and 150% for each additional hour from the third hour onward, unless the employee falls within one of the narrowly construed exemptions from the Hours of Work and Rest Law.

The wage serving as the basis for the additional 25% is the wage paid for the hour preceding the overtime hour. For example, if an employee received a shift premium for the last regular hour and continued to work overtime, the premium will be included in the basis for the additional 25%.

How Overtime Compensation Is Paid

There are two recognized methods for paying employees for overtime work:

- **Actual payment:** The primary method is actual payment for overtime work. At the end of each month, the employer calculates the actual overtime hours worked by the employee, according to attendance records, and pays the employee accordingly.
- **Fixed global payment:** Another method recognized in Israeli case law is a fixed global payment for overtime work. The employer agrees with the employee in advance, in the employment agreement, that the employee will receive a fixed monthly payment for an average number of overtime hours, based on a prior estimate of the expected overtime. If the employee has worked more than the paid hours covered by the global overtime payment, the employer must pay an additional amount for the difference.

Israeli law stipulates that it is not permissible to agree on a monthly salary that includes payment for overtime hours. Overtime payment must be paid separately from the regular monthly salary. An employer that fails to comply may be subject to a claim by the employee for overtime pay in addition to the agreed monthly salary.

4.6 What elements are considered part of a salary?

Under the Wage Protection Law, 1958, Section 1, *wages* are defined as payments for holidays, work productivity, overtime, and other payments due to the employee by reason of their work and during their employment.

There is no uniform, single, and binding definition of the term "salary" in Israeli legislation or case law.

Different laws have different definitions for the term "salary" for the purposes of different rights (for example, for severance pay, vacation, and sick leave)

Thus, a distinction must be made between rights to which an employee is entitled by virtue of law and rights to which an employee is entitled by virtue of an agreement. Regarding rights to which an employee is entitled by virtue of law, the definition of "salary" in that specific law determines whether a particular salary component should be included in the "salary" for the purpose of calculating the rights under that law. Regarding rights to which an employee is entitled by virtue of an agreement (*e.g.*, a collective agreement or a personal contract) the definition of "salary" in that agreement determines whether a particular salary component should be included for the purpose of calculating those rights.

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According to the Severance Pay Regulations (Calculation of Compensation and Resignation Deemed as Dismissal), 1964, the salary components included for the purpose of calculating severance pay are: (1) base salary; (2) seniority supplement; (3) cost-of-living supplement; and (4) family supplement. If the employee's salary does not include these components or some of them, the regular salary without supplements will be considered.

Since the Severance Pay Regulations were enacted, case law has developed on questions concerning the determination of criteria for classifying various salary components and supplements (*i.e.*, which components constitute part of the determining salary for the purpose of calculating severance pay and which are **not** such components, and are considered a "supplement" to the salary). The basic rule established by the labor courts in this context is that the name given to the component (whether "supplement," "remuneration," etc.) is not determinative, and the substance of the supplement must be examined. In many cases brought before the labor court, employees received their salary through a portion of the revenue or sales commissions, with these payments being termed "grant,", "premium,", or "incentive." However, in certain cases, the labor court determined that, *de facto*, it was not an incentive, but rather a sales commission which is included in the salary for the purpose of calculating severance pay.

The test that distinguishes a "supplement" from the regular salary is the "conditionality" test--for a certain remuneration paid to an employee to constitute a "supplement" and not part of the salary used for calculating severance pay, the payment must be conditional upon a situation, such that if the condition is not met or the situation changes, the payment ceases. For example, reimbursement of expenses for meals, and reimbursement of expenses for car maintenance will not be considered part of the salary for the purpose of calculating severance pay; payment for overtime work is conditional upon the performance of additional work and therefore does not constitute part of the salary for severance pay; an annual bonus and a 13th salary, insofar as they are paid to an employee under a personal or collective agreement, do not constitute part of the salary for the payment of severance pay.

4.7 What is the required schedule for paying wages, and in what form and currency must wages be paid?

According to the Wage Protection Law, 1958, wages must be paid to the employee in cash. However, it is permitted to pay wages by check or postal order if this method is set in a collective agreement or employment contract, or if the employee otherwise agrees.

It is permitted, with the employee's consent, to pay part of the employee's wages in food, drink (not alcohol), or housing, provided this method is set in a collective agreement, employment contract, or is a customary practice at the workplace. The value attributed to such goods or services must be reasonable and not exceed market prices.

For monthly employees, pursuant to the Protection of Wages Law, 1958, wages paid on a monthly basis must be paid at the end of the month for which they are due.

Regarding wages not paid monthly—such as wages based on hours, days, weeks, or output—if no other payment date is set in a collective agreement or employment contract, wages must be paid by the middle of the month in which the employee was employed. However, if the employee worked throughout the entire month and received advances during that month, in accordance with a collective agreement or employment contract, the provisions of monthly wage payment as stated above will apply.

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Nevertheless, payment of wages by the ninth day of the month following the month in which the work was performed, will not be deemed as wage withholding under the law.

Wages are paid in the local currency—New Israeli Shekel (NIS).

Wages must be paid to the employee personally, unless the employees instructed the employer to pay the salary to another person on their behalf (such as a spouse, financial institution, or other authorized entity).

4.8 What bonuses, if any, are mandated? What bonuses are customary?

There is no statutory obligation to pay bonuses under Israeli law, but parties to a personal or collective agreement may agree to pay bonuses to employees. Labor courts have repeatedly held that an annual bonus is an ancillary benefit and does not constitute a part of the employee's salary.

4.9 What are the employer and employee payroll contributions?

Employer and employee payroll contributions include:

Type	Employer	Employee
Health Insurance	—	Between 3.23% and 5.17%
Pension Insurance	6.5% (pension) plus 6% (severance)	6%
National Insurance (including work injury insurance)	Between 4.51% and 7.6%	Between 1.04% and 7%
Total*	**Between 17.01% and 20.1%**	**Between 10.27% and 18.17%**

* There may be other applicable payroll contributions.

4.10 Are there any rules related to pay equity and/or pay transparency?

Yes, there are laws relating to both pay equity and pay transparency.

4.10(a) *Pay Equity*

There are laws relating to the obligation of equality regarding pay. The normative basis for pay equality is anchored in the provisions of the Equal Employment Opportunities Law, 1988.

Section 2 of the Equal Employment Opportunities Law prohibits discrimination between employees on the basis of gender, sexual orientation, marital status, pregnancy, fertility treatments, parenthood, age, race, religion, nationality, place of residence, and more, in all matters relating to employment conditions. An employer that violates Section 2 is subject to a fine.

In addition, Section 2 of the Equal Pay for Female and Male Employees Law, 1996, provides that a female and male employee employed by the same employer at the same workplace are entitled to equal pay for the same work. The purpose of the law is to promote equality and prevent gender discrimination in all matters relating to pay or any other benefit in connection with employment.

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4.10(b) *Pay Transparency*

The Equal Pay for Female and Male Employees Law provides that an employer employing more than 518 employees, and certain public employers listed in the First Schedule to the law, are required to publish annual reports regarding salary differences between male and female employees as detailed below:

- An internal report detailing the average pay of employees in the organization, according to groups by type of employee, type of position, or type of ranking, including details of average pay gaps between men and women (expressed as a percentage) in each group.
- Based on the internal report, the employer must publish a public report detailing the pay gaps (in percentage terms) between men and women in the organization (without disclosing the names of employee groups in the workplace).
- The employer is required to provide each employee with information regarding the group to which they belong and the wage gap within that group, expressed as a percentage.

5. Time Off from Work

Issues associated with employee leave rights are a challenge for many employers due, in part, to the wide variety of types of leaves available to employees across the globe. Ignorance of leave laws may leave employers at risk of litigation. This section discusses the various leave rights available to employees and the corresponding employer obligations. This section also provides additional detail on leaves associated with the birth or placement of a child, such as prenatal and postnatal leave for a birth parent, related time off for a non-birth parent, and adoptive or foster parents' leave. Employers' obligations do not end once an employee returns to work after the arrival of a child. Additional laws may govern whether the employer must provide accommodations for breastfeeding, day care facilities, or flexible working arrangements for new parents.

5.1 What are the national (bank) holidays? What are the requirements if an employee works on such holidays?

Employees in Israel are generally entitled to nine paid holidays each year. The Jewish, Islamic, and Druze holidays vary from year to year as reflected in the Gregorian calendar.

Holiday	Date*
Holiday (Regardless of Religion)	
Israeli Independence Day	Variable
Jewish Holidays	
Passover	Variable
Shavuot	Variable
Rosh Hashanah	Variable
Yom Kippur	Variable
Sukkot	Variable
Muslim Holidays**	

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Holiday	Date*
Eid al-Fitr	Variable
Eid al-Adha	Variable
Islamic New Year (Muharram 1)	Variable
Prophet Muhammad's Birthday	Variable
Christian Holidays (Catholic Church / Orthodox Church)**	
New Year's Day	Variable
Epiphany	Variable
Good Friday	Variable
Easter Monday	Variable
Ascension Day	Variable
Whit Monday	Variable
Christmas	Variable
Druze Holidays**	
Eid al-Khadr	Variable
Nabi Shu'ayb Festival	Variable
Eid al-Adha	Variable

***** The dates of Jewish, Muslim, Christian, and Druze holidays are determined according to the calendar of each religion. Therefore, the dates listed above, which correspond to the Gregorian calendar for 2026, change from year to year.

****** Non-Jewish employees may choose to be absent on Jewish holidays instead of their religious holidays.

There is a distinction between monthly employees (*i.e.*, who receive a fixed monthly salary) and non-monthly employees (*i.e.*, hourly, daily, or part-time employees) for the purpose of holiday pay:

- **Monthly Employees:** Monthly employees are entitled to be absent from work on nine designated holidays without any deduction from their salary, commencing from their first day of employment. A monthly employee who works on a holiday is entitled to an additional 50% of their regular daily wage for hours worked on the holiday, in addition to compensatory rest without any deduction from their salary.
- **Non-Monthly Employees:** Non-monthly employees are entitled to holiday pay provided that all of the following conditions are met: (1) the employee has completed three months of employment with the employer; (2) the employee was scheduled to work on the day of the holiday but did not work due to the holiday, or was required to work on the holiday not of their own volition; and (3) the employee worked on both the day immediately preceding and

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the day immediately following the holiday, unless absent on either of those days with the employer's approval or in accordance with applicable law. An employee who performs work on a holiday is entitled to 150% of their regular wage for hours worked on the holiday, as well as compensatory rest without pay.

5.2 Is there a required day of rest? What are the requirements if an employee works on that day?

Yes, the weekly rest day for Jewish employees in Israel is Saturday (Shabbat). Employees of other religions may choose a rest day on either: Friday, Saturday, or Sunday. The weekly rest period must be at least 36 consecutive hours per week, or 25 consecutive hours for shift workers, subject to the fulfillment of certain conditions.

Pursuant to Israeli law, an employer is not allowed to employ employees on their weekly rest day unless a specific permit has been granted by the Minister of Labor. Permits are granted in certain sectors (*e.g.*, medical facilities, hotels, entertainment sectors, security sector, institutions for the elderly or children, lifeguards at swimming pools, etc.).

Employees who perform work on their weekly rest day are entitled to 150% of their regular wage for all hours worked on that day.

5.3 Is an employee entitled to annual leave or vacation?

Yes, employees in Israel are entitled to paid annual leave.

The number of vacation days is calculated according to the employee's seniority at the workplace, the number of days worked during the year, and whether the employee worked the entire year.

An employee who worked for an employer (with a six-day workweek) the entire year, at least 200 days, is entitled to accrue during the work year the number of vacation days listed in the following table:

Seniority	Gross Vacation Days
Each of the first five years	16 (14 net) days
Sixth year	18 (16 net) days
Seventh year	21 (18 net) days
Eighth year	22 (19 net) days
Ninth year	23 (20 net) days
Tenth year	24 (21 net) days
Eleventh year	25 (22 net) days
Twelfth year	26 (23 net) days
Thirteenth year	27 (24 net) days
Fourteenth year and above	28 (24 net) days

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An employee who worked the entire year for an employer operating a five-day workweek, for at least 200 days, and who meets the conditions set forth in the expansion order introducing a shortened workweek in the business sector, is entitled to accrue during the work year the number of vacation days listed in the following table:

Seniority	Gross Vacation Days
Each of the first five years	16 (12 net) days
Sixth to eighth year	23 (17 net) days
Ninth year and onward	31 (23 net) days

An employee who worked the entire year but less than 200 days is entitled to a proportional part of the gross vacation days listed above. If the calculation results in a non-whole number, the number is rounded down.

For employees who worked part of the year, the entitlement is as follows:

- An employee who worked part of the year and at least 240 days is entitled to vacation days as detailed above.
- An employee who worked part of the year and less than 240 days is entitled to a proportional part of the vacation days listed above.

The annual vacation cannot be accumulated. However, with the employer's consent, the employee may use only part of the vacation days accrued—at least seven days per year—and carry over the unused balance to be used in the next two work years.

In certain workplaces, the number of vacation days is determined by specific extension orders applicable to that workplace, above the minimum quota stated above.

5.4 Is an employee entitled to time off if they are sick, including for medical leave?

Yes, an employee is entitled to be absent from work due to illness and receive paid sick leave from the employer, subject to presenting a medical certificate.

An employee is entitled to accrue 18 sick days per calendar year—1.5 sick days for each full month of work for the employer or at the same workplace.

Sick pay is paid as follows:

- for the first day of absence, there is no entitlement to sick pay;
- for the second and third days of absence—50% of the regular wage; and
- from the fourth day onward, the employee is entitled to 100% of their regular wage.

Employees accrue up to 90 sick-leave days under the statutory accrual mechanism.

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5.5 Is an employee entitled to caregiver leave (*e.g.*, to care for a close relative)?

Yes, the Israeli Sick Pay law allows an employee to use some of their accrued sick days to care for their child, spouse, or parent, which will be deducted from their accrued sick days depending on the type of care.

Child's Illness

An employee who is a parent of a child under 16 may use their accrued (paid) sick days to care for their child if they meet one of the following conditions:

- Their spouse is employed and has not been absent from work, or, if self-employed, has not been absent from their business or occupation. In such cases, the employee may use up to eight sick days per year for this purpose.
- The child is in the sole custody of the employee, or the employee is a single parent (not married and no one is known as the child's partner, or has been separated from their partner for two years). In such case, the employee may use up to 16 sick days per year for this purpose.

Absence Due to a Serious Illness of a Child

A parent of a child under 18, with at least one year of employment, whose child is seriously ill (malignant disease, or a disease requiring ongoing dialysis), may use up to 90 days of absence per year (paid), deducted from their accrued sick days or vacation days, at their choice, to care for the child. If the employee's spouse is employed and has not been absent under this entitlement, or if the child is in the sole custody of the employee or the employee is a single parent, the employee may be absent up to 110 days per year, deducted from their sick or vacation days, at their choice, to care for the child.

Absence to Provide Personal Assistance to a Person with a Disability

An employee who is a parent of a person with a disability, and has worked for at least one year for the same employer or at the same workplace, may use up to 18 days of absence per year (paid), deducted from their accrued sick days or vacation days, at their choice, to provide personal assistance for the person with a disability. The employee may use up to an additional 18 days of absence, provided that no one else has exercised their right to use additional days for the same person with a disability, if one of the following applies: their spouse is employed and has not been absent under this entitlement; their spouse is self-employed and has not been absent from their business or occupation to provide personal assistance; the employee is a single parent; or the person with a disability is in their sole custody.

Employees are entitled to be absent from work for up to 52 hours per year to provide personal assistance to their children with permanent disabilities (of any age). This absence is at the employer's expense and shall not be deducted from the employee's sick leave or vacation days. Such entitlement is subject to one of the following terms: their spouse is employed (or self-employed) and has not been absent under this entitlement; the employee is a single parent; or the person with a disability is in their sole custody.

Spouse's Illness

An employee may use up to six days of absence per year (paid), due to their spouse's illness, deducted from their accrued sick days.

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Absence Due to a Spouse's Malignant Disease

An employee with at least one year of employment may use up to 60 days of absence per year (paid), due to their spouse's malignant disease, deducted from their accrued sick days or vacation days, at their choice.

Parent's Illness

An employee may use up to six days of absence per year (paid) due to the illness of their parent or their spouse's parent, deducted from their accrued sick days, provided their spouse is employed and has not been absent from work to care for that parent.

5.6 Is an employee entitled to other types of leave?

Other types of leave or protections an employee may be entitled to include:

Type of Leave	Yes	No	Additional Details
Bereavement	X		• An employee is entitled to be absent from work for up to seven workdays to observe mourning customs according to their religion. • The leave is paid. • Absence is permitted if the employee has worked at the workplace for at least three months, and the deceased is an immediate family member (parents, children, spouse, siblings), pursuant to the generally applicable extension order.
Court Summons		X	
Family Events		X	There is no statutory entitlement to paid leave for family events. However, such entitlement may be granted pursuant to the provisions of a collective agreement.
Jury Duty		X	
Menopause		X	
Menstruation		X	
Military Leave	X		• During absence from work for reserve duty, the employee is entitled to reserve duty compensation paid by the National Insurance Institute. • The employee must notify the employer of the call-up order and to provide the employer with the necessary forms and documents.
Moving Day		X	
Religious Events		X	• See discussion in 5.1 regarding holiday pay.
Union-related		X	
Voting Leave	X		• Election day for the Parliament and local municipalities are days of rest.

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Type of Leave	Yes	No	Additional Details
			• Employees are not required to work on such days, and no deduction can be made from their vacation days.

5.7 Is an employee entitled to leave related to the birth of a child?

Employees are entitled to the following leave related to the birth of a child:

5.7(a) *Pregnancy/Maternity/Birth*

A female employee who gives birth is entitled to maternity leave, known as "maternity and parenting period," a part of which is paid as maternity allowance. Maternity allowance is paid by the National Insurance Institute, and is limited to a period of 15 weeks, while the unpaid maternity and parenting period may be longer.

An employee who has worked for at least one consecutive year for the same employer is entitled to a maternity and parenting period of 26 weeks (of which 15 weeks are paid as maternity allowance). The employee may use up to seven weeks of this period before the anticipated date of birth.

An employee who has worked less than 12 months for the same employer is entitled to a maternity and parenting period (maternity leave) of 15 weeks (of which eight weeks are paid as maternity allowance), and may use up to seven weeks of this period before the expected date of birth.

Israeli law provides that in the following four cases, the maternity and parenting period will be extended beyond the entitlement detailed above:

1. an employee who became ill and was hospitalized for more than two weeks during the maternity and parenting period is entitled to extend the period by at least the duration of hospitalization, and up to four weeks;
2. an employee who gave birth to more than one child in a single birth is entitled to an extension of three additional weeks for each child beyond the first; and
3. an employee whose newborn is hospitalized is entitled to extend the period by at least the duration of hospitalization, up to a maximum 20 additional weeks.
4. an employee who gave birth to an infant defined as an "infant with a complex disability" is entitled to an extension of five additional weeks, up to maximum of 20 additional weeks.

If the maternity period is extended for the above reasons, the mother is entitled to additional maternity allowance as follows:

- **Employee hospitalized after childbirth:** If she worked for the employer for 12 months before the birth and is required to stay in hospital for at least 15 days after birth, she is entitled to additional maternity allowance during the hospitalization, up to four weeks, provided the hospitalization occurs during the 26-week period. If she worked for the employer less than 12 months before the birth and is required to stay in hospital for at least 15 days after birth, she is entitled to additional maternity allowance during the hospitalization, up to four weeks, provided the hospitalization occurs during the 15-week period.

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- **Employee who gave birth to more than one child in a single birth:** If entitled to the maximum maternity allowance, she will receive an additional three weeks for each additional child. If entitled to partial maternity allowance, she will receive an additional two weeks for each additional child.
- **Employee whose newborn is hospitalized:** If she worked for the employer for 12 months before the birth and the child is required to stay in hospital for at least 15 days, she is entitled to additional maternity allowance during the hospitalization, provided it is within the 26-week period, and does not exceed 235 days. If she worked less than 12 months and the child is required to stay in hospital for at least 15 days, she is entitled to additional maternity allowance during the hospitalization, provided it is within the 15-week period, and does not exceed 235 days.
- **Employees Who Gave Birth to an Infant with a Complex Disability:** The infant must be officially recognized as an "infant with a complex disability" during the employees' maternity and parenting period. This definition applies to an infant who is entitled to a Disabled Child Allowance under the National Insurance (Disabled Child) Regulations, 2010, at one of the following levels:
  - An allowance of 100% or higher for a child requiring special medical care;
  - An allowance of 112%, 188%, or 235% for children qualifying under other disability categories.

  The employee will be entitled to additional maternity allowance payments for the extension period. However, if the maternity and parenting period was also extended for other statutory reasons (such as hospitalization of the mother or child), maternity allowance payments will be made for a cumulative extension period not exceeding 20 additional weeks in total.

The entitlement to extend the maternity and parenting leave as stated above is cumulative but may not exceed 20 weeks.

An employee whose maternity and parenting period has been extended may shorten it, provided the period is not less than 15 weeks. If the employee notifies the employer of such shortening, the employer must reinstate her within no more than three weeks from the date of notice.

5.7(b) *Miscarriage/Stillbirth*

Miscarriage

An employee who has a miscarriage is entitled to be absent from work for seven days after the miscarriage, with paid sick leave. In exceptional cases where the employee's physician determines that her health condition due to the miscarriage requires a longer absence, she may be absent as determined by the doctor, but not more than six weeks.

Stillbirth

The rights of an employee who has had a stillbirth are identical to those of an employee who has had a regular birth, provided the stillbirth occurred after at least 22 weeks of pregnancy.

The employee may shorten the maternity and parenting period with a written approval from a physician, provided the leave includes at least three weeks after the birth.

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As with regular birth, women who have had a stillbirth are entitled to maternity allowance from the National Insurance Institute. However, the amount depends on the period for which the employee paid national insurance contributions up to the start of maternity leave:

- If the employee paid national insurance for 10 out of the 14 months preceding the leave, or 15 out of the 22 months preceding the leave, she is entitled to 15 weeks of maternity allowance.
- If the employee paid national insurance for six out of the 14 months preceding the leave, she is entitled to eight weeks of maternity allowance.

5.7(c) *Adoption*

An employee who adopts a child under the age of 10 and has worked for the same employer for at least 12 months is entitled to 26 weeks of adoption leave. An employee who has worked less than 12 months is entitled to 15 weeks of adoption leave, subject to National Insurance eligibility requirements.

As with maternity and parenting period, during adoption leave the employee is entitled to adoption allowance from the National Insurance Institute for 15 weeks.

An employee is entitled to extend their adoption leave, and accordingly the period of entitlement to adoption allowance, in the following cases:

- An employee who adopts more than one child on the same day is entitled to an additional three weeks of adoption leave for each additional child.
- An employee whose adopted child is hospitalized during the adoption period is entitled to extend the adoption leave to coincide with the child's hospitalization, up to a maximum of 20 additional weeks.

5.7(d) *Paternity*

An employee whose spouse has given birth may be absent from work for five days following the birth of a child (not maternity leave) with pay. The first three days of absence are regarded as vacation days which will be deducted from the employee's accrued vacation, and the remaining two days will be regarded as sick pay and deducted from the employee's accrued sick days.

An employee whose spouse is entitled to maternity and parenting leave may share with their spouse the maternity and parenting period, as follows:

- If the mother decides to shorten her maternity leave, the employee may replace her from the end of the sixth week of her maternity leave.
- The employee may take maternity and parenting leave for seven consecutive days *simultaneously* with the mother's leave, if the mother waives her entitlement to maternity allowance for that week.
- If the spouse gave birth to more than one child in a single birth, the employee is entitled to an additional maternity and parenting period of at least one week and up to two weeks out of the three additional weeks the mother receives for each additional child.
- If the employee is the sole caregiver of the infant due to the mother's disability or illness.

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5.8 What requirements are there for employees with infants (*e.g.*, breaks for breast feeding, day care entitlements, part-time work)?

5.8(a) *Breastfeeding Rules*

A female employee is entitled to be absent from work for one hour per day as a "parenting hour," for four months from the end of her maternity and parenting period, without any deduction from her salary. This right is not forfeited even if the employee does not use the time for breastfeeding.

The right to a parenting hour is conditional on the employee working full time or at least 174 hours per month (whichever is less).

The spouse of a female employee who works full time, or at least 174 hours per month (whichever is less) may share the parenting hour with her or use it independently, provided the spouse consents to joint use, notice is given to the employer no later than 21 days before the end of the maternity and parenting period, and a declaration is submitted of the couple's intention to use the parenting hour jointly. The total number of parenting hours granted to the couple must not exceed the number the female employee would have received if she had exercised the right alone.

5.8(b) *Day Care Facilities*

The state, under certain conditions, assists in funding day care for children of working parents. Eligibility and the amount of assistance are determined according to per capita income and the number of children in the family. The employer is not required to provide day care services or pay for such services.

5.8(c) *Flexible Work Arrangements*[8]

There is no legal obligation to provide additional accommodations for parents of young children.

5.8(d) *Other Employer Requirements*

The law does not impose any additional requirements on employers in this regard.

6. Discrimination & Harassment

Discrimination and harassment laws are often controlled by a country's constitution, anti-discrimination statutes, and employment laws and regulations. In today's diverse workforce, employers may need to provide compliant policies to prevent discrimination and harassment based on various protected categories of employees in the workplace. Laws will differ from country to country, as some countries may offer protections for more or fewer groups. Countries that are part of the E.U. will have additional obligations due to protections by the Charter of Fundamental Rights and European Directives related to protected categories in hiring, promotions, compensation, terminations, and training or apprenticeship programs, which some European countries have incorporated into their own legislation.

The terminology in this section may vary from country to country, so for ease of reference, see the ***Glossary of Terms*** at the end of this Guide.

[8] *Flexible work arrangements* encompass telework (work from home) arrangements, schedule modification, among others.

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6.1 What characteristics or categories of individuals are protected under the antidiscrimination laws?

Characteristics or categories of individuals protected under the antidiscrimination laws include:

Law(s) Protecting Workers Against Discrimination	Categories Protected
Equal Employment Opportunities Law, 1988	The law prohibits discrimination of employees or job applicants on the grounds of sex, sexual orientation, marital status, pregnancy, fertility treatments, in vitro fertilization, parenthood, age, race, religion, nationality, country of origin, place of residence, political opinion, political party affiliation, or military reserve service (of the employee, their spouse, or the other parent of their child), including being called up for reserve duty or expected reserve duty, as well as the frequency or duration of such service. Additionally, the law prohibits an employer from requiring a job applicant or employee to provide their military profile, or from using such information if obtained (except in exceptional cases, such as security agencies).
Equal Rights for Persons with Disabilities Law, 1998	The law prohibits discrimination of employees or job applicants on the grounds of disability and imposes an obligation on employers with more than six employees to create conditions in the workplace that enable the employment and advancement of persons with disabilities, including making adjustments to the job requirements in the workplace. The law also requires employers to promote "adequate representation" of persons with disabilities among their employees.
Equal Pay for Female and Male Employees Law, 1996	The law provides that a male and female employee working for the same employer are entitled to equal pay for the same work, "substantially similar" work, or "work of equal value."
Genetic Information Law, 2000	The law prohibits employers from requiring employees or job applicants to provide genetic information or to undergo genetic testing.
Criminal Record and Rehabilitation of Offenders Law, 2019	The law prohibits employers from requiring a person to provide information about their criminal record or from using such information if obtained (except for exceptions specified by law, such as for security reasons or for the protection of minors in relation to sex offenses).

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6.2 What types of conduct are prohibited in relation to these protected categories?

Under the antidiscrimination laws, employers must not discriminate against an individual based on a protected category with respect to hiring; terms and conditions of employment; promotion; training or professional development; dismissal or severance pay; benefits; and payments related to retirement.

In addition, the law extends the prohibition of discrimination to employees of manpower contractors who are employed by the actual employer (*i.e.*, the service recipient).

According to Section 10(a) of the Equal Employment Opportunities Law, violation of the law may result in the employer being liable for compensation, even without proof of damage, and in some cases, criminal penalties.

Prohibited discrimination under the law can be *direct*, where a decision is made explicitly on the basis of belonging to a protected category (such as refusing to hire a woman because she is pregnant), or *indirect*, where a seemingly neutral requirement has a discriminatory effect on a particular group (for example, a requirement for military or national service), or discrimination in dismissal (for example, dismissing veteran employees to hire new employees at lower wages and with fewer social benefits), or harming the equal opportunity to compete for a position. Indirect discrimination is considered prohibited when its purpose or effect is discriminatory, even if it is not explicitly formulated as a preference or exclusion.

However, discrimination is not considered unlawful if it is required by the nature or essence of the position or job.

6.3 Are there any types of prohibited discriminatory conduct against other groups?

Israeli labor courts have interpreted the list of protected categories as non-exhaustive. Courts have recognized the need to protect against discrimination for groups not explicitly listed in the law. For example, the labor court has recognized discrimination based on weight and appearance, or due to legal proceedings initiated by the employee.

However, there is no explicit prohibition in Israel against setting different employment conditions, and such differences are generally not considered "workplace discrimination" unless the distinction is based on improper considerations, such as belonging to a suspected classification.

6.4 Are there legal justifications for otherwise impermissible discrimination?

Despite the broad prohibition in Section 2(a) of the Equal Employment Opportunities Law, 1988, there are exceptional cases where a distinction or apparent discrimination may be justified. Pursuant to Section 2(c) of the law, "a distinction required by the nature or essence of the position or job shall not be considered discrimination." Therefore, when a certain condition (such as gender, age, physical fitness, or language) is essential and relevant to the performance of the job, it may be recognized as a permitted distinction and not as prohibited discrimination. Additionally, where there is a requirement under another statute or specific legal provisions (for example, in a security or governmental context), there may be legal legitimacy for deviating from the general prohibition on discrimination.

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6.5 Is an employer required to make adjustments for an employee based on the employee's religion?

An employer is required to provide reasonable accommodations for an employee who seeks to observe their religious way of life at work. Pursuant to Section 9C of the Hours of Work and Rest Law, 1951, a candidate's refusal to work on their weekly rest day for religious reasons, in itself, does not justify rejection of their candidacy, provided that making the necessary accommodations for their employment does not impose an unreasonable burden on the employer. In determining whether the accommodations would impose an unreasonable burden, factors such as the size of the business, its financial situation, operational implications, and the extent of harm to other employees must be considered. This section is consistent with Section 7A of the law, which grants a non-Jewish employee the right to choose their weekly rest day according to their religion, and with Section 2(a) of the Equal Employment Opportunities Law, 1988, which prohibits discrimination on the grounds of religion at any stage of the employment relationship. In addition, Section 6 of the Annual Leave Law, 1951, requires the employer to consider the employee's needs when determining vacation dates, including requests for leave on religious holidays.

Furthermore, under Section 20(d) of the Hours of Work and Rest Law, an employee is entitled to pray during the workday according to their religious requirements; the prayer time is to be set in consideration of the needs and constraints of the work, and in appropriate combination with the employee's religious obligations. Refusal to hire a candidate because of their religious dress—such as a kippah, modest dress, head covering, hijab, or any other item of clothing stemming from religious observance—constitutes prohibited discrimination on the grounds of religion. This is especially prohibited when the dress does not affect the candidate's ability to perform the job and does not constitute a real and relevant safety or operational limitation.

6.6 Is an employer required to make adjustments for an employee based on the employee's disability?

According to the Equal Rights for Persons with Disabilities Law, 1998, and in particular Section 8 of the law, an employer is obligated to make reasonable accommodations designed to enable a person with a disability to integrate and remain in employment on equal terms. These accommodations may include, among others, making the physical work environment accessible, changing the scope or arrangement of working hours, adapting technological equipment, allowing remote work, making recruitment and training processes accessible, and providing tailored guidance or support. The Extension Order for Promoting the Employment of Employees with Disabilities (2014) reinforces this obligation and imposes on the employer a proactive responsibility to appoint a "representation officer," to review the organization's compliance with adequate representation targets, to prepare an annual plan for promoting the integration of employees with disabilities, and to provide individualized accommodation assessments. Any refusal to make a reasonable accommodation, or rejection of a candidate without considering such accommodation, may constitute prohibited discrimination under Section 9(a)(3) of the law and may result in legal sanctions and compensation for the affected employee or candidate. Therefore, the employer is required to consider each accommodation request individually, in good faith, and while maintaining the principles of proportionality and balancing the needs of the employee with those of the workplace.

6.7 What types of harassment are prohibited under the law?

The following types of harassment are prohibited:

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Sexual Harassment and Retaliation on the Grounds of Sexual Harassment

The Prevention of Sexual Harassment Law, 1998 establishes a general prohibition on sexual harassment and retaliation, stating "a person shall not sexually harass another, nor retaliate against another." The purpose of the law is "to protect human dignity, freedom, and privacy, and to promote equality between the sexes."

Israeli law defines several incidents as types of sexual harassment, including (1) blackmail by threats; (2) indecent acts as defined in the Penal Law; (3) repeated propositions of a sexual nature; (4) repeated references directed at a person that focus on their sexuality; (5) degrading or humiliating references directed at a person regarding their gender; and (6) publishing a photograph, film, or recording of a person that focuses on their sexuality. With respect to the third and fourth grounds, if they occur within the framework of authority/subordinate relations in employment, there is no need by the harassed person to show disinterest or refusal to such propositions or references. The legal analysis differs from ordinary harassment cases and does not require proof that the recipient expressed objection.

With respect to subordinate relations, the National Labor Court created a new concept called *influence relationships*—relationships that lie in the intermediate space between equal-status employees and a superior-subordinate (hierarchical) relationship (*e.g.*, a very veteran employee at the workplace, versus an employee who has just been hired; an employee who has significant social influence at the workplace versus an employee who has no special connections).

Bullying (Mobbing)

Israel does not currently have dedicated legislation addressing workplace bullying. However, labor courts have increasingly recognized claims based on severe or repeated abusive workplace conduct through general employment-law principles. In a 2015 bill (that was not enacted into law), workplace bullying was defined as "repeated behavior towards a person, in several separate incidents, that tends to create a hostile environment in the workplace." Bullying can be manifested through shouting, humiliation, and spreading rumors; setting unreasonable demands and fulfilling personal needs of the manager; tight control and subjection to an atmosphere of fear and threats; restriction of authority for non-substantive reasons and disruption of a person's ability to perform their job; professional isolation; invasion of privacy; and more.

The labor courts can award compensation for bullying in the workplace.

6.8 What prohibitions exist regarding retaliation/reprisal?

Retaliation on the grounds of sexual harassment refers to harm, of any kind, that originates from sexual harassment or from a complaint or lawsuit filed regarding sexual harassment.

The existence of sexual harassment, on its own, does not suffice to establish a retaliation claim; there must be a demonstrable harm caused to the harassed individual or to someone who assisted them. Common examples of retaliation at work can include: a cease of promotion; worsening of working conditions; denial of benefits; and creation of a hostile work environment by colleagues.

Harassment and retaliation on the grounds of sexual harassment constitutes a criminal offense that carries imprisonment (two to four years) and/or a fine. Additionally, these acts constitute a civil wrong that entitles the injured party to compensation of up to NIS 120,000 without requiring proof of actual damage, and up to NIS 240,000 when the harassment is motivated by racism or hostility toward the public.

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Separate anti-retaliation protections also arise under other statutes, including whistleblower-protection legislation, anti-discrimination laws, and certain equality-related statutes.

6.9 Is an employer required to provide training on prevention of discrimination, harassment, or retaliation?

Sexual Harassment Prevention Training

According to Israeli law, an employer is obligated to take reasonable measures, under the circumstances, to prevent sexual harassment or acts of retaliation within the framework of employment relations, whether committed by an employee, a supervisor, or a person acting on behalf of a supervisor. These obligations also extend to employees of manpower contractors who are placed at the employer's premises.

As part of the preventive measures required by law, the employer must inform all employees and supervisors of the legal prohibition against sexual harassment and retaliation, in accordance with the law and regulations. This must be done through the adoption of an internal policy for the prevention of sexual harassment in the workplace. The internal policy must outline the procedures for filing and investigating complaints, in alignment with the principles set forth by law.

In addition, the employer must enable employees during work hours to participate in informational and training activities regarding sexual harassment and retaliation. While the law does not prescribe a specific sanction for an employer's failure to conduct training sessions for employees on the prevention of sexual harassment, the Labor Court may regard such failure as a violation of the employer's legal obligations and thus will be taken into account when awarding statutory compensation against the employer, particularly if it is proven that the employer did not inform employees of the prohibition on sexual harassment and the identity of the authorized person responsible for handling complaints.

6.10 Are employers required to investigate allegations of discrimination, harassment, or retaliation?

Yes, employers are required to investigate allegations of sexual harassment and bullying.

Sexual Harassment

The Prevention of Sexual Harassment Law, 1998 requires the employer to appoint a designated person responsible for receiving and investigating complaints and to provide recommendations to the employer ("Sexual Harassment Officer"). The Officer (preferably a woman, as stipulated by the law) conducts an investigation, which includes interviewing the complainant, the alleged harasser, and any witnesses, and subsequently submits their findings and conclusions to the employer. The Officer's report must be prepared in writing, accompanied by reasoned conclusions and recommendations regarding further handling of the complaint, including on the following matters: whether the conducts constitute harassment; whether there is a need to separate the complainant from the accused/harasser; and whether disciplinary sanctions should be imposed on the accused.

Upon receiving the Officer's summary and recommendations, the employer must:

- decide without delay, and within a period not exceeding seven working days, on the exercise of the relevant authorities and the implementation of the decision;

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- provide a written, reasoned notice of the decision to the complainant, the alleged harasser, and the Officer; and
- allow the complainant and the alleged harasser to review the summary and recommendations prepared by the designated office.

The employer can take one of the following courses of action:

- give instructions to the employees involved in the case, and take steps to prevent the recurrence of the act or to correct the harm caused to the complainant;
- initiate disciplinary proceedings;
- not take any action; or
- postpone the employer's decision and delay its implementation due to disciplinary or legal proceedings related to the case that is the subject of the decision.

Employers also have a duty to take reasonable steps to prevent and address sexual harassment by third parties, such as customers or service providers, even where the Prevention of Sexual Harassment Law does not directly apply. This duty derives from the employer's broader obligation under the Occupational Safety Ordinance to provide a safe and respectful work environment.

Bullying

Since there is no legislation on the subject, there is no legal obligation to conduct an investigation regarding complaints about bullying. However, the National Labor Court declared that, as part of the employer's duty to provide its employees with a safe working environment, the employer should establish an efficient mechanism for filing and investigating complaints of bullying in the workplace. Therefore, in light of the rulings of the National Labor Court, employers should consider investigating complaints about workplace bullying in a manner similar to the investigation of sexual harassment complaints.

6.11 May individual persons be liable for discrimination, harassment, or retaliation?

Under Israeli law individual persons may be liable for sexual harassment.

Sexual Harassment

Israeli law prohibits sexual harassment or retaliation and stipulates that each of them constitutes a criminal offense that carries imprisonment (two to four years) and/or a fine. Therefore, the complainant may submit a complaint to the police against the accused who allegedly committed sexual harassment. The court has the authority to sentence a defendant guilty of sexual harassment to imprisonment, suspended imprisonment, community service, or a fine as well as monetary compensation for the complainant.

In addition, sexual harassment and retaliation also constitute a civil wrong. A complainant may file a civil lawsuit against the employer as well as against an individual (the alleged harasser). The court may impose personal liability on the individual and may award the complainant tort-based compensation, and statutory compensation, which may be awarded without proof of damage, up to a statutory cap of NIS 120,000.

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Bullying

In cases where the Labor Court in Israel has determined that an employer's conduct amounted to workplace bullying, the court has awarded compensation in varying amounts, with liability imposed solely on the employer. To date, there is no known case law in which personal liability has been imposed on an individual employee in connection with workplace bullying.

7. Work Rules & Policies

An employer's obligation to create, update, and enforce workplace policies is often dictated by a country's laws. The applicability of such laws may depend on the size of the employer, the industry in which they operate, and even the region within a country where the employer is established. Even when two jurisdictions mandate similar policies in the workplace, they may diverge greatly in their notification, enforcement, and applicability requirements. This section addresses common workplace policies employers may be required to enact, including internal work rules, whistleblowing policies, health and safety policies, and general codes of conduct. Additionally, this section includes common issues related to notification, amendment, and compliance obligations.

7.1 Are there internal work rules or policies that an employer must adopt?

Israeli law and labor court rulings impose specific obligations on employers to adopt internal workplace policies addressing workplace conduct.

Sexual Harassment Policy

Pursuant to the Prevention of Sexual Harassment Law, 1998 ("Sexual Harassment Law"), employers are required to take reasonable steps to prevent incidents of sexual harassment and retaliation in the workplace and to address any such incidents effectively. Employers must implement a clear and effective procedure for submitting and investigating complaints, ensure that complaints are handled promptly and confidentially, and take appropriate measures to prevent recurrence.

In addition, employers with more than 25 employees are obligated to adopt and publish a written policy that includes: (1) a summary of the key provisions of the Sexual Harassment Law; (2) a description of the complaint procedures; and (3) an outline of the employer's duties and responsibilities in addressing complaints.

According to the Sexual Harassment (Employer Duties) Regulations, 1998, employers must inform all employees and managers of the prohibition against sexual harassment and retaliation, as well as their respective obligations in this regard.

A copy of the policy must also be provided to the employees' representative union (if applicable) and to any employee upon request.

An employer that fails to comply with these obligations may be exposed to legal action, including liability for payment of compensation to the complainant without the need to prove actual damages. For further elaboration, see **6 – Discrimination & Harassment**.

Policy on Workplace Bullying (Mobbing)

Although Israeli law does not currently require a dedicated workplace-bullying policy, labor-court decisions increasingly encourage employers to establish internal mechanisms for reporting and

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addressing allegations of abusive workplace conduct. For further elaboration, see **6 – Discrimination & Harassment**.

Policy on Employee Privacy and Data Security

Employers often, and in various cases, must adopt a workplace policy regarding employee privacy and data security—covering matters such as use of work email, monitoring, surveillance cameras, etc. This policy must, as much as possible, be drafted in consultation with employees' representative union, and must be clearly communicated to all employees. The policy must be incorporated into the employment agreement and implemented in the employer's internal guidelines. Particular care should be taken when implementing monitoring tools, surveillance systems, AI-based monitoring or automated decision-making systems. For further elaboration, see **8 – Privacy & Protection of Employee Personal Information**.

The Privacy Protection Authority's Directive 5/17 also requires employers to adopt a detailed and explicit policy on employee use of IT systems, including surveillance camera usage, purposes, and scope. This policy must also be presented to employees and, if possible, developed in consultation with the employees' union representatives.

Mechanism for Handling Complaints by Outsourced Employees

Pursuant to the Law to Increase Enforcement of Labor Laws, 2011, service recipients (*i.e.*, clients of an outsourcing company) are required to take reasonable measures to prevent violations of the labor rights of outsourced employees in the security, cleaning, and catering sectors. To comply with this obligation, service recipients must establish an effective internal mechanism for reporting, investigating, and addressing alleged violations committed by the outsourcing service providers. This mechanism must ensure that complaints are handled promptly, fairly, and in a manner that enables the prevention of future violations.

Sector-Specific Policies

Employers operating in regulated sectors may be subject to additional, sector-specific legal and regulatory obligations regarding the adoption and implementation of internal workplace policies. For example, pursuant to the Banking Supervision Department's Proper Conduct of Banking Business Directive No. 1/04, a bank's board of directors is required to adopt a rotation policy for managers and employees holding sensitive positions. This includes the implementation of a mandatory consecutive vacation policy, aimed at reducing operational and fraud-related risks.

7.2 Do whistleblower protections exist?

Yes, whistleblowers are protected in Israel.

General Protections

The Protection of Employees (Exposure of Offenses and Unethical Conduct) Law, 1997 ("Whistleblower Protection Law") prohibits employers or their representatives from harming or dismissing an employee for submitting a complaint against the employer or another employee, or for assisting another in filing such a complaint. Case law identifies two central objectives of this law: to encourage employees to report legal violations or administrative misconduct within the organization, and to protect employees who expose such misconduct. The protection applies to harm caused to the employee's "employment conditions," which include terms and conditions of employment; promotion opportunities; access to training or professional development; dismissal or severance pay; and employment-related benefits and retirement payments.

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The Whistleblower Protection Law limits its protections to complaints made in good faith and expressly excludes false or malicious complaints.

Reporting Channels and Procedures

According to the Whistleblower Protection law, the complaint must relate to a legal violation occurring in the workplace or connected to the employer's business. The complaint must be submitted to an authorized body empowered to receive or investigate such matters. However, the statute does not define the term "authorized body," and the scope of that term continues to be shaped by case law.

The Whistleblower Protection law does not obligate employers to adopt a formal whistleblower policy or establish internal reporting mechanisms. However, courts have considered the availability of internal reporting channels when determining whether an employee's complaint was brought to an appropriate authority and made in good faith. Where appropriate internal reporting channels are available, employees may be expected to consider them before escalating concerns externally. In many circumstances, labor courts examine whether the employee acted in good faith, including whether internal reporting channels were reasonably available and appropriate.

Penalties

The law empowers the labor court to grant remedies such as compensation—even in the absence of proven damage—of up to NIS 50,000, and up to NIS 500,000 in aggravated cases (*e.g.*, repeated or egregious violations).

For public-sector employers and private-sector employers with more than 25 employees, the court may also issue injunctive or mandatory relief, including reinstatement or transfer to an appropriate position, particularly where monetary compensation is deemed insufficient.

Should the court find that the employee acted in bad faith, it may order the whistleblower to compensate the employer or the individual named in the complaint.

7.3 What general health and safety rules apply in the workplace?

Overview of Health & Safety Rules

The primary laws governing occupational health and safety in the Israeli workplace are:

- The Occupational Safety Ordinance [New Version], 1970 ("Safety Ordinance").
- The Work Supervision Organization Law, 1954 ("Supervision Law").

Together with their respective regulations, these laws establish safety standards and enforcement mechanisms to ensure a safe working environment.

The Safety Ordinance regulates safe and hygienic working conditions across three key domains:

- **Safety:** Provisions relating to machine guarding, work surfaces, ladders and staircases, elevators, lifting equipment, steam boilers, work in confined spaces, fire escapes, use of personal protective equipment (PPE), identification and control of safety hazards, permissible noise levels, restrictions on employing women in hazardous roles, accident reporting, and more.

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- **Health:** Requirements concerning workplace cleanliness, ventilation, lighting, temperature control, hygiene standards, medical supervision, and related matters.
- **Welfare:** Obligations regarding employee training and safety education, protection against harmful exposures, periodic medical examinations, availability of drinking water, showers, locker rooms, first aid stations, and additional welfare-related provisions.

Numerous regulations have been enacted pursuant to the Safety Ordinance (*e.g.*, regulations addressing workplace noise, work at heights, and exposure to ionizing radiation), each prescribing detailed technical and operational requirements for compliance and effective implementation.

The Supervision Law establishes the national enforcement framework for occupational health and hygiene in the workplace. It created two key entities:

1. **The Occupational Safety and Health Administration:** Responsible for conducting workplace inspections, investigations, supervision, and providing professional guidance on matters related to occupational safety, health, and welfare.
2. **The Institute for Safety and Hygiene (ISG):** Responsible for providing training and education, publishing research and professional materials, supporting workplace safety representatives and safety committees, assisting the Labor Inspection Service, and advising the Minister of Economy on matters related to occupational health and safety.

Employer Obligations

Employers are subject to a wide range of health and safety duties. These include:

- **Appointment of Safety Personnel and Committees**

  Pursuant to Section 10(a) of the Supervision Law:

  - Any plant employing more than 25 workers is required to establish a Safety Committee, composed of an equal number of representatives from the employer and the employees. (The term *plant* is defined in the law to refer to a workplace primarily engaged in industrial activity or manual labor).
  - The Minister of Labor is authorized to mandate the establishment of safety committees in smaller workplaces, as necessary.

Under the Safety Supervisors Regulations, 1996, an employer must appoint a Safety Officer, subject to the detailed criteria set forth in the applicable regulations:

- The workplace is subject to the Safety Ordinance and employs 50 or more workers.
- The workplace falls within specific categories listed in the regulations and employs 50 or more workers.
  - A construction company who employs more than 100 employees (directly or through subcontractors) at a particular site.
  - An agricultural employer that employs more than 50 employees.
  - In any other workplace where a regional labor inspector issues a written determination that, based on the assessed level of occupational risk, such an appointment is required.

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- **First Aid and Accident Procedures:** Sections 147 to148 of the Safety Ordinance, along with the First Aid in Workplaces Regulations (1988), require employers to provide: a first aid box; a self-treatment station; and a mobile first aid kit.
- **Workplace Accident:** In case of a workplace accident, the Work Accidents and Occupational Diseases Ordinance (1945) requires immediate written reporting to the regional labor inspector for: any injury causing more than three days' absence from work; or any workplace fatality. Reports must include: location and circumstances of the incident, details of the injured employee(s), and employer identification.
- **Workplace Maintenance and Environment:** The Safety Ordinance imposes duties on the employer to:
  - Maintain workplace cleanliness (Section 16(a)).
  - Prevent overcrowding that could cause injury (Section 21(a)).
  - Ensure proper ventilation, lighting, and temperature.

  Additional specific provisions may apply depending on the nature and location of the workplace.
- **Personal Protective Equipment (PPE):** Pursuant to Section 3(a) of the Personal Protective Equipment Regulations (1997), employers are required to provide employees with appropriate PPE which is suited to the nature of their duties and the specific hazards present in the workplace.

Employee Obligations

Section 16 of the Supervision Law allows the workplace Safety Committee to recommend disciplinary measures against employees who violate the safety rules.

Industry-Specific Obligations

Based on the Safety Ordinance and the Supervision Law, specific industry related safety regulations were established. For example, the construction industry is one of the most regulated sectors, with regulations relating, *inter alia*, to construction work, work at height and cranes. In the industrial sector, there are regulations regarding the use of machinery, excessive noise, hazardous materials and more.

Fatalities/Serious Occupational Injuries

As noted above, the Work Accidents and Occupational Diseases Ordinance (1945) requires immediate written reporting to the regional labor inspector for: any injury causing more than three days' absence from work; or any workplace fatality. Reports must include: location and circumstances of the incident, details of the injured employee(s), and employer identification.

Penalties for Violations

Pursuant to Chapter IX of the Safety Ordinance, breaches of the Ordinance's provisions may lead to fines and, in certain cases, imprisonment.

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7.4 What should employers consider when implementing a global policy and/or a global code of conduct locally?

When an employer is required to adopt and implement a global code of conduct policy issued by a parent company, several key steps should be taken to ensure that the policy is legally compliant, locally adapted, and properly enforced.

Issues for employers to consider for lawful and effective implementation of a global policy or global code of conduct include:

- **Legal review and local compliance:** The global policy must comply with local Israeli laws, including labor laws, privacy laws, and other applicable regulations.
- **Cultural and operational adaptation:** The policy's language, examples, and procedures should be adjusted to reflect the specific employer context and the organizational culture in Israel. Where necessary, internal procedures and employment agreements should be updated to align with the adopted policy.
- **Translation and language accessibility:** In a workplace where the primary language of communication and documentation is Hebrew, the policy should be translated and made accessible accordingly.
- **Periodic updates and monitoring:** The policy should be periodically reviewed and updated to remain aligned with the global policy.
- **Transparency and organizational implementation:** The employer should clearly communicate the policy to employees. Employers may request that employees confirm in writing that they have read, understood, and accepted the policy's terms. If necessary, the employer should appoint a designated compliance officer, or other responsible personnel to oversee the implementation of the policy. In a unionized workplace, the employer may be required to consult or negotiate with the employees' union prior to implementing the policy.
- **Disciplinary measures and policy enforcement:** When enforcing a code of conduct policy:
  - The policy should expressly state that any breach of its provisions may result in disciplinary action.
  - Disciplinary measures must comply with Israeli labor law, including the obligation to conduct a hearing prior to taking any disciplinary action against an employee. For further elaboration, see 10 – Individual Dismissals & Collective Redundancies.
  - In a unionized workplace, any disciplinary actions must also comply with the terms of the applicable collective agreement.

Whether Noncompliance Can Justify Disciplinary Action

Noncompliance of the policy may be a ground for a disciplinary action (including termination) provided that the policy or the collective agreement expressly state as such and the disciplinary measures are otherwise compliant with Israeli labor law, including the obligation to conduct a hearing prior to taking any disciplinary action.

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8. Privacy & Protection of Employee Personal Information

Protecting the rights of individuals, including employees, with respect to their personal information must be balanced against an employer's need to collect, use, store, and transfer employee data to facilitate business operations and to comply with laws around the world. In addition, unauthorized access to and improper disclosure of personal information have serious consequences to both organizations and the individuals involved. New statutes and regulations continue to emerge around the globe. And, while some countries do not have a comprehensive data protection framework specifically regulating data privacy, their federal constitution, the civil or criminal codes, and/or judicial doctrines inform the general obligations—applicable to both organizations and natural persons—with respect to the access and treatment of an individual's personal information.

This section examines the data privacy laws protecting the personal data of employees, including the employer's obligations when processing an employee's personal data, including sensitive personal data, and the employee's rights with respect to their personal data. The discussion also reviews the restrictions that may apply to an employer's transfer or export of the personal data of its employees. Finally, the applicable penalties for failure to comply with the data privacy laws are outlined, as well as an employer's obligations in the event of a data breach involving the personal information of employees. Although this comparison covers important aspects of each country's legal framework related to this topic, it is not all-inclusive and the current status should be verified by counsel as this is an area rife with frequent changes.

Refer to the ***Glossary of Terms*** at the end of this Guide for an overview of some of the terminology used in this section.

8.1 Are there any data privacy laws protecting the personal data of employees or job applicants?

Yes, there is a data privacy regime that protects the personal data of employees and job applicants in Israel.

The privacy regime includes the following:

- **The Protection of Privacy Law, 1981:** Constitutes the main normative framework in this field and sets rules for the protection of personal information of employees and job applicants.
- **The Protection of Privacy Regulations (Data Security), 2017 ("Privacy Regulations"):** Set special obligations regarding the management of information kept in the company's databases regarding employees and job applicants.
- **Basic Law: Human Dignity and Liberty:** Is part of the "Bill of Rights" of Israeli law and has constitutional and supra-legal status. It states that every person is entitled to privacy and to the privacy of their life; that no one can enter a person's private domain without authorization; no search can be conducted in a person's private domain, on their body, in their body or among their belongings; and no violation can be made of a person's confidentiality of conversation, writings, or records.
- **Guidance and Position Papers:** Issued by the Israeli Privacy Protection Authority also play a significant practical role in shaping employer obligations.

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8.2 What are an employer's obligations when processing (*i.e.*, collecting, storing, using, handling, etc.) personal data of employees or job applicants?

8.2(a) *Lawful Basis for Processing*

The processing of personal information of employees or job applicants may occur at any stage of employment, from the candidacy stage, through the actual employment, and up to the stages of termination of employment. The processing of information may occur in various systems that store information to varying extents and for different purposes (*e.g.*, personal details of the employee and their family members; salary data; pension data; information about the employee's qualifications; reports on working hours and attendance; membership in a employees' union; medical, psychological, and occupational opinions; security camera footage; email traffic; browsing data; and more).

According to the Protection of Privacy Law and the case law of the labor courts, the legitimate managerial prerogative of an employer to manage its business and for this purpose to collect and process personal information is subject to the requirements of reasonableness, proportionality, good faith, and fairness.

Therefore, the fundamental principle establishing a person's control over information about themselves, as set forth in Section 1 of the Protection of Privacy Law, is the possibility to consent to the use of their personal information—"No person shall infringe upon the privacy of another without his consent." Pursuant to Section 3 of the Protection of Privacy Law, employees are required to provide informed consent, which allows them to make a voluntary and informed decision regarding the collection and use of their personal data.

However, in light of the power imbalance between employer and employee or job applicant, there is an understanding that such consent does not necessarily reflect a free choice regarding the substance of the conditions related to the employment relationship. Therefore, the validity of such consent does not carry much weight, unless it is clear from the circumstances that it was given completely freely.

In addition, an employer may collect and process information only for a proper purpose, a principle derived from the Basic Law: Human Dignity and Liberty. Therefore, the employer must determine the specific purposes for collecting and processing the information. These must be consistent with its business purpose and the essential objectives of the workplace, or be based on another legal source—such as occupational safety regulations, instructions of the tax authority, security instructions, etc.—but not information that is not required for employment or the business purpose of the workplace.

Employers must conduct ongoing reviews of the information they request from their employees and job applicants to ensure it still serves the intended purpose of such collection and, if necessary, to make changes.

The principle of proportionality is assessed through several sub-tests, including an examination of whether the means used (particularly technological means) minimize infringement on employees' privacy as much as possible. This assessment involves determining whether there is a rational connection between the means employed and the legitimate purpose pursued, whether the chosen means are the least intrusive available, and whether the overall benefit of achieving the purpose outweighs the potential harm to the right to privacy.

Another core principle in privacy law is the purpose limitation principle, which stipulates that personal data obtained for a specific lawful purpose must not be used for any other purpose. Accordingly,

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employers are obligated to ensure that all processing and use of employee data remain confined to the original purpose for which the data was collected.

8.2(b) *Notice of Processing*

Another fundamental principle underlying the legal basis for processing information is the principle of transparency and the provision of notice regarding the collection and use of information.

Section 11 of the Protection of Privacy Law requires the owner of a database that collects information from an individual to provide that individual with notice regarding the purposes for which the information will be used; whether the individual is legally obligated to provide the information or whether its provision is voluntary; the consequences of withholding consent; the individual's right to review the information and request its correction; and the name and contact details of the data controller. Such notice is also required for obtaining informed consent under the law.

The principle of transparency is of special importance, especially in employer-employee relations, against the background of the potential difficulty in obtaining valid informed consent, in light of the power imbalance between the employer and the employee or job applicant. However, fulfilling the duty of notice regarding the policy of collecting and processing information within the employment agreement does not exempt the employer from providing additional notices in the event of changes in the purposes of using the information, due to changes in the purposes of collecting the information, technological changes, and more.

Another expression of the principle of transparency can be reflected in the publication of a "workplace privacy policy" procedure by the employer to their employees.

8.2(c) *Security, Accuracy, and Retention of Personal Data*

Another fundamental principle underlying the legal basis permitting the employer to process personal information requires the employer holding personal information about employees and job applicants to act to secure the information in its possession in order to minimize the risk of data leakage and harm to the employee's or job applicant's privacy, which may be caused by external parties (*e.g.*, through hacking into computers) or by internal parties at the employer (*e.g.*, intentional harm by an employee or negligent behavior of a person with access to the database).

To comply with these rules, the employer must examine what personal information exists in the company's information systems, what are the risks of misuse of the information that may harm employees and job applicants (whether by external or internal parties), and determine what measures will be used to protect the information—which is a constant and ongoing examination, according to the types of information held and added to the company's information systems, technological developments—while updating security levels accordingly.

Also, information security relates not only to technological systems, but mainly to the establishment of policy rules and procedures that will be communicated to all parties dealing with information, including human resources, payroll, finance, etc. For each such body, the policy must determine what types of information may be disclosed, to which employees, to what extent, whether the information may be transferred to other parties in the company or outside it, and to what extent, and so on.

The retention periods of such personal data must be linked to legal, operational and litigation-related needs.

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8.2(d) *Other Obligations*

When employers seek to monitor employees in the workplace (*e.g.*, monitoring the professional email inbox, monitoring the employee's vehicle required for travel outside the workplace, placing cameras in public areas in the workplace, etc.), they must act according to the guiding principle that the employee has a sphere of privacy that accompanies them even in the workplace.

Israeli labor courts recognize that employees maintain constitutional privacy rights in the workplace, and therefore any monitoring activity must satisfy principles of transparency, proportionality, legitimacy and necessity.

Accordingly, an employer seeking to implement monitoring measures on employees is required to establish an explicit and detailed policy regarding the monitoring of employees by the various means for which monitoring is performed, and to notify employees at the stage of contracting with the employee upon hiring, as well as when changing the monitoring policy in the workplace.

Concerning access to a professional mailbox, an employer must establish a monitoring and access policy for email use, present it to the employee, and obtain the employee's consent. Access to professional communications may be permitted where the employer has adopted a clear policy, provided adequate notice and, where required, obtained appropriate employee consent.

Access to correspondence that appears to be of a personal nature, even when located in a professional mailbox in violation of the employer's policy, is generally not permitted. Such access may only be justified in exceptional cases, where alternative monitoring measures have been exhausted and the employee has given explicit, informed consent. In the absence of such consent, the employer must seek prior approval from the labor court before accessing the correspondence.

Additionally, under Amendment 13 to the Protection of Privacy Law, 1981, certain organizations are required to appoint a Data Protection Officer (DPO), under applicable privacy legislation and regulations, particularly where large-scale or high-risk processing activities are carried out. Mandatory DPO appointment applies to public authorities, as well as to private organizations that engage in high-risk or large-scale processing of personal data, including systematic monitoring, extensive handling of sensitive data, or the operation of substantial personal data databases.

8.3 Are there any special requirements related to sensitive personal data of employees or job applicants?

Section 7 of the Protection of Privacy Law defines *particularly sensitive information* as including, among other things, data about a person's personality, privacy of their personality, health status, economic status, opinions, and beliefs, as well as salary information, performance evaluations and other employment-related information that may be considered sensitive under the circumstances.

Any collection and use of personal information (*i.e.*, processing of information) involving an infringement of privacy requires authorization by law or free will consent of the data subject.

Section 9 of the Privacy Regulations requires a high level of security in databases containing sensitive information. Section 10 provides that access to sensitive information must be limited only to those authorized for performing their duties.

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Accordingly, the employer is required to exercise extra caution when processing personal information of employees and job applicants.

Considering the rules detailed above regarding the legal basis for processing information, the employer is required to examine, starting from the stage of submitting a job application, whether the information requested in the application is required and necessary, and must be able to explain the relevance of each piece of information requested.

The employer is also required to examine how C.V.s and other job applicant information of job applicants are stored, to take appropriate information security measures and access authorization procedures, and to provide access only to authorized personnel. If information is transferred to a third parties, the employer must examine to whom the information is transferred and for what purpose, whether there is a necessity for the transfer of the information, and whether informed consent of the applicant was obtained for the collection and transfer of the information.

Also, at the stage of the job interview or suitability tests, the employer must refrain from asking questions that are not relevant to assessing the candidate's suitability for the workplace. Where an interview record is retained and personal information about the candidate is collected, the employer is required to establish appropriate procedures for the secure storage of such data and to define access rights, in a manner consistent with the measures applied to the candidate's C.V.

Additional legal provisions (beyond the requirements stated in the Protection of Privacy Law) prohibit employers from collecting or seeking certain categories of information during the hiring or promotion process. Employers are therefore prohibited from collecting such sensitive data or using it as a factor in assessing a candidate's employment or promotion considerations. Sensitive information includes the following details—

- questions regarding a criminal record;
- questions regarding military profile;
- genetic information;
- questions regarding information such as religion, nationality, sexual orientation, parenthood, reserve service,

—regarding which the employer will be required to prove that it did not discriminate against the employee or job applicant contrary to the law.

During the employee's employment, the employer is required to periodically and continuously examine: what additional information is collected about the employee during the ongoing employment relationship; what are the purposes of collecting the additional information, and whether this collection matches the purposes for which the information was initially requested; where the information is stored; information security; who in the organization has access to the collected information and whether access to the information can be restricted; whether a policy has been established regarding the use of employees of the databases, and whether the main points of the policy have been brought to the attention of those employees; and whether the reliability of employees is checked when granting access authorizations and whether they have been instructed regarding the possibilities of fraud.

After the termination of the employee's employment, the employer must delete information that is no longer required to prevent the use of the information. However, when there is a need to retain the

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information for legitimate business purposes (such as defense against claims), the information may be retained, while setting strict provisions reflecting the limitation of the information for archival purposes only, including granting limited access to this information only to those who need the information for defense in claims or for other dealings with the authorities.

8.4 What rights do employees and job applicants have with respect to their personal data?

Sections 13 and 14 of the Protection of Privacy Law grant employees and job applicants (*i.e.*, the data subjects), various rights regarding information about them, including the right to review the information and the right to request correction of the information.

Right to Access: Individuals—including employees and job applicants—have the right to access personal information held about them in a database. The database owner must allow such review in Hebrew, Arabic, or English, unless doing so would violate another person's privacy. The owner may withhold medical or mental-health information if disclosure could seriously harm the individual's wellbeing, in which case the information must instead be provided to a doctor or psychologist acting on the individual's behalf. Information protected by legal privilege does not need to be disclosed unless the privilege belongs to the individual. If the information is held by a third party rather than the employer, the employer must direct the individual to that party and instruct the holder to allow access; the holder, in turn, must confirm whether it holds any personal data and provide the name and address of the database owner.

- **Right to Rectification:** An individual who discovers that their personal information is incorrect, incomplete, inaccurate, or outdated may ask the database owner to correct it. If the request is accepted, the owner must update the information and notify any third parties who previously received it. If the owner refuses, they must inform the individual of the refusal. When the information is held by a separate "holder," that holder is required to make the correction if the database owner approves the request or if a court orders the correction.
- **Right to Deletion:** Israeli law does not establish a broad "right to be forgotten" comparable to the GDPR, although an individual may request deletion of personal information that is incorrect, incomplete, imprecise, or outdated. However, the database owner may refuse the request if the information is still required for the owner's legitimate needs and is not "excess information" beyond what is necessary for its original purpose (for example, salary records that must legally be retained). If the owner approves the request, the information must be deleted, and the owner must inform the individual of either the deletion or the refusal. When the information is held by a separate "holder," that party must delete it if the database owner consents to the deletion or if a court orders it.
- **Right to Data Portability:** An employer that collects information from employees and job applicants must notify and inform the person from whom the information is collected regarding the uses and purposes for which each item of information is held. If the data is transferred to third parties, the employer must also notify the data subject of the identity of the third parties and the purpose of the transfer of the information to those entities.[9]

  Such notice is also required for obtaining informed consent under the law.

[9] Section 11 of the Protection of Privacy Law.

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Right to Opt Out of Processing: Israeli law does not provide a general statutory right to object to processing comparable to the GDPR, although a data subject may request that the employer stop using their personal information for certain purposes ("opt-out"). When such a request is made, the employer must weigh its legitimate interests in retaining or using the information against the individual's privacy rights. The Privacy Protection Authority's position is that opt-out requests must generally be granted—even when prior consent is not technically revocable—particularly where continued use could significantly harm the individual's privacy. However, the employer may refuse the request when the information is still needed for legitimate business purposes, such as HR management, payroll and tax obligations, future recruitment needs, or defending against legal claims.

- **Right to Information on Shared Data:** Section 11 of the Protection of Privacy Law states that when approaching a person (including an employee or job applicant) regarding processing their personal data or using it in a database, it must be accompanied by a notice stating: whether the person is legally required to provide the information, or whether the provision of the information depends on the person's will and consent; the purpose for which the information is requested; to whom the information will be provided; and the purposes of the provision.

  Right to Withdraw Consent: Individuals have the right to withdraw their consent to the use of their personal information—whether that consent was given explicitly or implicitly—and may request that the employer stop using such information. The Privacy Protection Authority's position is that withdrawal requests must generally be honored, even when the original consent is technically irrevocable, particularly if continued use would significantly harm the individual's privacy. However, withdrawing consent does not invalidate the lawful collection or use of information prior to the withdrawal. Additionally, if the database owner has a legal duty or legitimate need to retain certain information—such as insurance history, tax-related data, or information required to defend against legal claims—the individual cannot require the deletion or cessation of use of that data.

- **Right Not to Be Subject to Automated Decision Making:** Privacy law in Israel does not explicitly regulate the issue of automated processing of information, as regulated in the European Union in the Strasbourg Convention (1981) and under the E.U.'s General Data Protection Regulations (GDPR). A bill dealing with this issue was previously submitted to the Israeli Parliament, but its legislative process was not advanced. In this context, it should be noted that the bill did not seek to prohibit automated processing of information (*e.g.*, hiring based on an algorithm that examines only the demographic data of the job applicant), but to grant the data subject the right to receive from the database controller an explanation that would include details regarding the manner of decision-making based on automatic analysis of information about the data subject, to strengthen the data subject's right not to have a decision with legal or other significant consequences made about them if it is based solely on automated processing of information.

8.5 Is an employer permitted to transfer the personal data of its employees or job applicants?

8.5(a) *Transfers Within the Jurisdiction*

Section 3 of the Protection of Privacy Law defines "use" of information as including also disclosure, transfer, and delivery of the information. Section 11 of the Law states that when approaching a person (including an employee or job applicant) to obtain or process information included in a database, such

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approach will be accompanied by a notice stating, *inter alia*, to whom the information will be provided and the purposes of the provision.

Accordingly, transferring information by an employer to an unauthorized body—either because the employee or job applicant was not informed to whom the information would be provided and for what purpose, or because the employee did not give their authorization for such disclosure—will constitute an invasion of the privacy, which may even amount to a criminal offense.

On the other hand, if an employee or job applicant, for example, filled out a form containing their personal details, which is typically addressed to a body that is to arrange their pension savings or conduct checks regarding their suitability for the workplace, then the transfer of those personal details to such bodies is not considered an unlawful invasion of their privacy.

8.5(b) *Transfers Outside the Jurisdiction*

The Protection of Privacy Regulations (Transfer of Data to Databases Outside the Borders of the State), 2001 regulate the rules regarding the transfer of data to databases outside the borders of the state, for example in the case of a multinational company seeking to receive information about employees or job applicants from Israel to the company's databases outside the borders of the state.

According to these regulations, such transfer of information is prohibited unless the law of the country to which the information is transferred ensures a level of protection for information that is not less (with necessary changes) than the level of protection for information set forth in Israeli law, including the following principles: the information will be collected and processed lawfully and fairly; the information will be held, used, and provided only for the purpose for which it was received; the information stored will be accurate and up-to-date; the right of access and correction is granted to the person about whom the information is held; and appropriate security measures are taken to protect the information.

In addition, the owner of a database may transfer information, or allow the transfer of information from its database in Israel, outside the borders of the state, subject to compliance with one of the following alternatives:

- the person about whom the information is transferred gives consent;
- the information is transferred to a corporation under the "control" (as defined in the Securities Law, 1968) of the owner of the database from which the information is transferred, and the owner of the database has ensured the protection of privacy after the transfer; or
- the information is transferred to a database in a country that is a party to the European Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, which receives information from Member States of the European Community, under the same terms of acceptance, and the Registrar of Databases has notified, in a notice published in the official gazette, that there is an authority in that country intended to protect privacy, after reaching an agreement with that authority on cooperation.

It is also stipulated by law that the owner of the database must ensure, by written undertaking of the recipient of the information, that it takes sufficient measures to safeguard the privacy of those about whom the information is held, and that the owner ensures that the data will not be transferred to any other person, whether in that country or in another country.

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With regard to this last restriction, the Privacy Protection Authority published a position paper stating that such a restriction, which imposes an absolute and sweeping prohibition on transferring the information to another database owner or disclosing it in the context of outsourcing, has become an impossible decree for the public to comply with, and does not support technological developments and the structure of international economic and commercial relations since the regulations were enacted, and there is no equivalent in the European Union data protection regulation (GDPR) or in modern privacy legislation worldwide.

The Privacy Protection Authority has clarified that the statutory prohibition imposed on a recipient of information located in a foreign jurisdiction from transferring such information to a third party does not apply where the recipient has obtained the written consent of the owner of the database from which the information was originally transferred from Israel, provided that: (1) the contemplated transfer to the third party would comply with all applicable legal requirements were it to be effected within the territory of Israel; and (2) in the event the information were to be transferred directly from Israel to such third party, the transfer would satisfy the conditions prescribed under the relevant regulations.

Furthermore, the scope and content of the recipient's undertaking need not amount to an agreement "to comply with the conditions for holding and using information applicable to a database owner in Israel." Instead, the undertaking may consist of other acceptable assurances aimed at safeguarding the privacy of the data subjects, considering the scope of the information, its sensitivity, and other relevant circumstances, even if such assurances are not identical to the privacy protection laws of Israel. For example, compliance with the European Union GDPR or with the legislation of countries recognized by the European Union as providing an adequate level of data protection—as listed on the European Commission's website—may be considered acceptable.

With respect to the transfer of information abroad which involves outsourcing or granting an external party access to a database located in Israel, Regulation 15 of the Protection of Privacy Regulations (Data Security) provides that, where the owner of the database has permitted the external party to render the service through another party, the external party must include in its agreement with that additional party all of the provisions set forth in this regulation.

8.6 What are the penalties for failure to comply with the data privacy laws?

An employer that does not comply with privacy protection laws (whether due to processing information not in accordance with the law, exposure to personal information, or unauthorized use of the personal information managed by it) may be subject to civil enforcement proceedings. It may also be subject to payment of compensation without proof of damage in cases where the tort or offense it committed involves a violation of the provisions of Chapter A of the Protection of Privacy Law, according to which a breach of privacy was committed, including in the following ways:

- surveillance or tracking of a person, which may harass that person, or other harassment;
- illegal wiretapping;
- photographing a person in their private domain;
- publishing a person's photograph in public in circumstances where the publication may humiliate or degrade the person;

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- publishing a photograph of a harmed individual in public taken at the time of the injury or shortly thereafter, in a way that allows identification and in circumstances where the publication may embarrass the individual;
- copying the content of a letter or other writing (including an electronic message) not intended for publication, or using its content, without permission from the recipient or the writer;
- breach of confidentiality imposed by law regarding a person's private affairs;
- breach of confidentiality regarding a person's private affairs, established by explicit or implied agreement;
- use of information about a person's private affairs or its disclosure to another, not for the purpose for which it was provided;
- publication or disclosure of something obtained by violating privacy according to the above paragraphs;
- publication of a matter relating to a person's private life, including their sexual history, health status, or behavior in their private domain.

Also, and according to Section 5 of the Protection of Privacy Law, a violation of privacy committed intentionally may, in some instances, result in criminal sanctions including imprisonment.

Offenses involving noncompliance with the obligations imposed on the owner of a database or use of a database contrary to the law (such as failure to inform employees in detail and clearly about the information collected, held, and processed about them; the uses and purpose for which each piece of information is held, or its transfer to third parties, their identity, and the purpose of transferring the information to them), according to Section 31A of the Law, may result in a sentence of up to one year's imprisonment and also constitute a tort under the Civil Wrongs Ordinance.

In addition, the Registrar and the Privacy Protection Authority may conduct investigations and enforcement proceedings, which could result in administrative enforcement or the imposition of criminal liability on employers that act contrary to the law and regulations.

Employers may also be exposed to administrative enforcement measures imposed by the Privacy Protection Authority, including significant monetary sanctions.

8.7 In the event of a data breach involving personal information of an employee, what are the employer's obligations?

Section 17 of the Protection of Privacy Law and Regulation 11(d) of the Protection of Privacy Regulations (Data Security) provide that in the event of a "serious security incident" the owner of the database is required to notify the Registrar without undue delay, in accordance with the applicable regulations and report the steps taken following the incident.

In specific cases, the Registrar may instruct the database owner, after consulting with the National Cyber Directorate's head, to notify the data subject potentially affected by the incident about the security incident.

A *serious security incident* is defined in the regulations, regarding a database with medium-level security, as an incident in which use (including disclosure, copying, transfer, or delivery) was made without

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authorization or in excess of authorization, in a substantial part of the database or a copy of the information was created, or as an incident in which the integrity of the data was compromised regarding a substantial part of the database, including encryption of the information and denial of access to the information, even if the information itself is still within the systems of the database.

A *serious security incident concerning a database with a high level of security* is defined as an incident involving access to the database in a manner that allowed access to the data contained therein without authorization or in excess of authorization (including disclosure, copying, transfer, or delivery), even if actual use of the information has not yet been proven. This applies also in cases where the database owner has no definitive way to determine the scope of exposure of the unauthorized party to the data, the duration of access to the database systems and to the data itself, the actions taken by the unauthorized party, or whether spyware or malware was installed in the system.

The reporting obligation to the Registrar in the case of a serious security incident applies even if the database owner has already reported the incident to another authority (including the Israel Police, the National Cyber Directorate, or any other authority).

9. Workers' Representation, Unions & Works Councils

While most industrialized and developing nations recognize individuals' right of association as a fundamental right, each country's labor and employment laws create a unique legal framework that governs employees' right to organize and be represented collectively. Union membership across the globe varies based on whether workers in a given country must organize at the individual employer level or whether a country's labor laws invite unions to negotiate collective bargaining agreements for entire sectors or classes of workers. Equally impactful, the role of works councils in a particular country may also determine the collective consultation rights provided to workers. To assist multinational employers in understanding the individual laws governing their relationship with worker representative bodies, this section helps inform when an employer is required to recognize and work with unions or works councils and what rights and obligations that recognition entails. This section also provides information on the extent to which strikes, lockouts, picketing, and secondary actions are recognized, or possibly restricted, if a labor dispute arises.

The ***Glossary of Terms*** at the end of this Guide provides an overview of some of the terminology in this section.

9.1 Do workers have a fundamental right of association and representation regarding their working conditions?

Yes, almost every employee in Israel has a fundamental right of association and representation by a worker's union regarding their employment conditions.

The few exceptions include Israeli Police employees, Prison Service employees, and some additional special security services employees.

9.2 What are the types of worker representative bodies recognized in the jurisdiction?

Israel recognizes the following worker representative bodies:

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- **Workers/Trade Unions:** This is a form of body that is characterized by the following: (1) a long-lasting and permanent body, which has its own internal regulations and binding rules set in its article of association; and (2) the regulations / rules contain a statement that includes the union's purpose to uphold collective relations and sign collective agreements, the employees membership in the union is voluntary and personal, and the union will operate as a democratic body. A legitimate union is the only body in Israel that is entitled to conclude collective bargaining agreements on behalf of employees and sign collective agreements.
- **Works Council:** Typically, it is an organ of the union, which is comprised of employees in a workplace where the union is recognized as the lawful representative of the employees.

  The members of this committee are chosen by the rest of the employees in a democratic process. The first committee members in an initial association act can be appointed by the union.

Usually, the union is the certified body to order a labor dispute and strikes. This usually occurs after a democratic vote of the employees in the referred workplace. The specific governing rules in these matters are as set in the union's internal regulations or constitution.

9.3 When is an employer required to recognize a worker representative body?

According to the Collective Agreements Law 1957 (the "Law"), once at least 1/3 of the employees in the designated bargaining unit join a legitimate union, the union may acquire representative status for that bargaining unit and the employer is required to recognize the union as the representative organization of the employees. According to the Law, once a union is recognized as the lawful representative, an employer is obligated to commence collective bargaining negotiations in good faith to sign a first collective agreement.

Naturally, the employer is not obligated to reach and sign an agreement but must conduct negotiations in good faith.

In case the negotiations fail, the union can call for a labor dispute and commence strikes.

It should also be noted that according to Section 33(I) of the Law, an employer must allow the union representatives reasonable access to its premises, subject to the work needs and privacy limitations.

9.4 Do workers acquire special rights, protections, or obligations by being a member of a worker representative body?

Section 33(J) of the Collective Agreement Law provides that employees who serve as members in the workers committee are protected by law from any harm within employment relations due to their unionized activity. Such protection extends to employees involved in union-organizing activities even where a representative union has not yet been recognized.

However, these workers committee members are still employees, thus, are required to fulfill their duties as employees and are subject to any disciplinary rules in the workplace.

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9.5 Is the employer required to bargain with, consult, and/or inform the worker representative body? If so, under what circumstances?

As noted above, according to the law, once a union is recognized as the lawful representative, an employer is obligated to commence collective bargaining to sign a first collective agreement.

In addition, according to the labor court's precedents, once an employer decides on a matter that has an essential ramification on the employees or the union, it must provide the representative union with a meaningful opportunity to present its position and must genuinely consider the union's views in good faith. If the employer decides to ignore the claims, the union might be eligible to conduct a labor dispute and strike.

9.6 What are the primary mechanisms of action (*e.g.*, strikes, picketing, etc.) workers may use to advocate for their collective rights or working conditions?

9.6(a) *Strikes*

A strike must be preceded by a 15-day prior statutory notice to the employer and the Chief Labor Relations Officer at the Ministry of Labor.[10]

Procedures, Restrictions & Timing

In case of an unlawful strike (*i.e.*, without mandatory prior notice, not in good faith, without due reason, not in accordance with the obligations taken by the union in the collective agreement, non-reasonable measures etc.), the employer can petition the labor court for temporary and/or permanent injunction.

These proceedings are regulated in special regulations and differ from regular proceedings by being quick and simple procedurally.

Compensation & Replacement Workers

Naturally, during full strikes, the striking employees are not eligible for a salary.

During partial strike or other organizational measures (such as, performing only partial work), the employer can suspend the "new and partial" employment contract created by the strike, and send the employees home without salary or pay only partial salary for the partial work done.

The employer can use its non-striking employees (including the ones employed by a personal contract) to replace the striking employees.

The employer is not allowed to bring in external contractors in lieu of its striking employees.

9.6(b) *Lockouts*

An employer that is experiencing labor dispute measures (strike) can order a lockout and prevent all striking employees from entering the premises. According to a labor court ruling, employees in this situation are not eligible or entitled to enter or stay in the workplace.

In addition, when experiencing partial sanctions (partial work done by the employees as a part of labor dispute measures), an employer can announce that it does not accept partial work dictated by a

[10] Section 5A to Settlement of Labor Disputes Law 1957.

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temporary partial/oral/new work agreement and send the employees out of the workplace without eligibility for salary payment.

Finally, in some cases, an employer might be eligible to conduct its own preemptive defense employer action (usually when the employee's strike does not allow proper or continuous work in non-striking units).

9.6(c) *Picketing*

Picketing is also allowed during labor disputes, subject to the law including: the police order (which mandates prior permits in some cases), keeping of the peace, the penal code, etc.

9.6(d) *Secondary Action*

The right to a secondary action ("empathy or solidarity strikes") is very limited in Israel and the labor courts tend to issue injunctions when asked regarding these types of strikes.

9.7 Does the law prohibit or otherwise limit workers' right to strike in specific industries, job positions, or circumstances?

As explained above, the law does not allow specific employees to organize (*e.g.*, Israeli Police employees, Prison Service employees, and some additional special security services employees). Therefore, these employees are not entitled to strike or disrupt their activities in any way.

In addition, labor courts are generally more willing to limit industrial action where significant public interests or essential public services are affected (*e.g.*, banks, airports and seaports, transportation, etc.)

10. Individual Dismissals & Collective Redundancies

An employer's decision to end the employment relationship with an employee may arise from a variety of reasons stemming primarily from the employee's conduct or actions (*e.g.*, poor performance) or due to economic or other business reasons (*e.g.*, business cessation, layoffs, reorganization of internal departments or introduction of technology so that an employee's tasks are to be phased out and no longer required). The term *redundancy* in this section refers to a dismissal for a reason not related to the employee's performance but for economic, technical, or structural reasons.

The laws surrounding terminations vary greatly from country to country. In some countries, the legal framework is relatively simple, requiring no different treatment based on the reasons behind the employer's decision to terminate or the number of employees involved (*e.g.*, *small-scale redundancy*[11] compared to a *collective redundancy*[12]). Other countries prohibit employers from taking any unilateral action and, instead, require the employer to engage in a process of consultation and negotiation with the works council or worker representative bodies prior to any collective redundancy taking effect. The sanctions for noncompliance can be significant—including compensation, court injunction, and criminal

[11] A *small-scale redundancy* is a dismissal of one or more employee(s) for Redundancy that will generally *not* trigger enhanced consultation with worker representative bodies (such as unions, works councils, etc.) and other notification obligations (equivalent to WARN in the United States or collective redundancies across Europe).

[12] A *collective redundancy* includes plant closures or business cessation that may be subject to additional notification or consultation obligations equivalent to the WARN Act (in the United States) and collective redundancies (across Europe). Synonyms include mass layoff, large-scale reduction-in-force, or collective dismissal.

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penalties. Terminating employees is an area particularly fraught with legal risk, so it is recommended that employers always seek advice from legal counsel.

10.1 On what grounds can an employer dismiss an employee?

Israeli law does not define specific grounds for dismissal but rather sets out circumstances under which the dismissal of an employee is prohibited (for example, dismissal based on various forms of discrimination). Israeli case law has established that this is not an exhaustive list.

An employer may generally dismiss an employee for a legitimate business reason (*e.g.*, inadequate performance, redundancy, structural changes, disciplinary issues, or loss of trust), provided that the decision is made in good faith, is free from unlawful considerations and is implemented through a lawful process.

The termination process should be carried out in accordance with the procedure established by law (including legislation and case law – see **10.3**), as well as any additional requirements arising from an individual employment agreement or a collective agreement applicable to the parties.

In some instances, an employer may be required to obtain a permit from a competent authority before proceeding with the termination (as detailed in **10.1(b)**).

10.1(a) *Permitted Grounds*

As noted in **10.1**, an employer may terminate an employee's employment, provided that the process complies with the legal requirements (as detailed in **10.3**) and that the grounds for termination are not prohibited by law.

10.1(a)(i) *Misconduct*

Israeli law does not provide a specific definition or classification of levels of inappropriate conduct. However, in a unionized workplace, collective agreements typically establish a disciplinary framework, including termination procedures.

An employee dismissed due to inappropriate conduct is entitled to a pre-termination hearing (see **10.3** for further detail). The seriousness of the misconduct may affect disciplinary sanctions and severance-pay entitlement.

10.1(a)(ii) *Capabilities and Performance*

Termination Due to Illness or Loss of Work Capacity

An employer must not terminate an employee due to illness or during the period in which the employee is entitled to use accumulated sick leave, up to a maximum period of 90 days (18 days per year to be accumulated in five years). There is no legal prohibition to dismiss employees who have lost their work capacity in full, after utilizing all their sick leave quota.

Termination of an employee with a disability is permitted only if the employer is unable to provide reasonable accommodations that would enable the employee to continue working. Israeli law provides a nonexhaustive list of accommodations, including modifying job requirements or redesigning tasks; flexibility in working hours (*e.g.*, splitting shifts or allowing part-time work); reassigning the employee to an alternative role; and creating a new, tailored position to match the employee's abilities.

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Termination Due to Poor Performance

An employer is allowed to dismiss an employee due to performance that does not meet the requirements of the position. Before initiating the dismissal proceedings, it is customary for the employer to communicate its dissatisfaction to the employee and provide them with a reasonable opportunity to improve.

If the employee fails to improve, the employer may proceed with termination in the manner as detailed in **10.3**, unless a collective agreement binding upon both the employer and the employee prescribes a special dismissal procedure.

10.1(a)(iii) *Economic and Structural Reasons (e.g., Redundancy)*

Israeli law does not provide a legal definition for "redundancy dismissals" or "dismissals due to structural changes" and does not require proof of economic necessity equivalent to certain European redundancy regimes. In such cases, the termination procedure is the same as the general termination process (as detailed in **10.3**), unless a collective agreement requires a different process.

In a unionized workplace, the employer has additional obligations toward the employees' union, such as notification obligations and consultation requirements.

Further details on these obligations are provided in 10.4.

10.1(a)(iv) *Other Reasons*

The Israeli law does not specify legitimate reasons for termination, but only outlines circumstances where termination is prohibited or restricted.

However, the law permits consensual termination where both parties agree to end the employment relationship. Reaching a mutual separation agreement may shorten or eliminate the termination process. Mutual separation is commonly used with senior employees and is accompanied by additional benefits beyond those prescribed by law.

10.1(b) *Prohibited Grounds*

The prohibition on discrimination set forth under the Equal Employment Opportunities Law prohibits, *inter alia*, the dismissal of an employee based on the grounds of sex, sexual orientation, marital status, pregnancy, fertility treatments, in vitro fertilization, parenthood, age, race, religion, nationality, country of origin, place of residence, political views, party affiliation, or military reserve service (of the employee, their spouse, or the other parent of their child), including being called up for reserve duty or expected reserve duty, as well as the frequency or duration of such service. (For further elaboration, see **6 – Discrimination & Harassment**).

In addition, Israeli law prescribes several cases in which the dismissal of an employee is generally prohibited, but may be permitted subject to obtaining a permit from the authorized authority:

- It is prohibited to dismiss a pregnant employee, without obtaining a permit from the Ministry of Labor. This requirement applies to an employee who has worked for the same employer and at the same workplace for at least six months.
- It is prohibited to dismiss employees during their absence or within 60 days after their absence due to their maternity leave without obtaining a permit from the Ministry of Labor,

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in the following circumstances: (1) employees who are on unpaid leave following their maternity leave; (2) a female employee whose employment is prohibited during the breastfeeding period, as certified by a medical certificate; and (3) an employee who is on unpaid leave following maternity leave taken either by themselves or by their spouse.

- It is prohibited to dismiss employees undergoing fertility treatments during the period in which the treatments are being carried out and for 150 days thereafter, without obtaining a permit from the Minister of Labor.
- It is prohibited to dismiss an employee who has worked for the employer for at least six months and has notified the employer of their intention to adopt a child, from the time of such notification until the child is received for adoption, without obtaining a permit from the Ministry of Labor.
- It is prohibited to dismiss an employee who is in the process of surrogacy, who has worked for the same employer or at the same workplace, from the moment of notifying the employer of the surrogate mother's pregnancy until the child is received into custody, without obtaining a permit from the Ministry of Labor.
- It is prohibited to dismiss a female employee residing in a shelter for victims of domestic violence, during her stay in the shelter and for 150 days thereafter, without obtaining a permit from the Ministry of Labor.
- It is prohibited to dismiss an employee during a period in which they are on active reserve duty. If employees have served for more than two days, they cannot be dismissed during the 30 days following their reserve service. If the employees have served for more than 60 days in one year and at least seven consecutive days, they cannot be dismissed during the 60 days following their reserve service.. The dismissal of such an employee is permitted only upon receipt of a permit from the Employment Committee in the Ministry of Defense (and in some cases, from the Supervisory Committee).

10.2 Does the employer have to inform the employee of the grounds for dismissal?

Under Israeli law, an employer is obligated to notify the employee, in advance and in writing, of the contemplated grounds for their dismissal. A dismissal notice that lacks sufficient detail may constitute a violation of the employee's right to a hearing and may lead to a determination that the dismissal was not lawfully executed.

10.3 What process must an employer follow when dismissing an individual employee?

To lawfully terminate an employee's employment in Israel, the employer must comply with the dismissal procedures prescribed under Israeli law, including both statutory provisions and case law. These procedures include, *inter alia,* the following:

1. **Invitation to a Pre-Termination Hearing**
    a. The employer must deliver a written notice summoning the employee to a pre-termination hearing ("Invitation Letter"). A verbal summons is insufficient and does not satisfy the legal requirement.

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b. The Invitation Letter must be detailed and reasoned, clearly outlining the factual basis for the contemplated termination, including specific incidents and the corresponding dates. The employee has the right to access any documents upon which the employer intends to rely.

c. The Invitation Letter must be sent to the employee within a reasonable time before the hearing—at least 48 hours in advance is recommended—to allow the employee sufficient time to prepare.

d. The Invitation Letter must state the employee's right to attend the hearing with a representative of their choice, including legal counsel, and, in a unionized workplace, a representative of the union.

2. **Hearing Meeting**

a. The hearing meeting needs to be held in the presence of an authorized representative of the employer. The employer must provide the employee with a genuine and good-faith opportunity to present their claims and responses.

b. The hearing must be genuine and conducted with an open mind and good faith.

c. The hearing must be documented in writing. The minutes must include the date of the hearing and a summary of the arguments. The employee is entitled to review the hearing minutes and to receive a copy thereof.

d. Following the hearing, the employer is obligated to give due and *bona fide* consideration to the employee's arguments before reaching a final termination decision.

e. If the employer decides to proceed with the termination, it must issue a detailed and reasoned termination letter, addressing the employee's arguments presented during the hearing.

A prior notice of termination must be provided to the employee as required by law (see 10.5(b) and 5 – Time Off from Work). Furthermore, the employer must comply with any additional procedures required under the employment agreement, workplace policies, or applicable collective agreements.

10.3(a) *Termination Based on Employee Misconduct*

Termination due to misconduct follows the same procedure as outlined above.

In complex factual situations, the employer may conduct an inquiry with the employee before initiating the termination process to ensure that the reasons are based on a clear factual basis.

In a unionized workplace, an employer may deny an employee severance pay to which they would otherwise be entitled, or pay only partial severance, if the dismissal occurred under circumstances justifying such denial under the collective agreement binding upon the parties. In a non-unionized workplace, the denial of severance pay must be determined based on the circumstances set forth in the collective agreement that applies to the largest number of employees in the relevant sector. In cases where no such agreements exist, and the employer seeks to deny (in whole or in part) severance pay, the labor court will rely on the principles established in the collective agreement applicable to the largest number of employees in the relevant sector.

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10.3(b) *Termination Based on Capabilities and Performance*

Performance-Based Termination

Terminations due to unsatisfactory performance are subject to the same procedural requirements set forth above. However, prior to initiating the pre-termination hearing process, it is customary for the employer to communicate its dissatisfaction to the employee and to provide the employee with a reasonable opportunity to improve.

If, following such an opportunity, the employee's performance does not show adequate improvement, the employer may proceed with the termination following the procedures detailed above.

Termination Due to Disability or Illness

Termination of an employee with a disability is permitted only if the employer is unable to provide reasonable accommodations that would enable the employee to continue working. Israeli law provides a non-exhaustive list of accommodations, including:

- modifying job requirements or redesigning tasks;
- flexibility in working hours (*e.g.*, splitting shifts or allowing part-time work);
- reassigning the employee to an alternative role; and
- creating a new, tailored position to match the employee's abilities.

10.3(c) *Termination Based on Small-Scale Redundancy*

The process for small-scale redundancies is identical to the process for large-scale redundancies (see 10.4).

The outcome of small-scale redundancy processes mainly depends on the organizational culture of the workplace. There is no legally standardized approach for such terminations.

10.3(d) *Termination Based on Other Reasons*

For an outline of the categories of terminations that require prior governmental permits or involve employees with legally protected status, see 10.1(b).

10.3(e) *Additional Risks*

If the employer complies with the legally required termination procedure and pays the employee all statutory entitlements, the risk of legal liability is significantly reduced.

Mutual Agreement Termination

Mutual termination of employment is a common practice in Israel and may be used as an alternative to unilateral dismissal. Typically, this process involves the execution of a written termination agreement, which generally includes the following elements:

- a waiver by the employee of any future claims against the employer, including the right to a pre-termination hearing; and
- payment by the employer of additional benefits beyond the employee's statutory entitlements.

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When such agreements are properly drafted, executed voluntarily, and supported by adequate consideration, they can significantly reduce the employer's legal exposure.

10.4 For collective redundancies, are there additional or different rules?

Additional obligations in cases of large-scale redundancies apply primarily in a unionized workplace. In such instances, the employer is generally required to comply with notification and consultation obligations vis-à-vis the employees' representative union. This includes providing advance notice of the intended redundancies, engaging in good-faith consultations, and adhering to any additional procedures or terms outlined in the applicable collective agreement.

10.4(a) *Triggering Event*

Israeli law does not establish a dedicated statutory collective-redundancy regime comparable to those found in some European jurisdictions and does not define a specific minimum number of employees whose termination would constitute "mass redundancy". However, in a unionized workplace, collective agreements may determine such threshold.

10.4(b) *Employer Obligations*

In a unionized workplace, the employer is required, at a minimum, to inform the employees' union about the decision of a mass-redundancy, consult with the union, and, where appropriate, conduct negotiations.

In many cases, additional mechanisms may be agreed upon, such as the establishment of a parity (joint) committee or the initiation of arbitration proceedings, particularly in situations where the parties are unable to reach agreement regarding the selection of employees to be dismissed.

Duty to Inform

The duty to inform arises when the employer takes decisions which may materially affect employees' rights, including collective dismissals. In such cases, it is customary—and often expected—for the employer to provide the union with relevant and timely information, such as the economic justification for the planned redundancies. This information should be sufficient to allow the union to assess the rationale and fairness of the proposed plan. For example, the employer may be expected to disclose how many employees are covered by collective agreements versus individual employment agreements, and whether the selection criteria are objective and free from discrimination or other improper considerations.

Duty to Consult

The employer is obligated to engage in genuine consultation with the representative union regarding the proposed redundancy plan, including affording the union an opportunity to present its views, discussing possible alternatives or modifications, and giving due consideration to the union's comments before implementing any final decisions. The consultation must be meaningful and conducted in good faith — not merely formalistic—and must reflect a real opportunity for the union to present its position.

Obligation to Comply with Collective Agreements

If the applicable collective agreement sets out specific procedures or entitlements in connection with mass redundancies—such as criteria for selecting employees for dismissal or enhanced severance benefits—the employer is obligated to comply with those provisions.

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10.4(c) *Timing*

Israeli law does not prescribe mandatory timelines for conducting redundancy procedures. However, in a unionized workplace, applicable collective agreements may establish specific timeframes and procedural requirements that should be followed.

10.4(d) *Additional Risks*

Failure to comply with the provisions of a collective agreement may expose the employer to additional legal risks, including:

- claims for breach of the employment agreement or collective agreements filed by the employee or by the employees' union;
- court orders compelling the employer to comply with the terms of the collective agreement; and
- collective labor actions, such as strikes, labor sanctions, work stoppages, or other forms of collective protests.

10.4(e) *Most Common Method for Executing Collective Redundancies*

In a unionized workplace, it is customary for collective agreements to include a requirement to negotiate with the employees' union. This obligation often increases the likelihood that redundancies will be implemented through mutual agreement, rather than through unilateral employer action.

10.5 What general costs will an employer pay for dismissing an employee?

A dismissed employee is entitled to the following rights, subject to the specific circumstances of the termination and the employee's terms of employment:

- **Severance pay:** Generally calculated as one month's salary for each year of continuous employment with the same employer, in accordance with the Severance Pay Law, 1963. In practice, many employers apply Section 14 arrangements under which severance obligations are substantially satisfied through pension-fund contributions.
- **Release Letters to the Pension Funds:** Documentation required for the release of funds accrued in the employees' pension and provident funds, to which the employer contributed during their employment.
- **Payment in lieu of notice:** Where the employer chooses to waive the employee's continued employment during the statutory notice period, the employee is entitled to payment in lieu of such notice (see **10.5(b)**).

In addition, the employee is typically entitled to the following amounts as part of the final settlement:

- **Unused vacation pay:** Compensation for any accrued but unused vacation days, in accordance with the Annual Leave Law, 1951.
- **Recuperation pay ("*Dmei Havra'a*"):** If the employee has completed at least one year of employment and has not received their full entitlement for the current year, the balance is to be paid upon termination.

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10.5(a) *Termination Pay*

Statutory Termination Pay for Redundancy

Mass redundancy, by itself, does not entitle employees to compensation beyond the statutory severance pay required under Israeli law. Additional payments may be owed where the employer has agreed to enhanced terms, whether through a collective agreement or an individual separation agreement that provides for increased severance or other benefits**.**

Statutory Termination Pay for Other Circumstances (if Applicable)

Employees terminated due to misconduct or unsatisfactory performance are generally not entitled to enhanced severance or additional compensation. In rare and exceptional cases, statutory severance pay may even be lawfully withheld, subject to legal justification and compliance with due process.

Additional Payments (*e.g.*, Mutual Separation)

In a non-unionized workplace, additional severance or *ex gratia* payments typically range from zero to a few months' salary, depending on factors such as seniority, circumstances of termination, and the employer's discretion.

In a unionized workplace, increased severance is more common—particularly for employees with at least two to three years of seniority. The enhanced compensation may range from an increase of 50% in severance pay (*i.e.*, 1.5 months' salary per year of employment) to as much as 200% of the statutory severance entitlement (*i.e.*, up to three months' salary per year of employment).

10.5(b) *Notice Pay*

Israeli law requires employers to provide advance notice prior to termination. The required length of the notice period depends on the employee's tenure and whether the employee is a monthly-paid or hourly/daily-paid, as follows:

For a Monthly-Salaried Employees:

Length of Employment	Required Notice
The first six months of employment	One calendar day for each month of employment.
Between the seven and 12 months	Six calendar days, plus 2.5 additional days for each month beyond the sixth.
After 12 months of employment	One full calendar month.

For an Hourly or Daily-Paid Employee:

Length of Employment	Required Notice
For the first year of employment	One calendar day for each month of employment.
For the second year	14 calendar days, plus one additional day for every two months of employment.
For the third year	21 calendar days, plus one additional day for every two months of employment.

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Length of Employment	Required Notice
After completion of three years	One full calendar month.

The employer may choose to terminate employment immediately, provided that the employee is paid in lieu of notice based on the legally required notice period.

10.5(c) *Other Required Pay or Benefits*

Employers may be required to make additional payments beyond statutory severance in the following circumstances:

- where a collective agreement applies or a separation agreement has been executed; and
- where contractual arrangements provide for enhanced termination benefits.

For further details, see 10.5(a).

10.6 What penalties apply for an employer's alleged noncompliance in dismissal situations?

10.6(a) *Individual Dismissals*

Failure by the employer to comply with the legally mandated termination procedures may expose the employer to the following remedies imposed by the labor courts, depending on the severity of the defect in the dismissal process:

- **Reinstatement:** The court may order the reinstatement of the employee to their position, particularly where the dismissal was procedurally flawed or fundamentally unjustified.
- **Compensation:** The employee may be awarded monetary compensation, typically ranging from several monthly salaries up to 12 months' salary, depending on the severity of the violation. In exceptional cases, compensation may reach up to 24 months' salary.
- **Emotional distress damages:** The court may also award non-monetary damages for emotional harm caused by the manner of dismissal. Such awards may reach several tens of thousands of shekels, depending on the circumstances.

10.6(b) *Redundancy and Collective Redundancies*

Israeli law does not impose unique statutory obligations solely due to a mass redundancy. However, in a unionized workplace, failure to comply with the provisions of an applicable collective agreement may give rise to significant legal and industrial consequences, including legal proceedings initiated by the employees' union or affected employees to enforce the collective agreement; and union-organized actions, such as strikes, work stoppages, or other forms of collective protest or sanctions.

Accordingly, in the context of large-scale dismissals in unionized settings, employers must ensure full compliance with the relevant procedures, consultation obligations, and entitlements outlined in the collective agreements.

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10.7 What obligations apply when an employee resigns?

Employees who choose to resign are required to provide advance notice to the employer, similar to employees who are dismissed, unless otherwise stipulated in their employment agreement (see 10.5(b)).

Upon resignation, employees are generally entitled to:

- payment for accrued and unused vacation days;
- recuperation pay ("*Dmei Havra'a*"), if not fully paid during employment; and
- release of funds accumulated in their name in severance and pension funds, subject to applicable law.

In certain circumstances, resignation may be treated as dismissal for severance-pay purposes.

10.8 Is an employee's release of claims in a separation agreement enforceable?

In general, waivers are enforceable under Israeli law. However, labor courts approach such waivers with caution due to inherent power imbalances that may impair employees' ability to knowingly and voluntarily waive their rights, including access to the labor courts.

To be legally enforceable, a waiver must satisfy all four of the following strict conditions:

- **Explicit and written form:** The waiver must be clear, unambiguous, and documented in writing.
- **Knowing and informed consent:** The employee must execute the waiver knowingly, with a complete and transparent explanation of all amounts paid and all rights being relinquished.
- **Voluntariness:** The waiver must be given freely and voluntarily, absent any coercion, deception, undue pressure, or misleading information.
- **Scope limitations:** The waiver cannot cover nonwaivable (cogent) statutory rights unless the employee receives significant benefits exceeding their statutory entitlements.

11. Employment & Corporate Transactions

Corporate transactions can have legal and practical implications for employees. The structure of a corporate transaction (whether a share sale, indirect share sale, or business sale) will determine the nature and extent of the buyer's and seller's obligations to employees, employee representative bodies (*e.g.*, unions, works councils, social economic committees, etc.), and governmental authorities, as well as the timing of such obligations.

In a share sale or indirect share sale, the identity of the employer does not change. The buyer becomes the new owner of the employer entity and the employment relationship between the employer and its employees continues as it was before the sale.

In contrast, what happens to the employer's employees in the event of a business sale varies across jurisdictions. In some jurisdictions, employees are protected by laws providing for their automatic transfer from the seller to the buyer with the sale of the business (*i.e.*, the buyer becomes the new employer automatically). In other jurisdictions, there is no such statutory automatic transfer mechanism to protect employees and the employees' employment would need to be terminated with the seller, and new employment entered into with the buyer. Jurisdictions may or may not have other protections pertaining

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to the transfer of employees from seller to buyer. For example, buyers may be required to offer employment on the same terms and conditions, employee consent may be required, or certain payments relating to the termination of employment by the seller may need to be made.

This section covers the different types of corporate transactions and compares the legal obligations of the seller and buyer in each circumstance. Because of the many potential employment-related complexities involved with a business sale, those transactions are treated in greater depth below compared to share sales.

Finally, this section assumes that the relevant entities are private companies. Where the transaction involves a company that is listed on a stock exchange, additional rules may apply that are outside the scope of this Guide.

To the extent the reader may be unfamiliar with some of the terms used in this section, see the ***Glossary of Terms*** at the end of this Guide.

11.1 Are there legal obligations to inform, consult, and/or reach agreement with employees, worker representative bodies, or any government agency in certain corporate transactions?

11.1(a) *Share Sale*

In a unionized workplace, the seller is required to consult with the employees' representative union. In a non-unionized workplace, the seller is under no such obligation to consult.

In a unionized workplace, the buyer assumes the seller's obligations under the collective agreements until a new collective agreement is signed (if one is signed), all in accordance with Section 18 of the Collective Agreements Law, 1957. During the ownership transfer process, the employees' union may raise economic demands concerning the transferred employees (*e.g.*, a one-time compensation payment or guaranteed job security at the new workplace for a certain period). This may lead to economic negotiations, which will be governed by the relevant principles of Israeli law, including the duty to negotiate in good faith, the employer's lack of obligation to accept all or any of the union's demands, and the union's right to take organizational measures, including strike action.

Section 18 of the Collective Agreements Law, 1957 states that if a business is transferred, divided, or merged, the new employer will be regarded as the employer to whom the collective agreement applies. Therefore, the "imported" collective agreement applies even in the absence of a collective agreement the new workplace.

In a non-unionized workplace, the buyer assumes the seller's obligations under the individual employment agreements ("steps into the seller's shoes"), in accordance with Section 30 of the Wage Protection Law, 1958, until a new individual agreement is signed (if one is signed). Since the employing entity remains unchanged, employees generally continue their employment uninterrupted and no employee-transfer mechanism is required.

11.1(b) *Indirect Share Sale*

In a unionized workplace, the answer is the same as in **11.1(a)** regarding an organized workplace. However, it is typically the legal entity that employs the employees (and not the shareholders who buy or sell the employer's shares) that will engage with the employees' union in such circumstances.

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In a non-unionized workplace, the answer is the same as in **11.1(a)** regarding such a workplace. However, it is typically the legal entity that employs the employees (and not the shareholders who carried out the sale or purchase of the employer's shares) that will engage with the employees in such circumstances.

11.1(c) *Business Sale*

The answer is the same as in **11.1(a)**.

11.2 What are important legal considerations within the context of a business sale?

11.2(a) *Process for Employee Transfers*

Israeli law does not provide for an automatic statutory transfer of employees in an asset or business sale. In practice, employees may continue their employment with the purchaser, often with recognition of their accrued employment rights and continuity of service, depending on the structure of the transaction and the arrangements reached with the employees.

11.2(b) *Employee Consent or Objection*

Employee consent may be relevant where a proposed transaction effectively changes the identity of the employer. An employee who objects to the change may resign under conditions equivalent to dismissal (*i.e.*, with an entitlement to severance pay).

11.2(c) *Successor Liability*

In certain circumstances, labor courts may recognize continuity of employment and impose employment-related liabilities on the buyer, particularly where the business continues substantially unchanged.

The buyer is entitled to demand, pursuant to publishing a notice at the workplace and in the press, that any claims for retroactive payments must be submitted within three months of the date of the transfer, distribution, or merger. If such notice is published after such date, claims must be submitted within three months of the publication date. The buyer will not be liable for any claims submitted after this period.[13]

If economic demands arise as a result of the change itself, the buyer will bear liability, unless otherwise agreed with the seller as part of the transaction.

However, the buyer may still be obligated to honor the employees' rights arising from their continuous employment in the same workplace or "factory" (a term that labor courts may interpret broadly), including accrued vacation leave, sick leave, and convalescence days.

11.2(d) *Continuation of Benefits and Service*

All employment conditions will remain fully in effect until they are modified, if at all, by the signing of a new collective agreement or a new individual agreement, as applicable. Where employment continues with the buyer, labor courts may recognize continuity of service and preserve accrued employment rights, such as accumulated vacation days, sick leave, etc.

[13] Section 30 of the Wage Protection Law, 1958.

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11.2(e) *Selective Offers of Employment*

In an asset or business sale, the buyer is not generally required by statute to employ all employees of the transferred business. However, decisions regarding which employees will be offered employment should be implemented lawfully and without discrimination, and may be affected by collective agreements or consultations with representative unions.

From the moment of the ownership change—which entails the absorption of the acquired entity's employees as stated above—the relevant dismissal procedures will apply to the buyer. Such procedures derive either from the collective agreement carried over from the seller or signed with the buyer (in a unionized workplace), or from general employment law (in a non-unionized workplace), including termination only for justified cause, in good faith, and following a pre-dismissal hearing.

11.2(f) *Additional Rights of Employees*

Even during an ownership change, all legal protections against dismissal remain in force—including protections for pregnant women, employees undergoing fertility treatments, and employees on reserve duty.

11.2(g) *Union Recognition and Collective Bargaining*

An individual employee's consent to an ownership change does not replace the obligation to consult with the employees' union representatives in a unionized workplace, nor does it override the union's right to raise economic demands concerning the change.

11.3 Are there additional important legal considerations within the context of a share sale or indirect share sale?

In a non-unionized workplace, the buyer and seller must consider that ownership change processes may lead to employee unionization, which in turn entails legal obligations under labor law.

11.4 Are there any legal restrictions that prevent or restrict the use of secondment or transitional services arrangements?

Employee secondment in a unionized workplace is subject to the terms of the applicable collective agreement.

Employee secondment in a non-unionized workplace requires a tripartite agreement between the lending employer, the borrowing employer, and the employee, and are subject to employee consent and compliance with applicable employment laws.

11.5 Are there any other issues that may give rise to a material liability, a material legal risk, or a material delay because of the transaction?

In a unionized workplace, downsizing-related dismissals due to ownership changes are subject to the provisions of the applicable collective agreement.

In a non-unionized workplace, such dismissals are governed by general labor law principles, including good faith, reasonableness, and the right to a hearing. However, such dismissals may lead to employee unionization, in which case the rules governing initial unionization will apply.

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Employee-related liabilities are frequently a material due-diligence issue in Israeli transactions.

12. Employment Disputes & Legal Landscape

Disputes may arise throughout any stage of the employment relationship. If and when the relationship goes awry, employers can more wisely address the situation if they are familiar with the many governmental bodies and public entities enforcing the laws and understand the dispute resolution processes that come into play. These vary not only by country, but often by regions and jurisdictions within each country as well. This section provides an overview of the entities and mechanisms available to enforce the laws governing the employment relationship and sets forth guidelines on the types of claims employers may face. This section also discusses options for addressing and/or resolving employment disputes and concludes with a summary of areas of greatest risk for foreign employers, offering possible suggestions on how to minimize such risks.

12.1 What government bodies enforce the major laws that govern the employment relationship?

As a general rule, the competent authority vested with exclusive jurisdiction to adjudicate disputes arising in the field of labor and employment law is the Labor Court. The Labor Court system consists of Regional Labor Courts and the National Labor Court, which serves as the appellate court in labor matters. The court's jurisdiction is derived from the identity of the parties and the nature of the dispute. However, there are alternative mechanisms through which disputes can be resolved without resorting to the Labor Court. These include mediation and arbitration, which are detailed below.

The Labor Law Enforcement and Regulation Administration within the Ministry of Labor constitutes the principal enforcement authority charged with implementing labor laws designed to safeguard employees' rights. It is empowered to carry out inspections, whether proactively or in response to complaints, and to impose monetary sanctions on employers found to be in violation.

The Equal Employment Opportunity Commission in the Ministry of Economy is the statutory body responsible for enforcing the Equal Employment Opportunity Law, 1988. The Commission is tasked with investigating complaints of workplace discrimination based on gender, sexual orientation, marital status, pregnancy, fertility treatments, fertilization treatments (IVF), parenthood, age, race, religion, nationality, country of origin, place of residence, political opinion, political party affiliation, or military reserve duty (whether pertaining to the employee, their spouse, or the other parent of their child). The Commission is authorized to initiate civil proceedings against employers found to be in breach of the law.

The Commission for Equal Rights for Persons with Disabilities in the Ministry of Justice is responsible for enforcing the Equal Rights for Persons with Disabilities Law, 1998. This commission is authorized to impose monetary sanctions and to initiate civil proceedings against employers found to be in breach of the law.

The Labor Relations Unit in the Ministry of Labor operates under the Settlement of Labor Disputes Law, 1957, and the Collective Agreements Law, 1957. It acts, *inter alia*, as a mediator in collective disputes through mediation, conciliation, and arbitration.

In the public sector, wage terms are subject to oversight and regulation by the Wage Commissioner within the Ministry of Finance. The Wage Commissioner operates an enforcement body tasked with ensuring that no unauthorized wage deviations exist within public entities, as compared to the wage conditions applicable to state employees, unless such deviations have received the Commissioner's explicit approval.

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Additionally, the National Insurance Institute enforces compliance with national insurance contributions and related social security obligations.

12.2 What are the primary mechanisms to resolve employment disputes?

As stated above, the primary mechanism for resolving labor disputes is the Labor Court. The courts are authorized to rule on disputes concerning violations or interpretations of labor laws, employment agreements, collective disputes, workplace practices, policies, and other labor-related disagreements.

In the private sector, an arbitration clause may be incorporated into the employment agreement, binding the parties to resolve disputes through arbitration in accordance with the provisions of the Arbitration Law. However, arbitration cannot be utilized to adjudicate disputes involving non-waivable statutory rights, *i.e*., mandatory cogent rights such as minimum wage, delayed wages, severance pay, annual leave, pension contributions, and other statutory entitlements.

Parties may resort to conciliation either prior to initiating proceedings before the Labor Court or concurrently with ongoing litigation. This mechanism requires the mutual consent of the parties and cannot be imposed upon them before trial, nor may any party be compelled to accept a mediator's proposal.

It is difficult to precisely estimate the percentage of labor disputes resolved through alternative dispute resolution mechanisms; however, experience indicates that conciliation efforts often result in resolution without recourse to court litigation.

In the collective relations sphere, an alternative dispute resolution mechanism may be stipulated within the collective agreement, thereby rendering it binding upon the parties—namely, the employer and the employees' union.

Collective dispute resolution mechanisms are typically divided into three stages:

1. A parity committee composed of representatives from the employer and the employees' committee within the workplace.
2. If no agreement is reached, a parity committee with the employer and the employees' union is convened.
3. If no agreement is reached, the parties proceed to binding arbitration.

12.3 May an employer compel employees to arbitrate employment disputes?

As noted above, in the private sector, an arbitration clause may be included in the employment agreement, thereby obligating the employee to resolve disputes through arbitration, except for claims involving non-waivable statutory rights.

In the context of collective labor relations, arbitration may be rendered mandatory by virtue of a provision within the collective agreement. However, this obligation applies solely to the employer and the employees' union. An individual employee cannot be compelled to arbitrate a dispute with the employer pursuant to a dispute resolution clause contained in the collective agreement.

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12.4 Can an employee bring claims on behalf of other workers (*i.e.*, class or collective action)?

An employee may apply to certify a claim as a class action, as stipulated under the Class Action Law, 2006, on behalf of current or former employees, provided that the employee has a personal cause of action that raises substantial factual or legal questions common to all members of the group.

The employee may initiate the proceedings, and the Labor Court will determine whether the application is appropriate for adjudication as a class action. In a unionized workplace, the class action mechanism is generally deemed unsuitable except under specific circumstances.

The employees' representative union is authorized to submit claims to the Labor Courts on behalf of all or some of the employees, and in exceptional cases, even on behalf of an individual employee if the matter involves broad collective issues.

Where multiple individual lawsuits are filed separately by several employees against the same employer, and the proceedings raise similar questions, the claims may be consolidated, either upon the request of one of the parties or by the court's initiative.

12.5 What are the most important characteristics of the legal culture relating to employment?

Labor relations in Israel are governed by an extensive framework of labor laws, such that nearly every aspect of an employee's lifecycle is protected by statutory provisions, with a strong role for labor-court jurisprudence. These laws regulate the entire employment lifecycle from the recruitment stage onward. They impose obligations to treat employees equally, ensure compliance with minimum wage requirements, and safeguard fundamental rights such as protection against discrimination at all stages of employment. Additional rights apply to protected groups, including employees with disabilities. The legislation also provides protection against sexual harassment in the workplace.

Upon termination of employment, the law guarantees employees' rights such as advance notice and severance pay.

Labor Court rulings have further established case-law obligations on employers, including the duty to conduct a hearing before deciding on the dismissal of an employee.

Notwithstanding these protections, employers and employees retain contractual freedom to negotiate the terms of employment, salary, benefits, and various employee obligations.

It should also be noted that Labor Courts recognize established workplace customs, *i.e.*, rights that have become customary within a workplace may be deemed contractually binding even if not expressly stipulated in the employment agreement.

12.6 What are the five most common mistakes foreign employers make and what can be done to help avoid them?

Some of the most common mistakes foreign employers make include:

1. **Neglecting essential procedural obligations.** Foreign employers may overlook key procedural requirements under Israeli labor law, most notably, the obligation to provide a written notice

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of employment terms (or a written employment agreement containing the required information) at the commencement of employment, and to provide written notice to the employee of any changes to the terms of employment. Noncompliance with these obligations may expose the employer to legal liability.

2. **Failure to conduct a pre-termination hearing.** Israeli labor law imposes a strict duty to conduct a hearing before dismissal. Failure to comply with this requirement can give rise to claims of wrongful termination and may result in the award of compensation to the employee.
3. **Violating employees' rights during unionization efforts.** Some foreign employers unlawfully interfere with employees' efforts to unionize, whether by attempting to dissuade employees from joining a union or by retaliating against those who initiate such efforts. Such conduct constitutes a serious violation of Israeli labor law, which strongly safeguards the right to unionize. Judicial precedents reinforce these protections and may result in remedies including compensation and reinstatement.
4. **Misclassifying employees as "managerial position" to avoid overtime pay.** A common misclassification involves excluding employees from the protections of the Hours of Work and Rest Law, 1951, by misclassifying them as exempt—*e.g.*, as "senior executives" or employees "requiring personal trust." Israeli labor law and case law impose strict limitations on these exemptions. Misclassification may lead to violations such as failure to pay overtime payment, and may also constitute unlawful wage withholding for work performed on weekends.
5. **Infringing employee privacy.** Foreign employers may inadvertently breach Israeli privacy laws by accessing employees' email accounts without informed consent, or by installing surveillance cameras and monitoring tools in the workplace without adhering to legal requirements. Such a monitoring mechanism must comply with principles of proportionality, transparency, and purpose limitation. Noncompliance may result in significant legal exposure, including claims for violation of privacy.

To help avoid these mistakes, employer should seek proper legal advice from local counsel familiar with applicable laws.

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GLOSSARY OF TERMS[14]

1 – Setting Up Business & Structuring the Employment Relationship

- ***Digital Nomad:*** Foreign employees who relocate to another country but maintain their employment relationship with their original employer in their home country.
- ***Employer of Record (EOR):*** An EOR takes on the legal responsibility for employees and assumes the role and duties of "employer" for its client company. This allows the client company the opportunity to expand into a new country without creating its own separate, local entity. Although similar to a PEO, the EOR generally offers a smaller range of services than a PEO.
- ***Gig Workers:*** Workers performing paid work, on demand, outside of a traditional full-time employment relationship with one employer. This includes app-based ride-hail and food-delivery work.
- ***Global Employment Organization (GEO):*** Similar to both an EOR and PEO, a GEO can act as the employer of record for a client company that expands globally as well as take on the administrative HR functions similar to a PEO. A GEO has local entities through which it will hire workers to carry out business operations and offers a range of HR services.
- ***Outsourcing:*** The transfer of a part of a company's tasks to third parties that were previously carried out by the company's own employees. When discussing outsourcing, "company" refers to the company that is hiring a third-party service provider to provide workers to perform a company task. "Service provider" refers to the third-party service provider / intermediary company that provides workers to a company to perform tasks under the outsourcing agreement. The workers remain employees of the service provider.
- ***Platform Workers:*** A category of gig workers whose work is based on software apps and digital platforms.
- ***Professional Employer Organizations (PEO):*** A PEO will hire employees in a foreign market for a client company such that the company does not need to set up its own local entity. Among other HR services, PEOs may assist with recruitment, onboarding, and payroll.
- ***Temporary Work Agencies (TWA) or Staffing Firms:*** TWAs or staffing firms are entities that employ a worker and then place that individual in one or more "user companies"; the individual's employment contract is with the TWA and not the user company.
- ***Worker Misclassification:*** Refers to when employers treat certain employees/workers as independent contractors or self-employed.

3 – Employment Contracts

- ***Flexible Work Arrangements:*** This term encompasses telework (work from home) arrangements, schedule modification, among others.
- ***Intellectual Property Protection:*** An agreement stating that employer owns the rights to intellectual property developed during the employment relationship.
- ***Noncompete:*** A provision that purports to prevent an employee from working for a competitor after employment with a current employer.
- ***Nondisclosure Agreement:*** An agreement that restricts the employee from using or disclosing the employer's confidential information.
- ***Nonpoach:*** A provision that purports to prevent an employee from enticing away a colleague but does not prevent the employee from working for a competitor.

[14] This Glossary was created by the editors of *The Littler International Guide*. Specific jurisdictions may have more nuanced definitions of the terms.

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- ***Nonsolicit:*** A provision that purports to prevent an employee from enticing away a client but does not prevent the employee from working for a competitor.

6 – Discrimination & Harassment

- ***Adjustments Based on Disability:*** Refers to any modification or accommodation to a job duty, work environment, or a hiring practice to provide an employee who has a disability equal opportunity to get a job and to successfully perform job duties. Examples of disability adjustments may include, but are not limited to, facility enhancements (accessible restrooms, ramps, etc.), modified work schedules, equipment modification, etc.
- ***Adjustments Based on Religion:*** This phrase refers to any adjustment or accommodation to the work environment that allows an employee to practice their religion. Adjustments may include, but are not limited to, flexible scheduling, exceptions to an employer's dress or grooming code, voluntary shift substitutions or swaps, job reassignments, and modifications to workplace policies or practices.
- ***Direct Discrimination:*** This refers to discrimination of an individual or a group who are being treated less favorably due to one or more protected categories. In some countries, this may be referred to as a direct distinction.
- ***Indirect Discrimination:*** This is the general idea that an employment practice, policy, or procedure that applies to all employees on its face has a detrimental effect on an individual or group in a protected category. In some jurisdictions, such as the United States, this is referred to as disparate treatment.
- ***Harassment:*** Harassment is generally understood to include unwelcome conduct, such as creating a hostile or offensive environment, based on a protected category.
- ***Moral Harassment:*** Such harassment is unwelcome conduct that is humiliating in nature that takes place in the workplace. Moral harassment may include actions that intend to embarrass or intimidate an individual in the workplace. In some jurisdictions, such as New Zealand, this is referred to as workplace bullying.
- ***Protected Category:*** This refers to a group of people who have legal protection from being discriminated against due to a certain trait. Common traits include race, sex, national origin, religion, and age. Other jurisdictions may refer to this concept as a protected group, protected ground, protected characteristic, or protected class.
- ***Retaliation/Reprisal:*** Retaliation, also known as reprisal, is when an employer takes an adverse action against an employee for engaging in a legally protected activity, such as filing a complaint against the employer for unlawful discrimination. An adverse action may include, but is not limited to, termination, reassignment of a job position, or workplace discipline. In some jurisdictions, this is referred to as victimization.
- ***Sexual Harassment:*** This form of harassment is based on the protected category of "sex," and may include unwelcome behavior such as physical or verbal advancements of a sexual nature. In some jurisdictions, such as Denmark, this is commonly known as transgressive behavior.

8 – Privacy & Protection of Employee Personal Information

- ***Data Controller:*** The natural or legal person, organization, or any other entity that alone or jointly with others determines the purposes and means of the processing of personal data. May be referred to as "personal information handler" or "personal information controller" in some jurisdictions.
- ***Data Dissociation:*** A method of pseudonymization that processes the collected information or data separately from the identifiable specific person. Typically used for research data.
- ***Data Processor:*** A natural or legal person (other than an employee of the Data Controller), organization, or other entity that processes personal data on behalf of the Data Controller. An entity can be both a controller

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and a processor at the same time, depending on the function the entity is performing. May be referred to as "personal information processor" in some jurisdictions.

- ***Data Processing:*** Any operation or set of operations that is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure, or destruction. May be referred to as "personal information handling" in some jurisdictions.
- ***Data Subject:*** An identified or identifiable natural person. May be referred to as "principal," "data owner," "registered individual," or "holder" in some jurisdictions.
- ***Personal Data:*** Any information relating to an identified or identifiable natural person. Identification may be direct or indirect by means of other information. May also be termed "personal information" in some jurisdictions.
- ***Sensitive Personal Data:*** Data that is more significantly related to the perception of a reasonable expectation of privacy, such as medical or financial information. Note that data may be considered more or less sensitive depending on context or jurisdiction. May also be referred to as "special categories of personal data" or "sensitive information" in some jurisdictions.

9 – Workers' Representation, Unions & Works Councils

- ***Labor Unions:*** Voluntary associations that represent workers in various industries and negotiate with employers to secure better wages, benefits, or working conditions for their members.
- ***Lockouts:*** Temporary suspension of work or closure of the workplace, usually to pressure employees to modify their bargaining demands.
- ***Picketing:*** Placing individuals outside a workplace to publicly protest the employer; most often takes place during strikes.
- ***Secondary Action:*** An effort to disrupt the business of a second employer to place pressure on the original employer involved in a labor dispute.
- ***Strikes:*** The cessation of work or other concerted activity on the part of employees, usually to pressure an employer to meet their bargaining demands.
- ***Trade Unions:*** Typically organized for a specific trade or occupation, so may have a narrower focus and scope of representation. A subset or synonym of trade unions may also be called industrial unions (representing particular workers in an industry) or sectoral unions (representing workers in a particular sector).
- ***Works Councils:*** Committees that include employees of a particular employer that discuss wages and working conditions for that employer.

10 – Individual Dismissals and Collective Redundancies

- ***Redundancy:*** Refers to a dismissal for a reason not relating to the employee's performance but for economic (business cessation, lay-offs), technical, or structural reasons. The precise definitions and terminology may vary across jurisdictions.
- ***Small-Scale Redundancy:*** A dismissal of one or more employee(s) for Redundancy that will generally not trigger enhanced consultation with worker representative bodies (such as unions, works councils, etc.) and other notification obligations (equivalent to WARN in the United States or collective redundancies across Europe).
- ***Collective Redundancy:*** Collective dismissals by reason of Redundancy, including plant closures or business cessation that may be subject to additional notification or consultation obligations equivalent to WARN (in

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the United States) and collective redundancies (across Europe). Synonyms include mass layoff, large-scale reduction-in-force, or collective dismissal.

11 – Employment & Corporate Transactions

- ***Business Sale:*** The buyer acquires a bundle of assets and rights comprising the target business of the employer; this may also be referred to as an "asset sale."
- ***Closing:*** when the transaction is legally completed (*i.e.*, the shares or assets have transferred to the buyer and all conditions precedent are completed).
- ***Indirect Share Sale:*** When the parent company of the employing entity is sold; may also be referred to as a "change of control."
- ***Share Sale:*** The buyer acquires all of the shares in the employing entity.
- ***Signing:*** When a binding legal agreement to the transfer is entered into where the closing will take place in the future subject to certain conditions.

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About The Littler International Guide

For more than 15 years, Littler has published the International Guide, which provides a comprehensive, comparative analysis of workplace laws and regulations for the countries and territories listed below. For more information, contact innovation@littler.com.

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 Canada	 Chile	 China	 Colombia	 Costa Rica
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 European Union	 France	 Germany	 Hong Kong	 India
 Indonesia	 Ireland	 Israel	 Italy	 Japan
 Mexico	 Netherlands	 New Zealand	 Nicaragua	 Nigeria
 Norway	 Panama	 Peru	 Philippines	 Poland
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