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Guide to Israeli Labor Law

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This is a guide to Israeli labor laws and the rulings of the courts that interpret them. It also discusses how these laws apply to Palestinians working in Israel and the West Bank settlements, according to the experience of MAAN Workers Association.

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Applicable Law and Employment Arrangements

1.1. Historical Background and the Application of Israeli Law to Palestinian Workers

Palestinian workers residing in the West Bank, Gaza and East Jerusalem have been employed in the Israeli economy since the early days of the occupation. This guide reviews the laws governing their employment and the conditions to which they are entitled.

For the purposes of this guide, we will distinguish between four groups of Palestinian workers in Israel:

A. Palestinians living in East Jerusalem

Israel annexed East Jerusalem following the 1967 war. East Jerusalem residents received Israeli identity cards and were granted permanent resident status, with equal rights under the law. A Supreme Court ruling in 1988[1] definitively confirmed this status, determining that East Jerusalem Palestinians hold permanent residency in Israel under the Entry into Israel Law (1952).

East Jerusalem residents are therefore entitled to the same labor rights as any other Israeli worker in Israel. They do not require a work permit in Israel. The employment arrangements that apply to Israeli workers apply to them.

B. Palestinians from the Palestinian Authority Employed in Israel

B.1. Applicable Law

Palestinian workers from the West Bank and Gaza began entering Israel in the late 1960s. A Government Decision in 1970[2] regulated this, aligning their working conditions with those of Israeli workers and imposing a parity levy on Palestinian workers from the West Bank and Gaza and their Israeli employers. The levy aimed to prevent Palestinian labor from undercutting Israeli workers on cost. Israeli labor law has governed the employment of Palestinian workers in Israel ever since.

B.2. Work Permits

Until the early 1990s, Palestinian residents of the West Bank and Gaza could freely enter Israel, seek work and change employers at will. The First Intifada changed this. Israeli authorities introduced a system of supervision and color-coded cards, under which no Palestinian could enter Israel's sovereign territory without a permit.

Since the early 1990s, Israeli authorities gradually introduced a computerized system, allowing for effective and immediate control over all West Bank residents. This system enabled the monitoring of workers with permits and immediate revocation of permits if a worker got involved in a criminal or security incident. Permits are often revoked solely based on hearsay, without the worker being summoned for questioning or the suspicion being verified. All this information is entered into the "Almunasseq" app installed on each worker's mobile phone, enabling them to see in real-time whether their permit is valid or has been revoked.

A Palestinian resident of the West Bank now requires two work permits from the Civil Administration to work in Israel. The first is a valid magnetic card confirming that the worker meets the security, criminal and other criteria that allow them to work in Israel. This alone does not permit entry into Israel. The second requires the worker to find an Israeli employer willing to hire them. The resulting work permit issued to the employer records the employer's name, and the worker may only work for the employer listed in the permit. This work permit allows the Palestinian to enter and work in Israel.

This employment model has two structural problems. First, it binds the worker to a single employer. A worker

1 HCJ 282/88 Awad v. Prime Minister and Minister of Interior
2 Government Decision B/1 of the Ministerial Committee on Security Affairs, October 8, 1970.

who leaves the registered employer loses their work permit. This creates a complete dependency of Palestinian workers on the employer, often forcing them to accept illegal job conditions just to keep their permit. The Supreme Court struck down similar arrangements that existed inside Israel in the past, labeling them "modern slavery."[3]

The second structural problem is the illegal trade in permits, which means that Palestinian workers are dependent on intermediaries who charge exorbitant amounts—up to one-third of the workers' wages—in exchange for finding an employer who will obtain a permit for them. In many cases, these workers are not employed by the employer listed on the permit. Reforms agreed in 2016 to address these issues were only partially implemented (and only in 2020), producing no significant change.

The result of all these factors is a significant gap between the rights of workers as described in this guide and the reality. At MAAN Workers Association we attempt to bridge this gap through worker unionization, which is far more challenging than "regular" unionization because of the real fear Palestinian workers have of losing their work permits (see Chapter 14 for more on the unionization of Palestinian workers).

Since October 7, 2023, no Palestinian workers from the Palestinian Authority have entered Israel, except those working in essential factories such as food factories, and their work permit status remains unclear.

B.3. The Payments Department and the Method of Wage Payment to Workers

As part of the 1970 Government Decision, the Payments Department was established, initially within the Employment Service of the then Ministry of Labor. Employers were required to transfer wages and social benefits of Palestinian workers employed in Israel to the department, which paid workers directly. In 1994, this changed: the department stopped paying wages and only handled the transfer of social benefits. Since then, employers have paid worker directly, with the Payments Department responsible for issuing a pseudo-pay slip to the worker (which exempts the employer from issuing a pay slip, see Chapter 9.1) and transferring social benefits. In 2002, the Population and Immigration Authority in the Ministry of the Interior took over responsibility for the department.

There is an artificial separation between the entity paying wages and the entity transferring social benefits and issuing pay slips. Employers have exploited it. Many often pay part of wages "under the table" and report only partial hours to the Payments Department, reducing their social benefit obligations. The insured wage, the basis for determining pension insurance, ends up significantly lower than the actual wage.

C. Palestinians from the Palestinian Authority Employed in Settlements

C.1. Applicable Law

Until 2007, Israeli employers in settlements granted their Palestinian employees rights in accordance with Jordanian law that applied in the area before the occupation (it should be emphasized—this refers to Jordanian law as it was before the occupation, not the current law in Jordan). Jordanian law guaranteed workers significantly fewer rights than Israeli law provides regarding wages, social benefits and job security. For example, Jordanian law does not require pension insurance or convalescence pay and grants a significantly smaller number of vacation and sick days.

The rationale was the obligation that international law imposes on an occupying military force under the Fourth Geneva Convention to adhere to existing civil law before taking control of the territory. In practice, this adherence was a fiction, as at the same time, Israel was establishing settlements in violation of international law.

In 2007, the Supreme Court applied Israeli law for the first time to Palestinians employed in settlements by Israelis.[4] The Supreme Court based this determination on both the "most significant connection" test, i.e., the language in which the contract was drafted, the currency in which the wages were paid, the language used at

3 HCJ 4542/02, Kav LaOved Worker's Hotline v. Government of Israel, 2006

4 HCJ 5666/03, Supreme Court sitting as the High Court of Justice, 'Giv'at Ze'ev' ruling, 2007, ruling on Kav LaOved (Workers Hotline) v National Labor Court, et al.

the workplace; the power imbalance between the worker and the employer; and the consideration of maintaining equality among all workers at the same workplace, as it is inappropriate for a different legal system to apply to a group of workers solely based on their nationality.

Over the years, court rulings have established exceptions to the HCJ Giv'at Ze'ev 2007 ruling. Israeli law now applies to Palestinians employed by Israelis in Israeli settlement enclaves, but not in areas the Military Commander has not declared as Israeli enclaves. The "Nitzanei Shalom" industrial zone near Tulkarm is one example. The court determined that old Jordanian law applies there because the industrial zone is not part of an Israeli settlement, was established to promote Israeli-Palestinian economic cooperation and employs Palestinians in production roles distinct from the Israeli workers in maintenance and security. The court also gave weight to the fact that the workers' representation at the site agreed to the application of Jordanian law.[5] Another case where Israeli law does not apply is that of Palestinians employed by the Civil Administration in the West Bank, also under the conditions of Jordanian law. The National Labor Court also ruled that there was no basis to apply Israeli law, as none of the conditions established in HCJ Giv'at Ze'ev were met.[6] Even for workers to whom Jordanian law applies, it was determined that they must receive at least the Israeli minimum wage. This determination was made both by the labor courts and by an order of the IDF Commander in Judea and Samaria.[7]

C.2. Employment Arrangements

The employment arrangement in settlements differs from that in Israel. The Payments Department does not operate in the settlements, only within Israel. Since 2007, Israeli labor law applies to the employment relationships between Israelis in the settlements and their Palestinian workers, including the obligation to issue pay slips.

C.3. Work Permits

The procedure for obtaining work in settlements is similar to that required in Israel. Two permits from the Civil Administration are required, as stated in section B.2 above. As for employment with an Israeli employer in Israel, the second permit has the effect of binding the employee to the employer, as said in section B.2.

There are differences in the criteria that allow work in Israel compared with work in the settlements. For example, entry into Israel requires that the worker be over 27 years old for single men and over 22 years old for married men. To work in the settlements, the age restriction is set at 18. These criteria change from time to time.

D. Palestinians from Gaza Employed in Israel

The permit regime in Gaza until the disengagement in 2005 was similar to that in the West Bank. After Israel's withdrawal from the Gaza Strip, and even more so since Hamas took control there, Israel completely closed all employment opportunities for workers from Gaza. Only in October 2021, after about 15 years, was it agreed to allow the gradual entry of workers, with a total of 20,000 permits issued, most of them "permits for economic purposes" rather than permits to work for a specific employer. Holders of these permits were allowed to enter Israel for livelihood purposes, and most were employed as "black-market" employees for about two years. Following the October 7th attack and the subsequent war, the permits for workers from Gaza were entirely revoked. If a worker from Gaza was employed in Israel, all rules applicable to Palestinian Authority workers employed in Israel apply to them.

5 See 10736-12-13, Harishi Madnabeh, et al v Yamit Sinun veTipul BeMayyim Ltd, court ruling from 19 July, 2015. (Website in Hebrew).

6 See 48803-10-14, Tareq Saadat Mahaisan, et al v the Civil Administration in Judea and Samaria, ruling given 22 October, 2017. National Labor Court ruling. (Website in Hebrew).

7 IDF Order 967, 'On the Rights of Workers in Designated Places', issued by the Legal Counsel to the Judea and Samaria Region on behalf of the Regional Commander, regarding the payment of minimum wage under Jordanian law. (Link in Hebrew). Note: Throughout this guide, we use the term "Judea and Samaria" only in official names containing it; our preferred usage for the same territory is "the West Bank."

1.2. Summary: Applicability of Israeli Law

As outlined above, Israeli law applies to all employment of Palestinians in Israel or the settlements, albeit under different arrangements and laws.

Exceptions and cases unique to the employment of Palestinians do arise. This guide will review the relevant Israeli labor laws. In cases where there is a difference for Israeli workers, this will be detailed. The rights detailed in this guide are the minimum rights mandated by law and case law, and employee and employers may agree to better conditions than those prescribed by law.

There is a significant gap between the applicable law and its actual implementation. This gap results from the employment arrangements described and the urgent need of Palestinians for work in Israel, as there are very few job opportunities in the Palestinian Authority and the wages offered there are very low. The ways Palestinians can cope with this gap are also addressed at the end of this guide, mainly through lawsuits against employers who violate the law, and the method offered by MAAN. Worker unionization which is intended to enable workers to solve problems in the existing workplace and maintain it (see Chapters 13-14).

Chapter 2.

Determination of Employment Conditions

2.1. Protective Legislation

Israeli law establishes minimum entitlements for all employees. These protective statutes aim to safeguard employees and cannot be altered or reduced through personal contracts, even with the employee's consent.

Examples of these protective laws include the Severance Pay Law, 1963, which outlines the circumstances for severance pay and sets its minimum amount; the Minimum Wage Law, 1987, which sets the minimum wage for employees; and the Annual Leave Law, 1951, which specifies the minimum vacation days based on the employee's tenure. Other laws establish employees' financial rights, and rights to decent job conditions (for example, the right to work while seated), and protections against discrimination in hiring, compensation, and dismissal.

2.2. Collective Agreements and Extension Orders

Beyond statutory rights, collective agreements and extension orders regulate employee rights across the economy, specific industries and individual workplaces.

Collective agreements can be categorized as follows:

1. **Industry-Wide or Economy-Wide Agreements:** These are negotiated between employers' organizations and workers' organizations. They may apply to an entire industry, such as transportation, or the whole economy, addressing issues like work week duration, vacation pay and travel expenses. These agreements often depend on extension orders (see below).

2. **Workplace-specific Agreements:** These agreements are established between an employer and a workers' committee at a specific workplace, governing conditions only at that location.

An extension order is a directive issued by the Minister of the Economy that broadens the scope of a collective agreement, either wholly or partially, to include additional employee groups not initially covered. Extension orders may apply to the entire economy or specific industries.

The terms of collective agreements and extension orders are equivalent in authority to laws. Employers must comply with these provisions, which form the core of employee rights when applicable.

Beyond statutory requirements, collective agreements, or extension orders, parties to an employment relationship may negotiate extra rights through personal agreements. These agreements can offer benefits beyond the minimum standards set by laws, collective agreements or extension orders, and may address specific needs at a particular workplace.

2.3. Employee Notification Law and Requirement of Written Notice

The Employee and Job Applicant Notification Law (Employment Conditions and Job Application Procedures), 2002, requires employers to provide written notice to employees detailing their employment conditions. This notice must include the identities of the employer and employee, the start date of employment, conditions such as salary, working hours, social benefits and pension contribution details; a summary of primary duties; contact information for the direct supervisor; and details of the workers' organization party to the relevant collective agreement.

A written employment contract covering all these particulars may substitute for the employee notification required by law.

Any changes in employment conditions require issuing a new employee notification.

Failure by the employer to comply with this requirement may lead to punitive damages of up to 15,000 ILS payable to the employee.

If an employer neglects to provide the necessary employee notification and the employee brings a claim before the labor court, if a dispute arises concerning any details that should have been included in the notification, the burden of proof will fall on the employer.

Chapter 3.

The Work Week and Workday

3.1. Duration of the Work Week and Workday

The Extension Order concerning the implementation of a shortened workweek in the business sector sets the duration of a workday and workweek as follows:

- A workweek is defined as up to 42 hours for a full-time position.
- In workplaces with a five-day workweek, a workday is 8 hours and 36 minutes long, with one designated day per week, chosen by the employer, being 7 hours and 36 minutes long.
- In workplaces operating six days a week, the employer may set the daily work hours, provided that no regular workday exceeds 8 hours and no Friday exceeds 7 hours. The total weekly hours must not exceed 42 hours.

Note that daily work hours do not include breaks. If a break is provided, its duration is added to the daily work hours (see further details on breaks below).

Employees who work beyond the standard daily hours are entitled to overtime compensation (see Section 3.5).

3.2. Shortened Work Week and Workday: Collective Agreements; Pre-Holiday Hours; Parental Rights

In certain cases, a shorter workweek or workday may be established:

a. **Collective Agreements and Extension Orders:** Certain sectors have collective agreements and extension orders that shorten the workweek. For example, employees hired through labor contractors have a full-time quota of no more than 175 hours per month; the hospitality industry workweek is 40 hours; and the security sector workweek consists of 5 days.

b. **Pre-Holiday Hours:** On Jewish holidays, in workplaces operating five days a week, the workday before a holiday will be either eight hours with pay for nine hours or seven hours with pay for eight hours. On the eve of Yom Kippur, employees will work six hours and receive pay for nine hours.

c. **Non-Jewish Religious Holidays:** On the eve of a non-Jewish religious holiday, employees observing it work no more than seven hours. For other employees, the eve of the holiday is a regular workday.

d. **Six-Day Workweek:** In workplaces operating six days a week, the workday on the eve of a holiday shall not exceed seven hours, applicable to Jewish and non-Jewish holidays, in accordance with the Hours of Work and Rest Law.

e. **Day Before Weekly Rest:** The work hours on the day preceding the weekly rest day shall not exceed seven hours, under the Hours of Work and Rest Law. Jewish employees will work a maximum of seven hours on Fridays. Non-Jewish employees will work up to seven hours on the day preceding their weekly rest day (see further details below).

f. **Parental Leave Hour:** An employee returning from maternity leave to a full-time position (at least 174 hours per month) is entitled to one hour off per day for four months, or a full year for state employees. Partners may share this entitlement by mutual agreement, provided both work at least 174 hours per month.

3.3. Weekly Rest

Employees are entitled to a continuous weekly rest period of 36 hours, which includes their designated rest day based on their religion:

- For Jewish employees, the weekly rest includes Saturday.

- For non-Jewish employees, the weekly rest includes either Friday, Saturday or Sunday, according to their accepted weekly rest day.

Generally, employers cannot require employees to work during their weekly rest period, except in exceptional circumstances. Employees required to work during their rest period are entitled to a premium rate of at least 150 per cent for each hour worked and to alternative rest hours (for overtime during the weekly rest period, see Chapter 4, Section 4).

The Minister of Labor may grant permission to work during the weekly rest period or reduce it. For example, event-venue workers may have their weekly rest period reduced to only 25 hours, instead of the required 36 hours.

From the fifth month of pregnancy, employees are exempt from working during the weekly rest period.

3.4. Work Breaks

Employees are entitled to breaks based on the length of their workday, workweek and job type. An employee entitled to a break cannot forgo it, this is an obligation of the employer. The employer has the authority to set the working hours and breaks at the workplace at their discretion and may decide on additional breaks beyond those mandated by law.

- **Regular Breaks for Rest and Meals**

  An employee engaged in manual labor is entitled to a regular break (for rest and meals) if employed for a workday of six hours or more. An employee engaged in non-manual labor is entitled to a break if employed for more than eight hours a day in a six-day workweek or more than nine hours in a five-day workweek.

  On a weekday, the break duration must total at least 45 minutes, including at least one continuous break of 30 minutes. On the eve of a holiday, the break duration will be at least 30 continuous minutes.

- **Break Pay:** If an employee is permitted to leave the workplace during the break, they are not entitled to pay for this time. If the employer requires the employee to remain at the workplace during the break, the break time is considered part of working hours, and the employee is entitled to pay for this time.

- **Restroom Breaks:** Employers must provide breaks for restroom use as needed and ensure the reasonable restroom facilities are available at or near the workplace. These breaks are considered part of working hours and cannot be deducted from wages.

- **Prayer Breaks:** Employees may pray during their workday according to their religious requirements. Prayer times are determined at the workplace based on operational needs and the employee's religious obligations. Prayer breaks are not considered part of working hours, and the employer may deduct prayer times from the employee's pay.

3.5. Overtime

Work performed beyond the standard daily or weekly hours is classified as overtime and entitles an employee to additional compensation as specified by law (refer to Chapter 4, Section 4).

Employers generally cannot require employees to work overtime without permission from the Ministry of Labor, which has issued both specific and general permits allowing overtime under certain conditions. The "General Permit for Employee Overtime According to the Hours of Work and Rest Law," issued on March 19 2018, ordains that employees may work overtime, provided they do not exceed 12 hours per day or 16 hours per week.

Additionally, the Hours of Work and Rest Law permits overtime without a special permit in the following cases:

1. **Emergency Situations:** For emergencies or unforeseen events requiring urgent intervention, only to prevent severe disruption to work processes.

2. **Shift Work:** For shift workers, provided they do not work more than one additional hour per day, and the average over three weeks does not exceed 45 hours per week.

3. **Year-End Accounting:** For annual balances, inventory or sales before a holiday—no more than four hours of overtime per day and 100 hours per year.

In all cases, the Hours of Work and Rest Law mandates a minimum eight-hour rest period between two workdays. Pregnant employees from the fifth month onwards are exempt from working overtime.

The Minister of Labor periodically issues special permits for overtime. For example, during the Swords of Iron War, the Minister of Labor issued a permit (valid until 21 March 2024) allowing employers meeting specific conditions to employ workers for up to 14 hours a day in total. (Similar special permits were issued during the COVID-19 crisis in 2020 to 2022).

Conditions included:

1. Obtaining employee consent.

2. Providing a break of at least 15 minutes between work hours 12 and 14, plus regular breaks.

3. Ensuring that the employee does not work more than 67 hours per week.

4. Limiting overtime to 90 hours per month.

5. Employing 20 or fewer workers, or employing more than 20 workers with at least 20% of the workforce absent, or if the employer was a critical facility during emergencies.

6. Employers in the following sectors are not allowed to require overtime: transportation, public transport, logistics, construction, infrastructure, public works or renovation.

3.6. Night Work

The Hours of Work and Rest Law defines night work as work where at least two hours fall between 10:00 PM and 6:00 AM.

Night work is subject to several restrictions:

1. In workplaces with shifts, an employee cannot work night shifts for more than one week out of every two weeks.

2. The workweek of an employee engaged in night work shall not exceed 58 hours, including overtime, unless a special permit is granted by the Minister of Labor.

Additionally, the Employment of Women Law and its regulations impose conditions and restrictions on the employment of women at night:

1. A female employee working at night is entitled to a minimum rest period of 12 hours between shifts.

2. The employer must provide transportation to work and back for female employees working at night if other transportation options are unavailable.

3. A female employee is not required to work nights in a previously daytime-only workplace if she notifies the employer of her objections in writing within three days.

4. An employer cannot force an employee who is five-months pregnant or more to work night shifts if she objects.

5. Employers cannot refuse to hire a female candidate solely because she does not wish to work nights for family reasons, except where such work is essential, as in the police, medical facilities and hotels.

Chapter 4.

Wages

4.1. Deadline for Payment of Wages and Delayed Wage Payments

According to the Wage Protection Law, 1958, wages must be paid by the end of the month for which the wages are due, that is, the first day of the following month. Wages or any portion thereof not paid by the ninth day following the payment deadline are considered delayed wages. Employees who have not received their wages within nine days of the payment deadline can claim compensation for delayed wage payments.

4.2. Minimum Wage

An employee aged 18 and over is entitled to wages not less than the minimum wage mandated by the State of Israel, which is updated from time to time. This applies to all hours worked, including during trial periods, training or orientation, even if the employee agreed to work for a lower wage. Even when Israeli law does not apply in the West Bank but Jordanian law does, the obligation to pay the minimum wage remains, as outlined in Chapter 1. Failure to pay the minimum wage or delay in wage payment constitutes a criminal offense.

As of 1 April 2024, the minimum wage for employees over 18 is as follows:

Minimum Wage Type	Amount (in ILS)
Monthly Minimum Wage	5,880.02 ₪
Minimum Wage for Hourly Employees	32.30 ₪
Daily Minimum Wage for Employees (5 days per week)	271.39 ₪
Daily Minimum Wage for Employees (6 days per week)	235.20 ₪

4.3. Higher Minimum Wages in Industries with Collective Agreements or Extension Orders

In certain sectors, collective agreements have been signed, some of which have been extended through extension orders, stipulating higher minimum wages. For example, higher minimum wages have been set for security guards and for cleaning and maintenance workers. A collective agreement may also establish higher wages at a specific workplace. In such cases, the more favorable terms for the employees apply.

4.4. Overtime Pay

According to the Hours of Work and Rest Law, 1951, an employee who works beyond the daily or weekly quota, when required to do so by the employer, is entitled to overtime pay starting from the first minute exceeding the daily or weekly quota (see Chapter 3 for details on quotas).

By law and by court rulings, certain job categories are not eligible for overtime pay: police officers, prison service employees, state employees whose positions require availability outside regular working hours, seafarers and fishing crew, air crew members, managers, employees in positions requiring a special degree of personal trust, employees whose working conditions do not allow supervision of their hours, and foreign caregivers employed in the home of the person receiving care. An employee who worked overtime without the employer's approval is not entitled to overtime compensation.

For overtime, an employee is entitled to 125 per cent of their regular hourly wage for the first two hours of overtime in a workday, and 150 per cent from the third hour onward.

In accordance with labor court rulings [see, for example, National Labor Court Appeal 38313-03-18], for overtime during the weekly rest period or on a holiday, an employee is entitled to 175 per cent of their regular hourly wage for the first two overtime hours and 200 per cent from the third hour onward. If an employee has completed the full 42-hour weekly work quota and also works during the weekly rest period or on a holiday, they are entitled to overtime pay from the first hour worked during the rest or holiday period.

An employer and employee may agree on a global wage supplement for overtime, provided the supplement is genuine and reflects the employee's actual average working hours, rather than being a fictitious arrangement to avoid paying social benefits or full overtime compensation.

If an employee works an extra hour on one day and misses an hour on another day, it is not permissible to offset the extra hour against the missed hour in a one-for-one "technical" manner, so that no overtime is paid and no deduction is made for the missing hour. In such a case, the value of the hours must be considered, with the employee being paid 125 per cent of their regular wage for the extra hour and having one regular hour (100 per cent) deducted for the missed hour.

4.5. Wages for Night Work

Night work is defined in the Hours of Work and Rest Law as work in which at least two hours occur between 10:00 p.m. and 6:00 a.m. A night shift lasts seven hours, beyond which the employer must pay overtime.

Labor courts have recognized cases in which an employee's presence at night at the workplace does not count as working hours and therefore does not entitle the employee to wages. For instance, if an employee is required to sleep at the workplace but not perform any activity during the night except in rare cases, sleeping hours are not considered working hours.

4.6. Prohibited Deductions from Wages

An employer is prohibited from deducting any amount from an employee's wages unless expressly permitted by the Wage Protection Law. Permissible deductions include:

1. Statutory deductions, such as income tax, national insurance and health insurance.
2. Union dues for a workers' organization.
3. Charitable donations that the employee has consented to in writing.
4. Payments to pension funds.
5. Disciplinary fines imposed on the employee by law or under a collective agreement. Employers are not allowed to impose punitive fines at their discretion.
6. Debts owed by the employee to the employer, provided the employee has agreed in writing to the deduction and that it does not exceed one-quarter of the employee's wages. At the end of the employment relationship, the employer may deduct any outstanding debt from the employee's final wages, provided the existence and amount of the debt are undisputed.
7. Wage advances given to the employee, provided they do not exceed three months' wages.

Any other amount may not be deducted from wages, including sums mistakenly paid by the employer, unless the employee consents to the deduction.

Chapter 5.

Social Conditions

5.1. Holidays

5.1.1. Annual Leave

5.1.1.1. Accrual of Annual Leave

Each employee accrues annual leave according to their seniority and position, in line with the Annual Leave Law, 1951. For a full-time employee working a five-day week, the accrual is as follows:

Seniority	Entitlement Days (Net)
1-4 years	12
5 years	12
6-8 years	17
9+ years	23

5.1.1.2. Utilization of Annual Leave

Employees are entitled to use accrued annual leave and receive their regular salary for these days. However, hourly or daily employees employed for fewer than 75 consecutive days receive compensation instead of leave. Upon termination of employment, unused accrued leave is paid out based on the employee's regular salary.

Employers can designate when leave is taken, considering employee preferences. Ordinarily, leave must be continuous with at least seven consecutive days. Employers must give notice in advance, at least two weeks beforehand if the leave exceeds seven days. Employers cannot deduct leave days from the accrual without proper notice.

Employers cannot force employees to take leave in excess of their accrued days, in lieu of future accrued days. If no days have been accrued, the employer must fund the leave unless the employee consents to unpaid leave. At the employee's request, the employer may is approve leave days deducted from the future accrued leave.

An employee may choose the timing of their leave in the following cases:

a. One day at any chosen time, provided that they notify the employer 30 days in advance.

b. One day on one of the predetermined days, provided that they notify the employer at least 30 days in advance (among the predetermined days including the eve of a holiday, Christian holidays, Islamic holidays, Civil New Year and May 1st).

c. A day off to vote in a primary election in a party of which the employee is a member, provided that the employee notifies at least 14 days in advance.

d. With the employer's consent, the employee may take additional leave days at times convenient for them.

Employers must track and report leave usage on pay slips.

5.1.2. Bereavement Leave

Under the Extension Order - Collective Agreement, 7 June 2000 (henceforth known as the Extension Order) an employee with at least three months of seniority at the workplace, who observes mourning according to religion or custom and is absent from work because to the death of a first-degree relative, parents, children, spouses, siblings, is entitled to receive the salary they would have received had they not been absent from work, up to a maximum of seven calendar days.

In certain sectors, eligibility is not conditional on seniority with the employer, for example, contractor employees. In the construction sector, employees are entitled to bereavement days as long as they have worked in the construction sector for at least three months, not necessarily with the same employer.

5.1.3. Unpaid Leave

Unpaid leave can be initiated by the employee and employer and parties must agree to this leave.[8] Unpaid leave suspends employment without terminating it, and upon its conclusion, the employee can return to their previous position. Seniority is preserved during unpaid leave, but no new benefits accrue.

If an employer forces unpaid leave for an extended and unspecified period, this may constitute termination, entitling the employee to severance pay. In specific circumstances (for example, crises like COVID-19), forced leave may not qualify as termination.[9] Such forced leave would constitute a significant deterioration in working conditions, allowing the employee to resign as if terminated and be entitled to severance pay.

During unpaid leave, Israeli employees may qualify for unemployment benefits if other criteria are met. This is also true for Palestinian residents of East Jerusalem.

5.1.4. Holiday Leave

Hourly/daily employees qualify for paid holiday leave under these conditions:

1. They have worked at the workplace for at least three months.

2. They were scheduled to work on the holiday.

3. They worked the day before and after, (unless they were absent on those days with the employer's consent, or because of the work schedule set by the employer, or because of a bridge day decided by the employer).

Monthly-paid employees can take up to nine holiday days without pay deductions. Jewish employees' holidays are specified by law, while non-Jewish employees can select their religious holidays, under the Administration and Jurisdiction Ordinance, 1948. A non-Jewish employee who chooses their religious holidays as their holiday days, and whose workplace is closed on Israel's holidays, will not be entitled to double payments. They will have to take the Israeli holidays off using their accrued annual leave.

Employees working on holidays are entitled to additional pay. (See Chapter 4, Section 4.)

5.1.5. Sick Leave

Employees have the right to be absent from work due to illness and, under certain circumstances, are entitled to payment for these days. Illness is defined in the Sick Pay Law, 1976, as the temporary or permanent incapacity of the employee to perform their work, based on medical findings of being unfit for work.

The employer is prohibited from terminating an employee who is absent from work due to illness during the period when they are entitled to accrued sick days.

Accrual of Sick Days

Employees may accrue one and a half sick days per month worked, up to 18 days per year. In certain sectors, extension orders apply that allow for the accrual of more sick days. For example, contractor employees are entitled to accrue two sick days for each month worked.

8 See Galya Philipovitch v CPS Computers and Engineering Ltd. ruling, February 21, 2005. (Online pdf in Hebrew)

9 In this matter, the ruling of the National Labor Court has not yet been determined, but there is a ruling by the Jerusalem Regional Labor Court which states, regarding a worker who was placed on forced leave during the first closure of the Covid 19 crisis, that this should not be considered an act of dismissal.

Sick Pay

Sick pay begins on the second day of illness, with 50% of regular salary paid for the second and third days and 100% thereafter.

An employee with a terminal illness or requires permanent dialysis treatment, and is absent from work for treatment or periodic check-ups, is entitled 100 per cent of their salary from the first day of absence.

An employee on shifts who is employed on an hourly/daily basis is only entitled to sick pay if shifts have been scheduled for the day they were ill.

In all cases, the eligibility period for sick pay shall not exceed the number of sick days the employee has accrued.

Sick Pay for Employees from the Palestinian Authority

The eligibility for Sick Pay for employees from the Palestinian Authority is the same as for any other employee in Israel, as detailed in this chapter.[10]

Sick Leave Certificate

An employee who is absent from work due to illness must notify the employer within three days from the first day of absence, informing them about the absence and the estimated period during which they will be unable to come to work.

To receive sick pay, the employee must present the employer with a medical certificate from a doctor at the health fund to which the employee belongs.

Sick Leave Certificate for a Palestinian Employee

A resident of the Palestinian Authority who is absent from work due to illness must go to an employment office in the Palestinian Authority to receive a referral to the Ministry of Health in the Palestinian Authority. The Ministry of Health will issue the employee a medical certificate, which will include the following details:

1. The symbol of the Palestinian Authority.
2. The employee's name in English.
3. The employee's identity card number.
4. Diagnosis and summary of the illness in English.
5. Dates of the illness period.
6. The signature of the doctor or committee that approved the illness period.

Depending on the period of illness, the medical certificate of a Palestinian employee must be signed by an authorized person (up to five doctors in the case of an illness that lasted 90 days or more).[11]

10 Until January 2019, employers of Palestinian workers resident in the Palestinian Authority were required to set aside 2.5% of the employee's salary for sick pay, and to transfer these funds to the Payments Department of the Ministry of Labor, which managed a sick pay fund for the workers. In 2016, "Kav LaOved" filed a petition with the High Court against the administration of the fund (High Court of Justice 5918-16 Kav LaOved et al v. The Israeli Government et al.) The petition alleges the fund was administered without binding regulations or transparency, while heaping difficulties on employees who wish to exercise their rights, and with delays in payment. As stated in the petition - the reality was that most of the workers did not exercise their rights, and the fund accumulated hundreds of millions of shekels over the years that were not actually used for sick pay, nor were they used for any other purpose related to employee health and welfare services. Following the petition, in 2019, the Payments Department transferred the responsibility for accruing and paying sick pay to employers, so what is stated in this chapter is also relevant today for Palestinians employed through the Payments Department.

11 In practice, this is a complicated bureaucratic obstacle and a requirement that is implemented very little, but an employer who chooses to adhere to the language of the instructions could burden the employee or manage to avoid paying him in the absence of the full medical approval.

5.1.6. Sick Leave for Family Care

Under certain circumstances, an employee is entitled to take days of absence for family care from their accrued sick leave days, or in some cases from accrued annual vacation days:

Reason for Absence	Maximum Eligible Sick Days
Spouse's illness: A sick spouse, for the purpose of this right, is a spouse who has become completely dependent on the help of the other person in performing day-to-day activities (dressing, eating, controlling excretions, bathing and mobility at home)	Up to six days per year.
Terminal illness of spouse.	Up to 60 days a year. The employee can choose whether to credit them at the expense of accrued sick days or accrued annual vacation days
A partner's pregnancy and giving birth.	Up to seven days per year.
Illness of a child up to age 16.	Up to eight days per year (provided the other parent is not absent from work for the same reason), and up to 16 days per year for a single parent.
Child up to age 18 with a terminal illness or on dialysis treatment.	Up to 90 days per year, and up to 110 days per year for a single parent or a parent whose spouse is not absent from work for the same reason.
Caring for a child with special needs (at any age).	Up to 18 days per year, and up to 36 days per year for a single parent or a parent whose spouse is not absent from work for the same reason.
Illness of the employee's or their spouse's parent. A sick parent, for the purpose of this right, is a parent who has become completely dependent on the help of the other person in performing day-to-day activities (dressing, eating, controlling excretions, bathing and mobility at home).	Up to six days per year.
Caring for a spouse or parent who donated organs for transplant.	Up to seven sick days or leave days per year.

5.1.7. Election Day

Election Day for the Knesset in Israel is designated as a paid holiday where there is no obligation to work, and no vacation day is deducted. This rule does not apply to workers in public transportation services and public services, such as gas stations, restaurants, communications services, water and electricity plants, entertainment venues, journalism, bakeries and others.

Election Day for Local Authorities is also a paid day-off for employees whose workplace is within a local authority or regional-council area that is holding elections and for employees whose residence is in a location where elections are taking place.

An employee who has worked for an employer for at least 14 consecutive days before Election Day and is absent because of the holiday is entitled to the regular salary they would have earned if they had worked that day.

An employee who works on Election Day is entitled to either 200 per cent of their salary or their regular salary plus a day off at another time.

Residents of the Palestinian Authority employed in Israel (and foreign workers) in the sectors of domestic caregiving, hospitality, catering, construction, agriculture or industry are not entitled to the public holiday on Knesset Election Day. They are not entitled to increased pay if they work on that day.

5.2. Rest and Recuperation Leave

Employees with at least one year of service are entitled to rest and recuperation leave payments, regardless of whether they take time off. The number of days depends on seniority and the level of their position at work.

The following table details the number of rest and recuperation leave days for employees in the private sector (in the public sector, the number is higher, as well as for collective agreements in certain sectors):

Years of Seniority	Number of R & R Leave Days
First year	5 days
Second and third years	6 days
Fourth to tenth years	7 days
Eleventh to fifteenth years	8 days
Sixteenth to nineteenth years	9 days
Twentieth year and beyond	10 days

Rest and recuperation leave payments in the private sector are ILS 418 per day, and in the public sector, ILS 471.4 per day. From January, 2024, according to an agreement between the government and the Histadrut (General Federation of Workers), one day of rest and recuperation-leave will be deducted from the number of days to which each employee is entitled, according to their seniority in the table above. The equivalent amount will be allocated to fund benefits for soldiers in the military reserves.

5.3. Travel Expense Reimbursement

Employees are reimbursed for daily travel expenses up to the lowest of the following: standard bus fare, ILS 22.6 per day, or the cost of a monthly travel arrangement. Sectoral rules may provide additional arrangements, such as late-night transportation, for employees in event venues (weddings and similar occasions.).

Employers of Palestinian workers must also reimburse travel from home to checkpoint, even when they provide checkpoint-to-workplace transportation. In the past, many employers claimed that because they pay for the latter, they should not be obligated to finance the former. Traveling within the Palestinian Authority is very expensive because there are no subsidized monthly travel arrangements and virtually no public transportation. Employees must share private taxi-vans and pay unsubsidized per-trip prices. The labor courts have rejected employers' claims and explicitly ruled that the employer must participate in the employee's travel expenses up to the daily cap. Employers who fund checkpoint-to-work transport must still contribute to the home-to-checkpoint leg, deducting only the cost of transport they already provide. [12]

5.4. Pension Insurance

Since 2008, employers must provide pension insurance to all employees over the age of 20 (women) or 21 (men). Contributions come from both the employer and employee. The employer is obligated to contribute certain amounts to the employee's severance pay fund within the pension fund.

12 See for example: 2278-02-21 Daoud Ma'atan v. Green Net Waste Recycling and Treatment Ltd., court ruling dated September 13. 2023; 05-18-3238 Khaled Abdela'el v. Gil-Bar Engineers Ltd., court ruling dated September 29, 2020.

Starting from January 2017, the contribution rate is 18.5% of the salary, of which 6% is the employee's contribution, and the rest is the employer's (6.5% employer contributions to the compensation component, and 6% employer contributions to the severance pay component, totaling 12.5%). In certain sectors, preferential pension arrangements apply, under which the employer is required to make contributions at 17.5% of the salary, based on a sectoral collective agreement or an extension order. A preferential arrangement applies, for example, to employees of cleaning and maintenance companies and in the construction sector.

If an employee was insured under pension insurance before being hired, they are entitled to pension insurance contributions from their first day of work. If not, they are only entitled to pension insurance after six months have passed from the day they started working at that workplace.

The employer's contributions to severance pay funds are used to pay severance pay. An employer who contributes severance pay according to the expansion decree (6% of salary) and terminates the employee will not need to pay severance pay themselves; instead, the insurance company will pay it, and the employer will only need to pay the difference between what they have already contributed and the full severance pay. In the case that the employee resigns, they are entitled to withdraw the severance pay that was contributed on their behalf.

Palestinian employees are entitled to pension contributions at the same rates, according to the extension order or preferential arrangements in the sector in which they are employed.

Until April 2023, employers of Palestinians employed in Israel paid their portion and the employee's portion to the Payments Department at the Ministry of Labor, which was supposed to manage the funds. In practice, the funds were not managed properly and following petitions to the Supreme Court of Israel on the matter, as of 1 May 2023, the company "Amitim" collects contributions for pension and severance pay directly from the employer. Amitim is authorized to debit the employer's bank account.

Palestinians employed in settlements are entitled to the same contributions, but in practice, most insurance companies refuse to insure them under pension insurance, leaving employees uninsured and employers often unable to fulfill their legal obligations. Many employers open provident funds for employees that lack the insurance element for disability and pension, or else they "set aside" amounts for payment to the employees at the end of employment. This also allows many employers to evade their legal obligations and pay only to employees who sue them in labor courts.

Chapter 6.

Work Environment

6.1. Appropriate Physical Conditions in the Workplace

Every employee has the right to work in a physically suitable environment. This right stems from Israel's Basic Law: Human Dignity and Liberty, 1992. It is the employer's constitutional duty to uphold employee dignity, meet their needs and provide an appropriate work setting.

Specific laws also regulate working conditions:

1. The Hours of Work and Rest Law, 1951, requires employers to ensure the workplace or nearby facilities have functional restrooms accessible to employees.
2. The Safety at Work Ordinance (New Version), 1970, mandates that employers install water-access locations and provide safe drinking water for employees.
3. The Right to Work While Seated Law, 2007, requires employers to provide seating and allow employees to perform their work seated.
4. This law also states that employers of security guards must provide covered or shaded posts that protect against rain and sun, ensure access to adequate heating or cooling and provide access to electricity and water.
5. In noisy environments, employers must take steps to protect employees from harmful noise exposure.
6. Employers must take reasonable measures to prevent smoking in the workplace, supervise compliance, enforce no-smoking rules among employees and post no-smoking signs.

6.2. Prohibition of Workplace Bullying

Employers must not engage in workplace bullying and must create an environment that preserves employees' dignity, allowing them to work in a calm, harassment-free atmosphere.

Workplace bullying is defined as repeated, non-physical, harassing and demeaning behavior aimed at employees. Although no explicit law bans bullying, labor courts have recognized it as a civil wrong, awarding compensation for emotional distress and breaches of good faith.

The prohibition on bullying derives from the Basic Law: Human Dignity and Liberty, heightened good-faith standards in labor law and the employer's duty to provide a fair and safe workplace.

Bullying can include yelling and insults directed at an employee; deliberately ignoring or isolating them in the workplace; imposing demeaning or degrading prohibitions or tasks; excessive criticism or constant expressions of dissatisfaction; false accusations or spreading harmful rumors; undermining the employee's ability to succeed; stripping responsibilities from the employee; or excessive invasion of their privacy.

Workplace bullying can constitute a significant deterioration in working conditions or a situation that makes it unreasonable to expect the employee to continue working, which may entitle an employee to severance pay upon resignation if they have worked for the same employer for at least one year (see Chapter 8).

6.3. Prohibition of Sexual Harassment

The Prevention of Sexual Harassment Law, 1998, and its regulations impose duties on employers to prevent sexual harassment in the workplace and describe how to handle complaints properly. Employers who fail to comply risk civil lawsuits from harassed employees, fines, or criminal charges by the Labor Law Enforcement Division. The law defines sexual harassment as:

1. Extortion of a sexual nature.
2. Indecent acts.
3. Repeated propositions of a sexual nature.
4. Repeated remarks of a sexual nature.
5. Degrading or humiliating comments of a sexual nature.
6. Publishing photos, videos or recordings of a person focused on their sexuality, without consent, under circumstances that degrade or humiliate.
7. Exploiting authority in cases of sexual harassment.

Prevention and Redress

Employers must appoint a person responsible for preventing sexual harassment, either an employee of the company or an external individual, who will handle complaints, investigate incidents, advise the employer on responses and provide advice, information and training to employees who seek assistance.

Employers must inform employees and managers of the prohibition, distribute copies of the sexual harassment regulations and, in workplaces with more than 25 workers, post them prominently. They must conduct regular training and education and designate sexual harassment as a serious disciplinary matter.

6.4. Protection of Privacy

The Protection of Privacy Law, 1981, guarantees the right to privacy and prohibits its violation.

Courts have repeatedly ruled that employers must respect employee privacy. They have addressed cases involving privacy breaches, such as unauthorized access to employees' personal emails, Facebook accounts or mobile phones. They have also dealt with cases involving hidden workplace cameras and collecting employee location data. Such collection is permitted only for essential purposes, when there is no alternative, and must be done proportionately, with full transparency and the employee's authorization.

The use of biometric time clocks or fingerprint systems is prohibited without the employee's free consent or without legal authorization.

Employers may monitor employees working outside the workplace only for legitimate purposes, in a reasonable and proportionate manner, when no alternative exists and with data security ensured. Surveillance with significant privacy implications requires specific professional justification, the employee's consent and strict proportionality.

Employers must respect privacy; violations can lead to compensation claims and may entitle employees to resign with severance pay.

6.5. Prohibition of Discrimination

The Equal Employment Opportunities Law, 1988, prohibits employers from discriminating based on gender, sexual orientation, marital status, pregnancy, parenthood, age, race, religion, nationality, origin, beliefs, political affiliation or reserve military service in matters such as:

- Hiring
- Working conditions

- Promotion
- Training or professional development
- Dismissals or severance pay
- Retirement benefits or payments

The list of protected categories and areas covered by the law remains open-ended, allowing labor courts to recognize additional grounds for discrimination.

Specific laws such as the Equal Pay Law, 1996, ensure equal pay for equal work between men and women. The Equal Rights for Persons with Disabilities Law, 1998, promotes further equality.

Chapter 7.

Parenthood

7.1. Family Planning (Fertility Treatments)

Employees undergoing fertility treatments may take time off work against their accrued sick days. Employees who miss full days for fertility treatments are entitled to 50 per cent of their salary as sick pay for the second and third day of absence, and 100 per cent of their salary from the fourth day onward.

During the period in which employees undergo fertility treatments or in vitro fertilization, or for 150 days from the start of the treatments (whichever is longer), the employer is prohibited from dismissing the employee unless specific conditions are met, or permission is obtained from the Supervisor of the Employment of Women Law at the Ministry of Labor.

7.2. Pregnancy and Childbirth

The Employment of Women Law, 1954, outlines restrictions and regulations for employing pregnant women. To receive the protections of the law, a pregnant employee must notify her employer of the pregnancy no later than the fifth month of pregnancy. If the employee works in an environment that could pose risks to her health, she must notify her employer as soon as she becomes aware of the pregnancy. The law provides the following key protections:

1. Prohibition on Dismissing a Pregnant Employee
   Employers are prohibited from dismissing an employee due to her pregnancy. If the employee has been with the employer for at least six months, the employer cannot dismiss her for any reason without obtaining approval from the Supervisor of the Employment of Women Law at the Ministry of Labor. Such approval will not be granted if the dismissal is due to pregnancy.

2. Prohibition on Reducing Employment Scope or Income
   Employers are prohibited from reducing the employment scope or income of a pregnant employee due to her pregnancy. If the employee has been employed for at least six months, the employer may only reduce her employment scope or income with approval from the Supervisor of the Employment of Women Law.

3. Prohibition on Discrimination Based on Pregnancy
   Employers are prohibited from discriminating against an employee based on her pregnancy, whether in hiring, work conditions, promotion, training, dismissal or severance pay, and benefits or retirement-related payments.

4. Restrictions on Work During Pregnancy
   Upon notifying the employer of her pregnancy, the following restrictions apply:

   4.1. A pregnant employee may not be required to work overtime or during the weekly rest period starting from the fifth month, unless she consents in writing and presents a medical certificate stating that there are no health concerns.

   4.2. Starting in the fifth month, a pregnant employee may not be required to work night shifts if she informs the employer in writing that she does not wish to do so.

   4.3. If the employee's work involves exposure to ionizing radiation or other hazardous materials specified in the regulations, she may be fully or partially exempt from certain tasks as determined by the Women's Work Regulations. In some cases, an employee may take unpaid leave if a doctor certifies that the type of work, its location or its execution might endanger her or the fetus. An employee who is absent for at least 30 days during pregnancy because of work-related risks and for whom no alternative position is available may be entitled to a maternity allowance from the National Insurance Institute.

5. Absence for Pregnancy-Related Checkups
   Pregnant employees are entitled to paid time off for routine pregnancy checkups. Full-time employees are entitled to up to 40 hours off during their pregnancy without any deductions from their accrued sick days.

6. Sick Days Due to a Partner's Pregnancy (See Chapter 5.1.6)

In addition to the six points above: A woman who gives birth and is an Israeli resident, or the spouse of an Israeli resident, is entitled to a one-time maternity grant from the National Insurance Institute. This entitlement does not apply to non-resident Palestinian women, though it does apply to Palestinian women residing in East Jerusalem.

7.3. Maternity Leave and Maternity Pay

An employee who has worked for at least one continuous year for the same employer or at the same workplace is entitled to 26 weeks of maternity leave. If the employee has worked for a shorter period, she is entitled to 15 weeks of maternity leave.

Employees whose spouses are entitled to maternity leave may share this leave, and under certain conditions, may take overlapping maternity leave for up to one week. An employee whose spouse has given birth is also entitled to use accumulated sick days (see Chapter 5.1.6).

An employee may take unpaid leave after maternity leave, for up to a quarter of her total employment period with the same employer but not exceeding one year from the date of birth.

It is strictly prohibited to dismiss an employee during maternity leave, and the employer may not seek permission to terminate the employee during this period, unlike the regulations that apply after maternity leave or during pregnancy.

Maternity pay is provided by the National Insurance Institute, subject to the following qualification periods:

Maternity Pay Period	Qualification Period (Period for which National Insurance was paid)
15 weeks	National Insurance was paid for 10 out of the 14 months, or 15 out of the 22 months preceding the date she started maternity leave.
8 weeks	National Insurance was paid for 6 out of the 14 months preceding the date she started maternity leave.

Maternity pay is calculate from the employee's salary as reflected in her National Insurance contributions.

Palestinian employees are generally only partially covered by the National Insurance Institute. (See Chapter 11). Maternity insurance is an exception. Palestinian women employed in Israel or the settlements are fully covered and entitled to maternity pay, provided she meets the eligibility requirements.

7.4. Parental Rights

After maternity leave, employees are entitled to the following protections and benefits:

1. Employers may not require employees to work night shifts or during the weekly rest period for four months after maternity leave, unless the employee consents in writing. Exceptions may apply to certain sectors, such as hospitality.

2. Employers are prohibited from reducing an employee's employment scope or income during maternity leave and for 60 days following maternity leave or unpaid leave, unless approval is granted by the Supervisor of the Employment of Women Law.

3. Employers may not dismiss an employee or issue a notice of dismissal within 60 days after maternity leave or unpaid leave, unless approval is obtained from the Supervisor of the Employment of Women Law. Approval will only be granted if the supervisor is satisfied that the dismissal is unrelated to the birth or maternity leave and that the employer's business has ceased operations, or the employer has been declared bankrupt.

4. An employee returning from maternity leave is generally entitled to return to the same position with the same conditions.

5. A full-time employee, working at least 174 hours per month, is entitled to one hour of paid absence per day for four months after maternity leave. This absence does not affect the employee's salary, and spouses may share this entitlement.

6. An employee who resigns within nine months of giving birth to care for her child is entitled to severance pay (see Chapter 8).

Chapter 8.

Termination of Employment

8.1. Dismissals

8.1.1. Pre-dismissal Hearing (Shimu'a)

According to rulings by Israeli labor courts, an employer is obligated to conduct a pre-dismissal hearing for the employee before terminating employment. At this hearing, the employer must present the full reasons for the intended dismissal, and the employee must be given an opportunity to argue in favor of continuing the employment relationship.[13]

The right to a hearing exists even in cases where the employee has committed disciplinary infractions or where the employer believes the employee is no longer beneficial to the company and prefers to dismiss them. Even an employee in breach of their employment contract is entitled to a hearing where they can respond to the claims against them before a final decision is made on their dismissal. An employer is prohibited from making a final dismissal decision before the hearing.

As part of the hearing process, the employer must provide the employee with a written notice of the hearing reasonably in advance of the proceeding, detailing the allegations against the employee and notifying them that dismissal is being considered.

The employee has the right to bring a representative to the hearing, such as an attorney, a union representative or a family member. The employer must listen to the employee's arguments openly and seriously and document the hearing through minutes.

After the hearing, the employer must provide the employee with a clear decision regarding the outcome.

Employees covered by collective agreements often have additional protections against dismissal. Such agreements may grant the workers' committee authority to intervene in and influence the dismissal process, require the employer to allow a performance improvement period for the employee, impose an obligation on the employer to consult with the workers' committee before initiating a dismissal procedure and establish mechanisms for resolving disputes. In cases of organizational downsizing in a unionized workplace, the employer must consult with the workers' representatives before proceeding with dismissals.

8.1.2. Circumstances Prohibiting Dismissal

Various laws prohibit the dismissal of an employee based on a wide range of reasons, including:

1. Dismissal because of the employee's gender, sexual orientation, marital status, parenthood, age, race, religion, nationality, country of origin, political opinion or party affiliation, among other characteristics.
2. Dismissal due to the employee being a person with a disability or a relative of a person with a disability.
3. Dismissal of an employee who is absent from work because of an illness during the period when they are entitled to sick pay.
4. Dismissal related to pregnancy or parenthood, such as during fertility treatments, pregnancy or maternity leave (see Section 7).
5. Dismissal due to the employee's membership in or activities with a labor organization or workers' committee (see Section 14).
6. Dismissal resulting from a complaint about working conditions, filing a claim for labor rights violations, consulting with an attorney regarding employment rights, or assisting another employee in filing a claim.

13 See, for example, 516/09, Malka Avraham v Agam Metal Works Ltd., court ruling on December 17, 2009.

7. Dismissal for reporting irregularities within the employer's operations.

8. Dismissal for the purpose of avoiding payment of social benefits to which the employee is entitled, dependent on seniority and/or continuity of employment.

8.1.3. Advance Notice of Dismissal

Under the Advance Notice for Dismissal and Resignation Law, 2001, an employer wishing to dismiss an employee after conducting a hearing must provide advance written notice. The employment relationship only terminates at the conclusion of the advance notice period.

The length of the notice period depends on the employee's seniority at the workplace and can extend up to a maximum of one month, unless the employment agreement stipulates a longer period.

During the period between the delivery of the dismissal notice and the end of the advance notice period, the employer must maintain the employee's working conditions, and the employee must continue performing their duties with the same level of diligence and seriousness as before.

An employer may choose to waive the employee's presence during the advance notice period. The employer is required to compensate the employee with payment in lieu of the advance notice, equal to the employee's regular salary, and the employment relationship will terminate upon the delivery of the advance notice. The employer will not be obligated to pay the employee social benefits for the advance notice period but will only be liable for the compensation equivalent to the salary.

An employee who is dismissed and wishes to waive the advance notice period, for example, in cases where they have found new employment and wish to start immediately, must obtain the employer's consent to terminate the employment immediately. The employee will not be entitled to compensation for the advance notice period since they waived their right to continue working during that period.

Where an employee is dismissed under circumstances where they are not entitled to severance pay, their entitlement to advance notice may also be denied, provided that there is a collective agreement or a court decision or disciplinary tribunal ruling determining that the employee committed a severe disciplinary offense justifying such denial.

8.2. Resignation

8.2.1. Advance Notice of Resignation

In accordance with the Advance Notice for Dismissal and Resignation Law, 2001, an employee wishing to resign from their position must provide their employer with advance written notice. The employment relationship will terminate only upon the conclusion of the advance notice period.

The length of the advance notice period depends on the employee's seniority at the workplace and can extend up to a maximum of one month, unless the employment agreement stipulates a longer period.

During the period between the submission of the resignation notice and the end of the advance notice period, the employer must continue to provide the employee with all the working conditions to which they were entitled prior to the notice, and the employee must continue to perform their duties with the same level of diligence and seriousness.

The obligation to give advance notice of resignation also applies in cases where the resignation is under circumstances that entitle the employee to severance pay (see Section 8.2.2).

An employee who resigns is not required to provide advance notice if they do so under exceptional circumstances that make it unreasonable to expect them to continue working during the advance notice period. This refers to exceptional cases such as dangerous health conditions at work, lack of safety at the workplace, violence toward the employee and similar situations.[14]

An employee who fails to provide advance notice must compensate the employer with an amount equivalent to their regular salary for the advance notice period. If the employer waives the employee's employment during the notice period, they must pay the employee compensation in lieu of advance notice (see Section 8.1.3).

In the advance notice of resignation, the employee is not required to state the reason for the resignation, except in exceptional cases (see Section 8.3.2).

8.3. Severance Pay

An employee dismissed after working for at least one year for the employer or at the same workplace is entitled to severance pay from the employer (see the amount of severance pay in Section 8.3.1).

If the employer made regular severance payments during the employment period, whether fully or partially, to the pension insurance or severance fund under Section 14 of the Severance Pay Law (1963), the employer will only be required to pay the proportional amount that was not contributed. The amounts contributed will be released to the employee upon the end of employment, regardless of whether the employee resigned or the employment period was less than a year (see Section 5.4).

8.3.1. Calculation of Severance Pay

If the employer has paid to the employee's pension insurance monthly throughout the employment period, the full amount of the severance pay contribution (equivalent to 8.33% of salary), they are exempt from paying severance pay at dismissal, and the employee may withdraw the funds accumulated in the severance fund, including any profits (or losses) accumulated.

If the employer did not make severance pay contributions throughout the employment period, the employer must pay the full severance pay owed to the employee. For monthly employees, this is calculated by multiplying the last month's salary by the number of years worked for the employer or at the same workplace. For hourly employees, the calculation is based on the average work scope during the entire period of employment multiplied by the last hourly wage.

In exceptional cases, an employee's entitlement to severance pay may be revoked, and they may be prevented from withdrawing the severance funds from the pension insurance. These cases involve serious disciplinary offenses or criminal actions that, according to a collective agreement, justify revoking severance pay or when a labor court has ruled that the dismissal was under such circumstances.

8.3.2. Severance Pay for an Employee Who Resigns

In general, an employee who resigns voluntarily is not entitled to severance pay. Following the entry into force of a comprehensive pension insurance extension order in 2008, all employers are required to contribute 6% of the employee's salary each month to the employee's severance fund. This is in addition to a 6.5% contribution to the pension savings plan and 6% deducted from the employee's salary for pension savings. Even an employee who resigns in a situation that does not entitle them to severance pay is still entitled to receive the amount contributed to the severance component of their pension fund, which constitutes partial severance pay (72%).

In certain cases, an employee who resigns is entitled to full severance pay, provided they have completed one year of employment with the employer or at the same workplace.

The main circumstances entitling an employee to severance pay upon resignation after at least one year of employment are as follows:

14 Section 10 of the Advance Notice of Dismissals and Resignations Law, 2001; also, Labor Court decision No. 3-223 Assis Yanon v. Gila Shatrit, ruling given April 9, 1995.

1. **Reaching Retirement Age**
   An employee who resigns after continuing to work at the same workplace beyond retirement age is entitled to severance pay. The retirement age is 67 for men and 62-65 for women, depending on their date of birth.

2. **Poor Health of the Employee or a Family Member**
   An employee who resigns because of poor health, either of themselves or a family member, may be entitled to severance pay. To qualify, the employee must prove that the poor health of themselves or their family member was the primary reason for their decision to resign, based on medical findings, working conditions and other relevant circumstances.
   It is not necessary for the health issue to have been caused by the employee's work, nor must the health condition completely prevent the employee from continuing to work. A causal link between the health condition and the resignation suffices, provided this link was the driving or primary motivation for the resignation.
   For this purpose, "family members" include the employee's spouse, children, parents and the employee's grandchildren, grandparents or the parents of the employee's spouse, if they live with the employee and rely mainly on the employee for financial support.
   In cases of resignation due to health reasons, the employee must provide the employer with advance written notice of their resignation, allowing the employer the opportunity to offer alternative working conditions that would enable the employee to continue working despite their health issues.

3. **After Childbirth for the Purpose of Caring for a Child**
   An employee (and in certain conditions, a male employee as well) who resigns within nine months of childbirth to care for the child is entitled to severance pay.
   To determine whether an employer-employee relationship existed for at least one year for the purpose of severance pay entitlement, maternity leave is also counted toward the employee's seniority.
   To exercise this right, the employee must provide the employer with advance written notice of the intention to resign for the purpose of caring for the child. The employee may submit the advance notice during maternity leave if they wish the resignation to take effect immediately upon the end of the leave.

4. **Deterioration of Employment Conditions**
   If an employee resigns due to a significant deterioration in their working conditions or because of circumstances that prevent them from reasonably continuing to work, the resignation is considered a dismissal. The employee must notify the employer, preferably in writing, of the significant deterioration or the circumstances preventing them from continuing in the role and give the employer the opportunity to remedy the situation. An employee who resigns despite the employer remedying the situation is not entitled to severance pay.
   Circumstances justifying resignation because of a significant deterioration could include non-payment of wages or delays in wage payments; installing surveillance cameras without the employee's knowledge; a substantial change in working hours; a demotion or reduction in salary; degrading or humiliating treatment in the workplace; relocation of the workplace; and more.

5. **Relocation to a Distant Residence**
   In certain circumstances, an employee who resigns due to moving to a new residence may be entitled to severance pay. For example, if the employee moves after marriage to a location in Israel where their spouse resides, provided the new residence is at least 40 kilometers away from the previous one and is farther from the workplace, or in other circumstances involving moving to an agricultural settlement, development areas, etc.

6. **Stay in a Shelter for Victims of Domestic Violence**

7. **Change of Employer at the Same Workplace**
   An employee who resigns because of a change of employer at the same workplace may be considered to have resigned under circumstances that make it unreasonable to require them to continue working. If the employee continues to work at the same workplace under the new employer, they are not entitled to severance pay until the employment relationship ends, in which case the new employer will pay severance for the entire period of employment, provided that the employment ends under circumstances entitling the employee to severance pay.
   Contract employees of manpower companies, cleaning and maintenance companies and security and guarding companies whose employer changes will be entitled to severance pay from the previous employer if they worked with that employer or at the same workplace for at least one year. This applies regardless of whether they continued working at the same location under the new employer or resigned.

8. **Forced Unpaid Leave**
   A prolonged and indefinite forced unpaid leave is considered a dismissal and entitles the employee to severance pay.[15]
   Forced unpaid leave constitutes a significant deterioration of employment conditions, and the employee will be entitled to severance pay if they resign for this reason. The employee must notify the employer of their intention to resign, allowing the employer to reconsider and cancel the unpaid leave.[16]

When calculating employee entitlement, the employer's contributions to the severance component of the pension fund will be considered. If the legally required contributions (72 per cent) or the full severance pay contributions have been made to the employee's pension fund, the funds will be released to the employee. In cases where the employee is entitled to severance pay, the employer must pay the difference to ensure full severance is provided.

Termination Due to a Security Situation
Security authorities periodically decide to impose closures on territories, close checkpoints, reduce the number of workers permitted to enter Israel or limit the number of employees a specific employer may hire. There are also cases where security authorities revoke a specific worker's permit to enter, preventing them from reaching their place of work in Israel. These situations often lead to the termination of the employment relationship.
Labor courts have ruled that workers in these situations are not entitled to severance pay. The termination was not a decision but a policy decision by an external entity, and the employer usually wishes to continue employing the workers.[17]

8.4. Final Settlement Upon Termination of Employment

8.4.1. Confirmation of Employment Period

Upon termination of employment, the employer must provide the employee with written confirmation regarding the start and end dates of the employment relationship, regardless of whether the employee was dismissed or resigned.

8.4.2. Prohibition on Conditioning Severance on a Waiver

An employer is prohibited from conditioning payments due to the employee under law, extension orders, or collective agreements (including severance pay, final salary, vacation pay) on the employee signing a waiver of claims.

8.4.3. Redemption of Annual Vacation

An employee who did not use all of their vacation days is entitled to receive compensation equivalent to the vacation pay they would have received had they used the vacation days, upon termination of employment.

Redeeming vacation pay during employment is against the law, as the purpose of accruing vacation days is to allow employees to take time off.

8.4.4. Redemption of Rest and Recuperation Pay

An employee who is entitled to rest and recuperation pay but ends their employment before the employer pays the rest and recuperation allowance is entitled to have that pay included in their final salary.

15 See Galya Philipovitch v CPS Computers and Engineering Ltd. ruling, February 21, 2005. (Online pdf in Hebrew).
16 Work dispute taken to court, 4340-05-21 Shlomo Admoni v Ricochet 3000 Ltd., ruling given April 26, 2022.
17 See 300366/97 Mustafa Nazal et al v Starplast Industries (1976) Ltd.

Chapter 9.

Employer's Record-Keeping - Obligations and Violations

9.1. Pay Slip and Wage Ledger

Section 24 of the Wage Protection Law, 1958, requires employers to maintain a wage ledger that records the wages owed to employees and details the payments made. Employers must also provide employees with a pay slip.

The wage ledger and pay slip must include the following information: employee and employer details, the employee's tenure at the workplace, the periods for which wages are paid, the number of vacation and sick days used by the employee that month as well as the remaining days available, the employee's regular wages, overtime wages, total payments made and all salary deductions.
The employer is required to provide the pay slip by the ninth day after the salary is due.

If the Labor Court determines that the employer knowingly violated this obligation, the Labor Court may order the employer to pay the employee compensation of up to 5,000 ILS per pay slip, regardless of any actual damages (punitive damages).

Failure to provide a pay slip or issuing a pay slip with false information can affect the employer's ability to present their case if sued by the employee in the Labor Court (see Section 9.5).

Palestinian workers employed in Israel through the Payments Department of the Labor Ministry are not entitled to receive pay slips from their employer. Instead, the Payments Department receives employment details from the employer and issues workers a "pay-slip-like" document, detailing the information that should appear on a pay slip. The Payments Department is not obligated to provide this document at a specific time, and in practice, it is often issued months later, making it difficult for workers to track payments from their employer.

In August 2024, the Commissioner for Foreign Workers in the Population and Immigration Authority announced that this flawed procedure would be changed. Beginning 1 January 2025, employers of Palestinian workers will be required to print and deliver pay slips to their employees in the same manner as they do for Israeli employees.

9.2. Work Hours Report

Section 25 of the Hours of Work and Rest Law, 1951, requires employers to maintain a work and rest hours ledger that includes the following details:

- Employee details (name, ID number, address)
- Start date of employment
- Work hours
- Weekly rest hours
- Compensation for work during the weekly rest, holidays, or overtime
- Limitations on overtime work
- End of employment with the employer.

9.3. Vacation Ledger

Employers must maintain a vacation ledger, recording for each employee details such as the employee's basic information, vacation dates, vacation pay, payment date, termination date and any accrued vacation payout. Failure to maintain a vacation ledger subjects the employer to a fine and shifts the burden of proof in legal proceedings, requiring the employer to demonstrate that the employee took vacation and received the appropriate vacation pay (see Section 9.5).

9.4. Notice to Employee Form

The Notice to Employee and Employment Candidate (Work Conditions and Hiring Procedures) Law, 2002, requires employers to provide employees with a written notice within 30 days of starting employment. This notice must detail the employer's information, the employee's starting date, employment period, job duties, and supervisor; it must also detail job conditions including wages, social benefits, work hours and the weekly rest day. If these details are included in the employment contract, the contract may substitute for the notice.

In the event of changes to work conditions, the employer must notify the employee within 30 days of the change.

The Labor Court may order an employer who violates this obligation to pay compensation of up to 15,000 ILS, regardless of any actual damages (punitive damages). Failure to provide a notice shifts the burden of proof to the employer (see Section 9.5).

9.5. Burden of Proof in Case of Record-Keeping Violations

Under Israeli law, the general rule is that "the claimant bears the burden of proof." This means the claimant must prove their claim to show they are entitled to what they are seeking from the defendant.

There are exceptions to this rule, particularly when an employer fails to fulfill their record-keeping obligations. For instance, if an employee claims overtime payment and the employer have not kept proper attendance records, the employee only needs to present a basic factual claim that they worked overtime. The burden then shifts to the employer to prove that the employee did not work the claimed overtime. If the employer cannot convince the court, the court may order the employer to pay for up to 15 overtime hours per week or 60 overtime hours per month.

If the employer fails to provide the employee with a Notice to Employee form, and the employee files a claim related to matters for which the employer was required to give notice, the burden of proof will fall on the employer to demonstrate compliance with their agreements.

The burden of proof will also shift to the employer if they fail to maintain a vacation ledger. The employer must prove how many vacation days the employee used and how much vacation pay was provided.

Regarding pay slips, the law presumes that the information they contain is accurate.[18] If an employer issues false pay slips that do not reflect actual payments made to the employee, the employer bears the burden of proving that the payments were different from those stated, as well as any other disputed information.

18 Petition for leave-to-appeal 26302-12-21 Onuoha Basil v Kaplan et Levy Ltd., ruling given January 13, 2022.

Chapter 10.

Health Insurance

10.1. Health Insurance for Israeli Residents (Including Palestinians residing in East Jerusalem)

Under the National Health Insurance Law of 1994, all Israeli residents must pay health insurance premiums based on their income. These premiums are collected by the National Insurance Institute; for employees, they are deducted directly from their salaries.

Every Israeli resident is covered by health insurance which provides entitlement to a range of services as defined by law. Medical services are provided by one of the four state-mandated health funds ('Kupat Holim'), and each resident can choose the fund they wish to join, which is obligated to accept any applicant.

Employers of Palestinian workers residing in Israel under family unification arrangements must purchase private health insurance for their employees at their own expense, although they are allowed to deduct part of the cost from the employee's salary.

10.2. Health Insurance for Palestinian Workers Who Are Not Israeli Residents

A Palestinian worker who does not reside in Israel but is legally employed there is entitled to health insurance through the Palestinian Authority. Employers of Palestinian workers in Israel are required to deduct 93 NIS from the worker's monthly salary for health insurance in the Palestinian Authority, provided the worker has worked more than 7 days and 4 hours in a given month. Israel transfers this amount to the Palestinian Authority to fund healthcare services for Palestinian workers within the Authority's territories. The health insurance payment is noted on the worker's pay slip, issued by the Payments Department, and it entitles the worker and their family to health services within the Palestinian Authority.

Palestinian workers employed in Israel are entitled to occupational health services, which are provided by the 'Kupat Holim' health funds in Israel. These services include pre-employment medical examinations, assessments of work capacity because of poor health or upon returning to work after a prolonged illness, periodic medical check-ups in line with workplace safety regulations, preventive healthcare services (including vaccinations), provision of first aid equipment and workshops on workplace safety, hygiene and health promotion.

Palestinian workers employed in Israel are insured by the National Insurance Institute for work-related accidents and are entitled to receive medical treatment in Israel in the event of a work-related injury (see Chapter 11, Section 3).

Chapter 11.

National Insurance

The National Insurance Institute is the central body in Israel responsible for providing support related to old age, disabilities, injuries, illnesses, pregnancy and childbirth, children and unemployment.

Palestinian workers who reside in East Jerusalem are insured by the National Insurance Institute and are required to pay insurance contributions, just like any other Israeli resident. Workers from the Palestinian Authority legally employed in Israel are insured only for work-related accidents, maternity, employer bankruptcy or insolvency, and pay reduced insurance premiums.

Employers in Israel must deduct National Insurance contributions from their employees' salaries and transfer them to the National Insurance Institute, along with the employer's portion of the contributions.

11.1. Work-Related Injuries

11.1.1. Work Accident Insurance for Israeli Residents (Including Palestinians from East Jerusalem)

An employee insured for work injuries who sustains a work accident, occupational disease, or microtrauma injury, and is medically certified as unable to work for a short or long period, is entitled to injury benefits as compensation for lost wages or income, and coverage for medical expenses required for treatment because of the injury. In such cases, the employee will not be entitled to sick pay from the employer but will receive injury benefits from the National Insurance Institute.

A work accident also includes an accident that occurs while commuting to or from work, provided it happens in Israel. For example, a Palestinian worker injured while on their way to work before crossing an Israeli border checkpoint is not considered to have sustained a work accident.

Payment of injury benefits and coverage for treatment and medication expenses is contingent upon the National Insurance Institute recognizing the incident as a work accident. A prerequisite for this is the submission by the employer of Form 250– a medical treatment form for injured workers. The employer must complete the form as close to the time of the accident as possible. The form should provide an accurate description of the accident, the injured body parts, the date and time of the accident and the names of any witnesses.

The employee must then complete Form 211, a claim for injury benefits and a notice of a work injury, after which the National Insurance Institute will verify that the details in Form 250 match those in Form 211.

The claim for work injury benefits (Form 211) should be submitted as soon as possible and no later than 12 months from the date of the injury, along with the relevant medical documents and certification from the employer.

The rate of injury benefits is calculated as 75 per cent of the worker's insurance-eligible income for the three months preceding the first month the employee stopped working because of the injury, divided by 90. The amount varies depending on the duration of the work absence.

Injury benefits are provided for up to 13 weeks (a total of 91 days, including weekends and holidays) from the day after the injury. The employer is responsible for paying the worker's wages for the day of the injury itself.

An insured person with partial work incapacity who has their working hours reduced, as certified by a healthcare professional, is entitled to reduced injury benefits proportionate to their reduced work hours.

An employee left with a temporary or permanent disability may qualify for a work disability pension, based on the medical committee's assessment of their disability level.

In addition to injury benefits, the worker is entitled to receive initial medical treatment, including the first hospitalization, from healthcare funds ('Kupat Holim'), Magen David Adom, hospitals or nearby urgent care clinics. Further treatment is only provided by healthcare funds. Ambulance transportation costs for the day of the injury and public transportation costs for injury-related medical treatment are covered by healthcare funds.

11.1.2. Work Accident Insurance for Palestinian Authority Residents Legally Employed in Israel

A Palestinian worker legally employed in Israel who suffers a work-related injury, occupational disease or microtrauma is entitled to treatment for the injury and injury benefits from the National Insurance Institute.

The worker is eligible to receive initial treatment free of charge at Israeli hospital emergency rooms. If the injury is recognized by the National Insurance Institute as a work accident, the worker will also receive further treatment and injury benefits for the period they are unable to work.

If a worker receiving injury benefits is left with a disability as a result of the injury, they may qualify for a disability pension or a work disability grant. If the worker dies due to the work accident, their survivors may be entitled to a monthly pension.

11.1.3. Work Accident Insurance for Palestinian Authority Residents Employed in Settlements

A Palestinian worker employed in the settlements is insured for work accidents under the National Insurance Institute.

If a work accident occurs, the worker will be transported for initial treatment to a hospital in either Israel or the Palestinian Authority. If the National Insurance Institute recognizes the incident as a work accident, the worker is entitled to reimbursement for initial treatment costs in Palestinian Authority territories, and for ambulance transportation costs, upon presenting receipts, and they are also eligible for injury benefits.

11.2. Unemployment

An employee who was fired or who resigned from their workplace (or from one of several workplaces) or was placed on unpaid leave at the employer's initiative may be eligible for unemployment benefits to bridge the gap until they find new employment.

Eligibility for unemployment benefits depends on meeting the following conditions:

1. The worker is between 20 and 67 years old, is an Israeli resident (including a Palestinian resident of East Jerusalem), and has been fired, resigned or furloughed for at least 30 days.
2. The worker accumulated a qualifying period of at least 12 months of work within the 18 months preceding the first day of registration at the Employment Bureau.

Unemployment benefits are paid as a daily allowance, subject to the condition that the job seeker attends the Employment Bureau as scheduled and is available for suitable employment. Refusal to accept suitable employment results in a reduction of 30 days from the maximum number of eligible days and a 90-day deferral from the date of refusal.

"Suitable employment" is defined as a job that matches the job seeker's qualifications, education and health, with a salary at least equal to the unemployment benefit amount, and that does not require relocation.

Note: Palestinian Authority residents employed in Israel or in the settlements are not insured for unemployment.

11.3. Income Support

Israeli residents, including Palestinians from East Jerusalem, who cannot secure sufficient income through work and are not eligible for other payments, may qualify for income support benefits from the National Insurance Institute. Those whose income is below the minimum subsistence level may receive a partial benefit (income supplement).

Eligibility criteria for income support include:

1. Israeli residency.
2. Age 20 or older.
3. Registration at the Employment Bureau and availability for suitable employment, or exemption from registration. "Suitable employment" means any work that matches the health and physical ability of the job seeker.
4. Passing an income test (including asset ownership).
5. If married, spouses must meet all eligibility criteria.

Income support benefits are subject to many conditions and exceptions. Consulting a lawyer or labor organization before filing a claim with the National Insurance Institute is recommended.

Note: Palestinian Authority residents are not insured for income support, because they do not meet the eligibility criteria of Israeli residency.

Palestinian residents of East Jerusalem are insured like other Israeli residents, but when they submit a claim, the question of their residency status in Israel is reviewed. When a resident of East Jerusalem submits a claim to the National Insurance Institute (for income support or other benefits), the question of whether they are indeed a resident of Israel is examined. According to the National Insurance Institute website, to be considered a resident of Israel, a person must meet two tests: an objective test (whether their place of residence, family, work and assets are located in Israel) and a subjective test (where the individual considers their center of life to be). Residents of East Jerusalem will be required to prove permanent residency within the municipal area of Jerusalem or in Israeli territories. As part of the examination of the center of life, the resident will be required to complete questionnaires and attach supporting documents.

Among other things, they will be required to present 'proof of ownership of a house in Israel / rental agreement; a reasonable consumption of electricity/water indicating permanent residence in Israeli territory...; employment in Israel; enrollment of children in Israeli educational frameworks; the residential apartment is registered with the Jerusalem municipality for property tax purposes; ownership of a house in Palestinian Authority territories/outside the municipal area of Jerusalem...'[19]

11.4. Maternity

A female resident of the Palestinian Authority who works in Israel or for an Israeli employer in the settlements, and who has given birth and gone on maternity leave, is entitled to maternity benefits according to eligibility conditions (see Chapter 7, Section 3). The father can replace his partner for part of the maternity and parenting period if he meets the eligibility conditions.

A Palestinian woman residing in Israel by virtue of her marriage to an Israeli resident, who gave birth to her baby in Israel, as well as a Palestinian resident of East Jerusalem, is insured under a broader maternity insurance that includes a birth grant and child allowance.

19 https://www.btl.gov.il/Insurance/Living_abroad/Pages/eastjerusalem.aspx (NII page in Hebrew).

11.5. Bankruptcy

Employees whose employer is issued a liquidation or insolvency order (bankruptcy or company dissolution) can file a claim for unpaid wages or severance pay.

The claim must be submitted to the National Insurance Institute within six months of the public announcement of the proceedings against the employer.

Palestinian workers are insured in cases where their employer cannot meet obligations due to bankruptcy or insolvency and are entitled to submit a claim to the National Insurance Institute.

Chapter 12.

Income Tax

Employers in Israel must deduct the appropriate income tax from each employee's salary and transfer the full amount to the tax authorities. The applicable tax rates are updated periodically, and employers do not have the authority to change them. The income tax deduction is calculated based on the employee's gross salary, personal status and legal status. The deduction is conducted as part of the payroll process, alongside other mandatory deductions.

Israel uses a progressive taxation system: as a person's income increases, the tax rate applied to them also rises. Taxable income is divided into tax brackets, with each bracket taxed at a different rate, and the rates are updated annually.

There is a distinction between income earned from personal labor (the individual's work) and income generated from other sources (for example, rental income).

An employee's gross salary determines their tax bracket and the rate at which tax will be deducted. Some employees may also be eligible for tax credits that exempt them from paying taxes on lower portions of their income, meaning low-wage employees pay very low tax rates and may sometimes be completely exempt from income tax.

12.1. Tax Brackets for 2024: Employment Income

Annual Income	Monthly Income	Tax Rate
Up to 84,120 ₪	Up to 7,010 ₪	10%
84,121-120,720 ₪	7,011-10,060 ₪	14%
120,721-193,800 ₪	10,061-16,150 ₪	20%
193,801-269,280 ₪	16,151-22,440 ₪	31%
269,281-560,280 ₪	22,441-46,690 ₪	35%
560,281-721,560 ₪	46,691-60,130 ₪	47%
721,561 ₪ and above	60,131 ₪ and above	50%

Tax brackets are calculated based on annual income only.

12.2. Tax Credits

Israeli residents are entitled to income tax credits, which reduce the amount of tax they must pay. The basic entitlement is 2.25 credit points for every resident, with each credit point worth 242 ILS per month in 2024. For example, an Israeli resident earning 5,445 ILS per month, who according to the tax brackets owes 544.50 ILS (10%) in income tax, would be completely exempt from paying income tax because of these credits.

Additional tax credits available for women (half a credit point), parents (depending on the age of the child, as well as single parents and parents of children with disabilities), students, those supporting spouses and others.

12.3. Income Tax for Palestinian Workers in Israel

Under the Income Tax Order (Credits for Residents of the Area), 1995, residents of the Palestinian Authority legally employed in Israel are also entitled to tax credits similar to those granted to Israeli residents. Palestinian workers are entitled to 2.25 credit points, female workers to 2.75 credit points and additional credits are available based on the medical condition of the worker's spouse and when the spouse has no income.

Palestinian workers undergoing family unification are entitled to the same tax credits as Israeli workers.

12.4. Income Tax for Palestinian Workers Employed in Settlements

The income tax rates for residents of the Palestinian Authority employed in settlements differ from those applied to workers employed within Israel. These rates and the tax credits available to these workers are determined by the Commander of the Civil Administration from time to time. Palestinians employed in these areas are subject to significantly higher tax payments.[20] The tax brackets and credits outlined below were established in the tax deduction table for salaries and wages in the West Bank as of 1 January 2005.

12.4.1. Tax Brackets for Palestinian Workers in Settlements

Annual Income	Monthly Income	Tax Rate
Up to 44,000 ₪	Up to 3,666 ₪	8%
44,001-73,200 ₪	3,667-6,100 ₪	10%
73,201-114,384 ₪	6,101-9,532 ₪	12%
114,385 ₪ and above	9,533 ₪ and above	16%

12.4.2. Tax Credits for Palestinian Workers in Settlements

Palestinian workers employed in settlements are entitled to a tax exemption on their annual income of up to 13,200 ILS (equivalent to a monthly salary of 1,100 ILS). In addition, they are entitled to an exemption for dependents (a non-working spouse and children under the age of 18), with each dependent increasing the annual exemption by 2,196 ILS (equivalent to 183 ILS per month).[21]

20 In this context, it should be noted that MAAN approached the Israeli tax authorities with a complaint regarding what appeared to be built-in discrimination between Palestinian workers in the settlements and all other workers, including Israelis and Palestinians in Israel. MAAN is currently considering further legal proceedings on the matter.

21 As an example, a married worker whose wife does not work and has 4 children under the age of 18 is entitled to a minimum tax exemption of 13,200 ILS, in addition to an exemption for 5 dependents of 10,900 ILS. (In monthly terms, 1,100 ILS + 915 ILS = 2,015 ILS per month).
This means that the lower tax rate of 8%, which should apply to a monthly salary of up to 3,666.66 ILS, will only be deducted from the amount exceeding the exemption. In the example of the worker mentioned above, if his monthly salary is 3,666 ILS, the 8% tax would be calculated only on the amount of 1,615 ILS (3,666 - 2,015).

Chapter 13.

Exercise of Rights and Enforcement

13.1. Filing a Complaint

If an employee encounters a violation of their labor rights, they can contact the Administration for the Regulation and Enforcement of Labor Laws at the Ministry of Labor. Complaints can be submitted online, by phone, mail, fax, or email.

If a Ministry of Labor representative believes an employer has violated labor laws, they will issue an administrative warning instructing the employer to stop the violation or, alternatively, or notify the employer of the intent to impose a fine. The employer has the right to present arguments and appeal the decision.

The Ministry of Labor oversees all employers in Israel, ensuring the working conditions of every employee. Palestinian Authority residents working in Israel can file complaints with the Commissioner for Foreign Workers' Rights at the Ministry of Labor. The process is the same as for complaints filed with the Ministry's enforcement unit.

13.2. Filing a Lawsuit at the Labor Courts

Any employee who works in Israel or in the settlements and has experienced a violation of labor rights can file a lawsuit against their employer at the Regional Labor Court. This lawsuit can address unpaid wages, job conditions, social benefits, or severance pay.

The lawsuit should be filed at the Labor Court that has jurisdiction over the employee's workplace or where the work was performed. The process begins with submitting a statement of claim, which can be done through a lawyer or by completing a form independently.

Starting the lawsuit requires a fee of 1 per cent of the claimed amount. Some claims, such as those for wage payment, overtime, holiday pay and annual leave, are exempt from fees, though a minimum fee of ILS 158 (as of 2024) is required. Employees who cannot afford the fee can request an exemption.

After a defense statement is submitted, the case usually begins with court-facilitated mediation. If mediation is unsuccessful or the parties do not wish to participate, the case proceeds to an evidentiary hearing, where witnesses give testimony and cross-examinations. The court then renders a judgment, which can be appealed to the National Labor Court.

If a party fails to comply with the court's decision, enforcement proceedings can be initiated through the Bailiff's Office.

Employees tend to avoid filing complaints or lawsuits against their employer during their employment, but this is legally allowed. The law prohibits employers from dismissing employees solely for asserting their rights or filing a complaint.[22] The Labor Court can award compensation of up to tens of thousands of shekels to employees dismissed for this reason.

Under Regulation 116A of the Labor Court Regulations (Procedures), 1991, if a Palestinian worker who is not an Israeli resident files a lawsuit, the employer can request the court to require the plaintiff to deposit a bond to cover potential litigation costs. The court must order the deposit unless one of the following conditions obtains: the plaintiff provides initial evidence supporting their claim; or the plaintiff demonstrates that the employer can recover costs if the claim is dismissed; or the court deems a waiver appropriate for special reasons. If the employee fails to deposit the bond, the lawsuit will be dismissed, and the court will not hear it.

22 Section 28A of the Wage Protection Law, 1958; see, for example, court-arbitrated labor dispute 41777-01-03 Yanai Rayan v Homtex R.E.S.N. Ltd., ruling given November 25, 2015.

Chapter 14.

Unionization

Israel has four general labor unions and numerous professional labor unions.

Section 33h of the Collective Agreements Law, 1957, establishes the right of every employee to act for the organization of workers in a workers committee and a worker's union; to be a member of a workers committee and a worker's union; and to act within them.

The law prohibits employers from retaliating in any way against employees for their union membership or activities. Even if no financial harm is caused, the Labor Court can impose punitive damages on employers who violate this prohibition.

The law also requires employers to negotiate collective agreements with the recognized labor union representing their employees. A union is considered recognized if it represents at least one-third of the employees who will be covered by the agreement. Unions can be recognized at the company level or across an entire industry (see Section 2.2 for more details on plant-level and industry-wide collective agreements).

The law permits unions to collect fees: membership dues from union members and professional organizational fees from non-union members who still benefit from collective agreements.

Palestinian Authority residents employed in Israel are subject to the same collective agreements as other workers, whether at the plant or industry level. Professional organizational fees were automatically deducted from the wages of all Palestinian workers employed in Israel through the Payments Department and transferred to the General Federation of Labor (Histadrut) until 2020. This occurred even when no collective agreements applied to their work, making the deductions illegal. After a petition by MAAN Workers Association, this practice was halted. Now, membership dues and organizational fees are deducted from Palestinian employees' wages in the same way they are for other employees, but not automatically.

Until 2010, under the constitution of the General Federation of Labor (Histadrut, the largest labor organization in Israel), Palestinian workers could not become members, although the Federation nevertheless charged them organizational fees. Since 2010, they can become members. The Histadrut has made no efforts to unionize workplaces that employ Palestinians.

MAAN Workers Association: The only union in Israel organizing Palestinian workers

The MAAN Workers Association initiated the first unionization of Palestinian Authority residents at the Salit Quarry in the settlement industrial zone of Mishor Adumim in 2009. MAAN organized all the quarry workers, who had been employed without proper pay slips or social benefits, and negotiated with management to improve their working conditions. The quarry went bankrupt in 2011, preventing a collective agreement, but the union succeeded in securing the workers' rights during the liquidation process. This marked a significant milestone. In the years that followed, more workers in Mishor Adumim and Atarot joined MAAN.

The first collective agreement for Palestinian workers was achieved in 2017 at Zarfati Garage in Mishor Adumim. This unionization involved a long struggle with the employer, including a key court ruling that forced the employer to reinstate a workers' committee member who had been fired due to union activities. A collective agreement was signed in 2017 at the garage, formalizing the workers' employment conditions and establishing a compensation mechanism for the employer's past wage debts. For years, the employer had underpaid Palestinian workers, providing less than the legally required wages and social benefits. Since then, MAAN has signed similar agreements with other factories employing Palestinian workers in the Atarot and Mishor Adumim industrial zones.

Unionization, therefore, serves not only to improve workers' rights but as a tool for monitoring employers, ensuring compliance and recovering unpaid wages. Instead of having to resign and sue the employer, which often happens, unionized workers keep their jobs while improving their conditions.