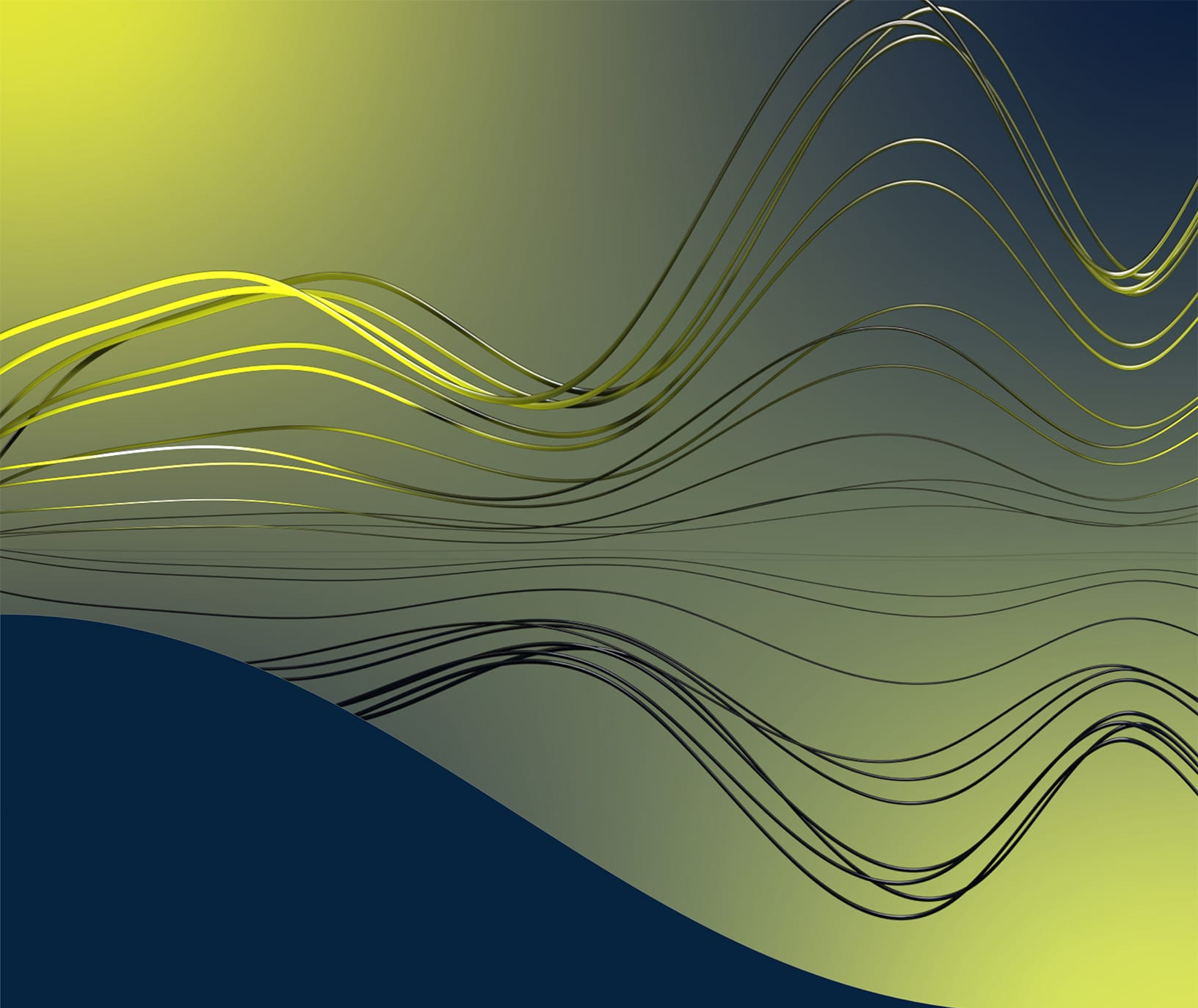




ISRAEL

Global Expansion Guidebook: Employment

Introduction



Welcome to the 2026 edition of DLA Piper's *Global Expansion Guidebook – Employment*.

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics that companies need to know. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, equity compensation, intellectual property and technology, and tax laws in key jurisdictions around the world.

Employment

As business grows more global, the challenge for in-house counsel and HR professionals responsible for workforce issues and employment law compliance is intensifying. This guide is designed to meet that challenge head on and has been produced in response to feedback from clients in both established and emerging international businesses. We hope it will become an invaluable resource for you.

This 2026 edition of our popular guide covers all of the employment and labor law basics in 63 key jurisdictions across the Americas, Asia Pacific, Europe, the Middle East and Africa. From corporate presence and payroll set-up requirements, language rules, minimum employment rights, business transfer rules, through to termination and post-termination restraints, we cover the whole employment life span.

We have used our global experience and local knowledge to bring you this newest edition of our guide. With over 300 lawyers, DLA Piper's global Employment group is one of the largest in the world, with one of the widest geographical footprints of any global law firm. We partner with our clients, wherever they do business, to find solutions and manage risk in relation to their legal challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to take advice in relation to specific matters. If you wish to speak to any of our contributors, their contact details are set out towards the back.

We hope that you find this guide valuable and we welcome your feedback.



This publication is provided to you as a courtesy, and it does not establish a client relationship between DLA Piper and you, or any other person or entity that receives it.

This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that employment law is dynamic, and the legal regime in the countries surveyed could change.

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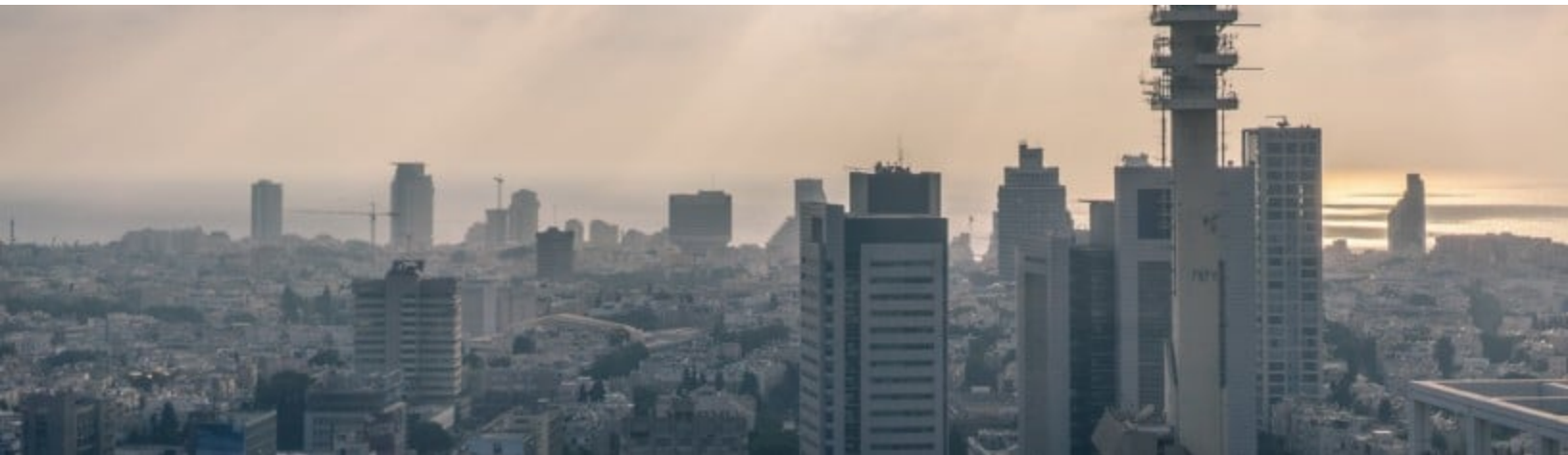
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Israel

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Legal system, currency, language

Strong common law heritage with elements from other legal systems. New Israeli Shekel (ILS). Hebrew and Arabic (English commonly spoken).

Corporate presence requirements & payroll set-up

Generally, registration of the employer, either an Israeli subsidiary or a foreign company (branch), is required, in order to set up a bank account for payroll and to open tax and national insurance files for mandatory withholding requirements.

Pre-hire checks

Required

Immigration compliance.

Permissible

Reference and education checks are common and permissible with applicant consent. Other types of checks are subject to restrictions (including restrictions on financial and credit checks) and must be directly related to the position. Criminal background checks are generally prohibited.

Immigration

All non-Israeli citizens (except for holders of certain types of residency permits) are required to obtain a work visa from the Israeli Ministry of Interior. Companies wishing to employ non-Israeli citizens must obtain work permits and work visas for their foreign workers from the Israeli Ministry of Interior. Special rules apply to employment of Palestinian citizens.

Hiring options

Employee

Indefinite, fixed-term, full-time or part-time. Israeli law requires companies to send candidates periodic notices regarding the status of their applications and to provide notice where the candidate is not chosen for the position.

Independent contractor

Independent contractors can be engaged directly by the company or via a personal services company. Engagement may be subject to misclassification exposure.

Agency worker

Agency workers will typically be either white- or blue-collar workers. Certain agency workers have the right to become employees of the employer after 9 months, and receive rights and benefits equal to those provided to employees at the same work place. Special rules apply to entities that engage agency workers providing security, catering and cleaning services.

Employment contracts & policies

Employment contracts

Common best practices. Within 30 days of commencement of employment, employees must be provided with a notice listing certain employment conditions (as well as written updates with respect to changes in employment terms).

Probationary periods

Permissible, generally relating to shortened prior notice periods only. No statutory limit, but up to 3 months is common practice.

Policies

Common best practices. In most cases, prevention of sexual harassment policy is mandatory. In addition, a computer use policy is required if the employer intends to monitor the employee computer use. In companies in the high-tech sector, employee handbooks are common.

3rd-party approval

No requirement to lodge employment contract or policies with or get approval from any 3rd-party.

Language requirements

In a language understood by the employee. As a common best practice, it is recommended that all documents will be in English, provided that employee positions require a working knowledge and use of English.

Working time, time off work & minimum wage

Employees entitled to minimum employment rights

All.

Working hours

Up to 42 hours a week for full-time employees with a 5-day work week, reducing the length of 1 particular work day (typically 9 hours per day) each week by 1 hour, with such a day to be decided by the employer. The total number of working hours per month is 182 hours for full-time employees.

Overtime

Up to 3 hours per day and a maximum of 16 hours per week. Pay of 125 percent of the base hourly wage for the first 2 hours of overtime per day, 150 percent of the base hourly wage for any additional overtime hours. Special rates for weekend and night work.

Wages

The minimum wage is ILS35.40 per hour, which corresponds to a monthly salary of ILS6,443.85 per month⁰ for a full-time position.

Vacation

Based on seniority. Assuming a 5-day work week, the annual minimum vacation entitlement is 12 business days – 0 to 5 years of employment; 17 business days – 6 to 8 years of employment; 23 business days – 9 or more years of employment. In addition, employees are entitled to 9 days of public holidays per year.

Sick leave & pay

Under law, employees are entitled to 1.5 sick days per month of employment (18 days per year). Sick leave can be accumulated up to a maximum of 90 days. The employer is not required to pay for the 1st day of sick leave but it may be deducted from the annual sick leave entitlement. On the 2nd and 3rd sick days an employee will be paid 50 percent of their salary, and beginning on the 4th day of sick leave, the employee will be paid their full salary until accrued sick days are fully used. During sick leave, benefits are paid in the same ratio as salary. Special rules apply with respect to sick leave due to the illness of a child under the age of 16, a parent or a disabled child. In practice, many companies in Israel pay full salary from the 1st sick day.

Maternity/parental leave & pay

In general, up to 26 weeks' maternity leave (may be extended to up to 1 year, based on seniority with employer), paid for up to 15 weeks by the National Insurance Institute; right to return to work for at least 60 days. Men can take what remains of the mother's leave as paternity leave (after the first 7 weeks of maternity leave which is reserved for the mother) but only if mother returns to work during her maternity leave period. In addition, a man may take 1 day leave on the day his partner/spouse gives birth and up to 5 days leave following the day his spouse/partner gave birth, without the need for

employer's consent. Generally these rules also apply to adoptions, and special rules also apply with respect to multiple births. An employee may elect to commence maternity leave prior to giving birth.

Other leave/time off work

Statutory rights to leave (or leave at the expense of accrued sick leave) apply in different situations, such as bereavement, fertility or medical treatments, or care of dependents, in certain circumstances.

Discrimination & harassment

Characteristics protected from unlawful discrimination and harassment: age, disability, gender, sexual orientation, race, religious belief, nationality, country of origin, place of residency, opinion, political party, participation in military service (including military reserve duty), and matrimonial and parental status.

Whistleblowing

Statutory whistleblower protections apply. The existing statute is very general and prohibits discrimination or retaliation against whistleblowers.

Benefits & pensions

Mandatory pension with minimum contributions (including distributions towards severance pay). Employees are also entitled to transportation expenses. Employees working over a year are entitled to recuperation pay, based on seniority (starting at 5 days) and payable on a monthly or annual basis, according to the employer's preference. Recuperation pay is much like vacation pay in other jurisdictions and is intended to be used for vacation or recuperation purposes and is normally paid between June and September. An additional benefit known as "Education Fund" is common, and provides tax breaks for employer and employee disbursements set aside for at least 6 years.

Data privacy

Employees generally must be notified of the terms of the employer's personal data processing policy, and must consent to it. Registrations in the Databases Register may be required. Special rules apply to data transfer outside Israel. Significant restrictions on monitoring email and Internet use. Monitoring personal email is restricted. In August 2024, the Knesset approved Amendment No. 13 to the Privacy Protection Law, 1981. The amendment, which came into effect in August 2025, imposes new obligations on employers regarding the collection and processing of employees' personal data.

Rules in transactions /business transfers

Acquisitions that entail change of ownership will generally not result in changes in employment relations. Transfer of employees to a new employer as part of an asset transfer requires the employees consent. This can be achieved through assumption of employment arrangements by buyer (including seniority-based rights) or through a

"fire-rehire" approach (there may still be transfer of residual liabilities deriving from the period of employment preceding the transfer).

Employee representation

Trade unions are prevalent in certain sectors (such as industry, transport and the public sector). Many businesses have no union or other worker representation; however, an employer may not object to the incorporation of a workers' union, and is required to negotiate with the union in good faith. Industry-level collective bargaining agreements are common in certain sectors (such as transport and the public sector). There are no works councils, but trade unions may be entitled to certain information and consultation rights. The terms of collective bargaining agreements may be applied generally to employees or to specific industries by order of the Minister of Labor and, in such event, will become mandatory binding terms on the affected employees.

Termination

Grounds

Any reasonable reason provided that a fair process has been followed in accordance with the procedural requirements for termination. Employees may claim unlawful dismissal on the grounds of discrimination, breach of the employers' good faith obligation and/or failure to comply with the procedural requirements for termination.

Employees subject to termination laws

All employees.

Restricted or prohibited terminations

Pregnant women (after 6 months of employment), women on maternity leave or others on protected parental leave and during the first 60 days following their return to work, and employees undergoing fertility treatments may not be dismissed without the prior approval of the Minister of Economy. Employees may not be dismissed during their military reserve duty or for 30 days following their return to work.

3rd-party approval for termination/termination documents

Not required, apart from the notification below in case of a mass dismissal.

Mass layoff rules

No special rules apply, however, if all employees without exception are dismissed, the prior hearing process for termination can be skipped. In the event of dismissal of more than 10 employees, the employer is required to notify the local Employment Services Bureau of the dismissal.

Notice

Absent a contractual arrangement setting a longer notice period than the minimum requirements, the notice period for full-time employees is as follows:

- During the 1st year of employment, 1 day for each month during the first 6 months of employment and an additional 2.5 days for every additional month thereafter
- Following completion of at least 1 entire year of employment on a full-time basis, 30 days

The length of the notice period will be less for employees paid on an hourly basis. Most employment agreements include a 30 day contractual notice period.

Statutory right to pay in lieu of notice or garden leave

Yes. Payment in lieu of notice in an amount equal to the employee's salary is permissible. The employer/employee relationship is terminated immediately, and benefits need no longer be paid, unless a contractual provision or binding practice requires otherwise.

Garden leave is permissible on full salary and benefits.

Severance

Payable to dismissed employees with at least 1 year seniority. Usually, this is the last monthly salary multiplied by the number of years the employee worked. Generally, a substantive portion of the severance pay entitlement will have been accrued as part of the employees' managers' insurance and/or pension fund. If the parties provided so in the employment agreement or as a result of a collective bargaining agreement applicable to the employee, the employee will not be entitled to severance pay other than the amount accumulated in the employee's pension fund.

Post-termination restraints

Non-competes

Although common, generally not enforceable under current Israeli case law.

Customer non-solicits

Permissible. Typically not longer than 12 months.

Employee non-solicits

Permissible. Typically not longer than 12 months.

Waivers

Generally enforceable, if the employee receives additional benefits in consideration for signing the waiver commensurate with the rights waived. Employees may not waive certain statutory rights and benefits.

Remedies

Discrimination

Uncapped compensation, based on the claimant's financial loss. Punitive compensation of up to ILS 120,000 without demonstrating damages. Reinstatement or reengagement is possible but rare.

Unfair dismissal

Uncapped compensation, usually between 1-24 salaries, depending on circumstances. Reinstatement or reengagement is possible but rare.

Failure to inform & consult

In most circumstances employees are not entitled to information and consultation rights, and these rights will generally only apply to organized workers. Accordingly, awarded damages for failure to inform & consult are rare.

Criminal sanctions

Failure to comply with various labor laws (*ie*, minimum wage, work hours, unlawful discrimination, and prohibited termination) is a criminal offense and may result in criminal proceedings (at least in theory).

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About us

DLA Piper is a global law firm with lawyers located in more than 40 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific, positioning us to help companies with their legal needs around the world.

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