

Employment Update: Hong Kong's Shift from the 418 Rule



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Introduction

In recent years, places all over the world including Hong Kong have witnessed a significant change in their employment landscape, particularly in the realm of continuous employment.

Understanding Continuous Employment

Continuous employment refers to the uninterrupted duration of an employee's service with a particular employer. It plays a crucial role in determining certain employment rights, such as notice period, severance pay, and eligibility for statutory benefits, by reference to the Employment Ordinance. Traditionally, in Hong Kong, employment contracts were structured around the concept of "continuous employment" to ensure job security and in terms of employment rights.

418 Rule

The so-called 418 rule is the calculation of continuous employment by reference to an employee working for 4 or more consecutive weeks with at least 18 hours worked in each week. Under this rule, the employer would count any break(s) in employment of 4 weeks or less towards an employee's continuous employment.

The Change and its Impact

The proposed change is to use aggregate working hours of 68 hours over a 4 week period. That is, an employee will be treated as being in continuous employment if a total of 68 hours is worked in 4 weeks (rather than 18 hours per week for 4 weeks).

The change to continuous employment will likely enhance job security by allowing employees to accumulate continuous employment even if they have short breaks between contracts. This change is particularly beneficial for workers in sectors such as construction, retail, or hospitality, or where short term employment contracts are common.

For employers, particularly those with businesses that rely heavily on temporary or seasonal workers, the extended period of continuous employment may increase labour costs. Employers may need to reassess their staffing strategies and adapt to the new regulations to ensure compliance while maintaining operational efficiency.



The change to the 418 rule may encourage employers to explore alternative labour arrangements, such as project-based contracts or engaging workers through third-party service providers.

As with any significant policy change, the true impact of the 418 rule on Hong Kong's labour market will no doubt unfold over time. It is essential for both employers and employees to stay informed about the evolving regulations and adapt their practices accordingly.

Please [reach out to us](#) if you have any questions.