European Employment Insights

“

In 2025, it is planned to introduce an electronic system for submitting residence applications in Poland, while maintaining the requirement for personal visits to collect biometric data.

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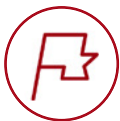

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INDEX

2 Andersen Global
4 Introduction
5 Context
6 Partner Spotlights
8 Albania
11 Belgium
12 Bosnia and Herzegovina
14 Croatia
16 Cyprus
18 Estonia
20 Finland
22 France
24 Germany
26 Hungary
27 Italy
30 Latvia
31 Lithuania
33 Malta
36 Poland
37 Portugal
38 Slovakia
39 Spain
41 Switzerland

European Guide to Support Employers
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European Employment Insights

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September Issue | **October Issue** | **November Issue**

Context

Season's Greetings from Andersen Employment and Labor Service Line!

As we wrap up another dynamic year, Andersen remains your go-to partner for navigating the complexities of local and international labor laws and customs. We are committed to helping you steer clear of employee-related challenges while staying competitive in the global economy.

Our team of specialist lawyers and tax advisors continues to proactively guide both domestic and international companies of all sizes, spanning various industries. With a presence in more than 475 locations worldwide, Andersen offers top-notch advice through our local experts. We are by your side throughout the entire employment relationship—from its establishment to termination—making us your trusted partner in all employment-related matters.

In this December edition of our Andersen Employment Insights newsletter, we provide an overview of the latest developments in employment law, guidelines, case law, and collective agreements from various countries. Stay well-informed and maintain your competitive edge with Andersen.

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Slovenia's implementation of EU Minimum Wage Directive

Maja Skorupan,
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In the final edition of our newsletter this year, Magdalena Patryas of Andersen in Poland interviews Maja Skorupan to explore Slovenia's approach to EU minimum wage policies, focusing on how the country aligns with Directive 2022/2041, its unique wage-setting mechanisms, and the role of collective bargaining in ensuring fair wages.

Question: November 15, 2024, marked the deadline for EU member states to implement Directive 2022/2041, aimed at ensuring workers in the EU receive adequate minimum wages for a decent standard of living, regardless of their place of work. This directive establishes a framework to enhance wage adequacy and increase access to minimum wage protection through both legal mandates and collective bargaining. How has Slovenia addressed the Directive's goals?

Maja Skorupan: In Slovenia, the minimum wage system has been in place since 1995, and it has been adjusted and modified several times since then, often subject to heated debates and negotiations among social partners, namely the government, employers' associations, and trade unions. The latest amendment to the law regulating the minimum wage was adopted in 2018. Since Slovenia had no specific obligations when transposing the Directive into its legal framework, as the existing legislative provisions already exceed the Directive's goals.

Q&A

Q: How is the minimum wage determined in Slovenia?

MS: The law specifies a particular formula for calculating the minimum wage. To put it simply, the amount of the minimum wage is determined based on the growth of the cost of living, wage movements, economic conditions, economic growth, and employment trends, in consultation with social partners. The wage is set within a range between 120% and 140% of the minimum cost of living, linked to tax regulations that allow the determination of the gross amount of the minimum wage. The minimum wage is also adjusted annually, usually in January.

Q: The Directive states that Member States must adopt measures to encourage collective bargaining on wages. What is the system of collective bargaining in Slovenia, and can the minimum wage be determined in sectoral collective agreements?

MS: I can confirm that social dialogue in Slovenia is well-developed, and most sectors are covered by collective agreements. These agreements include provisions on wages, where all wage components are typically defined. In theory, sectoral collective agreements could also set the minimum wage for work in a particular sector, but in practice, this is not the case. Sectoral collective agreements only define the lowest basic wages that employers must adhere to when entering into employment contracts with workers. Often, for lower-rated jobs, these amounts are even lower than the minimum wage and do not reflect the actual conditions in the economy.

Q: If I understand correctly, an employee's basic wage could be lower than the minimum wage. What does the minimum wage cover?

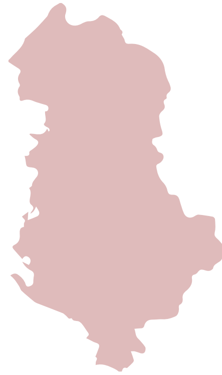
MS: Yes, the employer and employee can agree on a basic wage in the employment contract, which can be lower than the minimum wage. If the basic wage is lower than the minimum wage, the employer must also recognize and pay the difference to the employee to bring the wage up to the minimum level. If the employee is also entitled to any allowances on top of the basic wage, they are calculated based on the basic wage but are added to the minimum wage. In this case, the employer is still obligated to pay the employee the difference up to the minimum wage, and any allowances are included in that total.

Q: What is the proportion of minimum wage recipients, and what is the current amount?

MS: There is no data available on the current proportion of minimum wage recipients, but based on data from last year, I estimate that about 6% of all employees in Slovenia receive the minimum wage. For 2024, the gross monthly minimum wage for full-time work is set at EUR 1,253.90. As I mentioned earlier, the new minimum wage amount will be determined in January 2025, with forecasts suggesting an increase of around 2.1%.

Maja Skorupan is an experienced expert in Labor and Employment Law in Law Firm Senica & Partners Ltd., a member firm of Andersen Global. Maja specializes in HR strategies, employment compliance, workforce restructuring, and dispute resolution. She advises employers on social dialogue and collective bargaining and is a published author and lecturer in the field.

Albania



Private work agencies will face enhanced compliance obligations.

LAW

New licensing and compliance requirements for private employment agencies

Recent amendments to Decision No. 101 of the Council of Ministers, dated February 23, 2018, titled "On the Organization and Functioning of Private Employment Agencies," introduce new compliance obligations for private employment agencies, effective November 15, 2024. These obligations include maintaining a minimum security reserve of 1 million ALL to compensate third parties and submitting biannual reports to the Ministry of Economy, Culture, and Innovation (MEKI). The reports must detail the agencies' structure, activities, and compliance with licensing criteria.

The regulations require agencies to keep detailed records of mediation activities, including registers of jobseekers and identification data of employers who have directly used the agency's intermediation services.

Agencies must also adhere to principles of equal treatment, human rights, labor rights, legality, non-discrimination, ethical conduct, confidentiality, and data protection. MEKI may revoke the agency's license for various violations, including advertising false job offers, charging fees to jobseekers, providing misleading or fake statements, or submitting fake documentation, or other breaches already outlined in the decision.

Licensed agency data will now be published online by MEKI, the State Labor Inspectorate, and the National Employment and Skills Agency. Agencies with subcategory X.2.A licenses must meet the new requirements within 120 days of the provisions taking effect to avoid license revocation. Prompt compliance is essential for private employment agencies to maintain operations.

Read More

LAW

Albania adopts new apprenticeship contract rules

The Albanian Government adopted Council of Ministers Decision No. 691, dated November 6, 2024, "On Determining Special Rules for the Apprenticeship Contract and Setting the Minimum Wage for Vocational Learning in Vocational Education and Dual Vocational Training Programs."

Published in the Official Gazette on November 11, 2024, the decision entered into force immediately, establishing a structured framework to enhance vocational education and training.

A key provision introduces a minimum wage for apprentices, set at 30% of the national minimum wage. In alignment, Decision No. 77, dated January 28, 2015, “On Mandatory Contributions and Benefits from the Social Security System and Health Care Insurance,” was amended. Employers must now pay social security contributions for apprentices, covering work accidents and occupational illnesses, at 0.3% of the minimum monthly wage.

Employers hosting apprentices must meet specific criteria, including three years of registration with the National Business Center and at least two additional registered employees. Students aged 16 and above enrolled in dual vocational education programs enter contracts with employers and are fully protected under labor laws, including child protection regulations. Employers must provide mentorship, a safe working environment, fair pay, and issue certificates upon successful program completion while ensuring compliance with labor protections.

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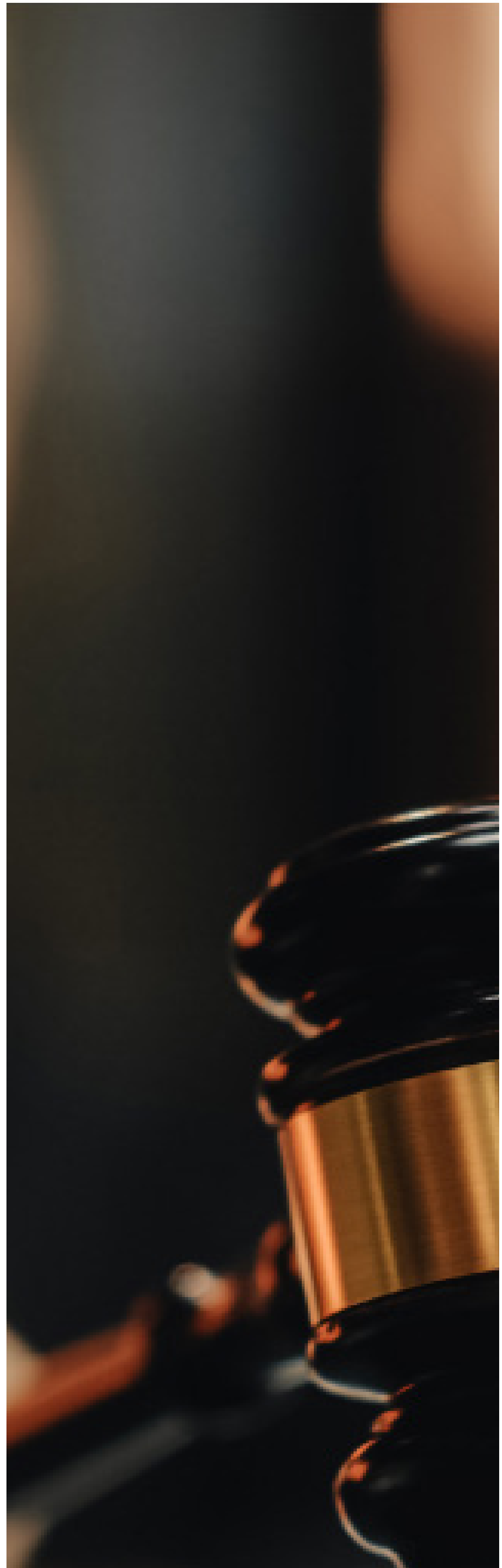


Belgium

From 2024 onwards, significant pension reforms will introduce new incentives for delayed retirement.

LAW
New pension measures effective January 1, 2025

From July 1, 2024, employees who choose to delay retirement can earn a pension bonus, provided they begin receiving their pension no earlier than January 1, 2025. This bonus is exempt from mandatory contributions but is only available if the total monthly pension income from the first and second pillars does not exceed EUR 8,129.08 gross.

Reforms to the guaranteed minimum pension will also take effect on January 1, 2025. To qualify for the minimum pension as a full-time worker, employees must have a career spanning 30 years, with at least 208 days of work per year and a total of 5,000 effective working days. Additionally, periods of part-time employment before 2002 will now be upgraded.

The legal retirement age will rise to 66 on February 1, 2025, and further increase to 67 by 2030. Public-sector pensions for physical incapacity will undergo significant changes starting January 1, 2025. Permanent retirement due to incapacity will no longer be possible, with reforms aimed at reintegrating civil servants into the workforce.

In supplementary pensions, the guaranteed interest rate will increase from 1.75% to 2.5%. Simultaneously, stricter payout procedures will be introduced for supplementary pensions and death benefits, ensuring compliance with deadlines and imposing automatic penalties for delays. Finally, the FSMA has updated its Practice Guide for institutions managing occupational retirement provisions, reinforcing principles of governance and risk management under the IORP2 framework.

LAW
Implementation of the Directive on Adequate Minimum Wages

The Directive 2022/2041 on adequate minimum wages in the European Union came into force on November 15, 2022, requiring transposition into national legislation by November 15, 2024. It aims to ensure workers earn adequate minimum wages, enhancing social fairness across the EU.

The Directive outlines three objectives: promoting collective wage bargaining, ensuring adequate legal minimum wages, and improving workers’ access to minimum wage protections under national laws or collective agreements.

On November 14, 2024, Belgium introduced a bill in the House of Representatives to partially transpose the Directive. It covers collective bargaining and access to protections, while the provision on public-sector wages was already addressed by a Royal Decree on July 10, 2024.

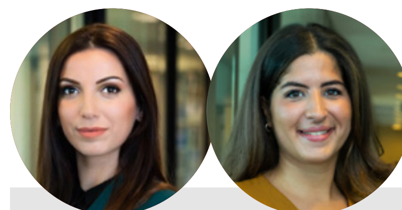
Given Belgium's delayed compliance, swift legislative action is expected to finalize the transposition and align with EU requirements.

LAW
Criminal procedure reform - extended statutes of limitations

The Criminal Procedure Act I, effective April 28, 2024, significantly extends criminal statutes of limitations, impacting the prosecution of crimes and the timeframe for employees to file claims against employers. Key changes include longer time limits for various crimes, such as malpractice, which now has a statute of limitations of 10 years instead of 5. Interruptions to statutes of limitations have been eliminated, and time stops running when a case is brought to court.

For employees, these changes mean more time to bring civil claims related to crimes, such as unpaid wages under the Social Penal Code. Claims for back pay are now time-barred after 10 years, doubling the previous limit.

Employers must adjust retention policies to align with these extended limits, retaining employee-related documents for at least 10 years. This ensures compliance and readiness for potential legal claims or investigations.



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Bosnia and Herzegovina

Negotiations are underway between trade unions and business in the Republika Srpska on next year's minimum salary.

COLLECTIVE AGREEMENTS
Negotiations over minimum salary in the Republika Srpska

Negotiations are underway between trade unions and business in the Republika Srpska on next year's minimum salary. One of the concerns raised by economists and a part of the business community is the worsening of inflation in the event of a further increase in the minimum wage.

In the current negotiations, the confederation of trade unions has put a proposal to increase the minimum wage from BAM 900.00 (app. EUR 450.00) to BAM 1,050.00 (app. EUR 530.00), a proposal rejected by the employers. The trade unions insist on promoting a proposal for a new wage calculation system, which means that the current minimum wage, for example, currently BAM 900.00 for this calendar year, should be multiplied by a certain coefficient according to the professional qualifications required for a particular job.

The business community has already rejected this proposal by the trade unions, so it is certain that the minimum wage in will be the same for everyone next year, and the controversy is only about the amount. It is expected that the negotiations will be concluded in the coming weeks, in any case by the end of the year, and that an agreement will be reached on the minimum wage in Republika Srpska for the next calendar year.

COURT
Breach of the procedure for terminating an employment agreement

The Supreme Court of the Republika Srpska ruled that procedural violations in an employer's decision-making process for terminating an employee do not affect the validity of the termination if the employee committed a serious breach of duty, making continued employment impossible. Consequently, the Labor Code article requiring reinstatement and compensation for lost earnings in cases of unlawful termination does not apply when the employer's violations are purely procedural, provided there are valid legal grounds for termination.

In this case, the plaintiff's claims for reinstatement and back pay were rejected by a final judgment. Instead, the court ruled that the employee is entitled only to damages of up to six months' salary due to the procedural error.

Decision of the Supreme Court of the Republika Srpska of 24 June 2024, ref. no. 89 0 Rs 075407

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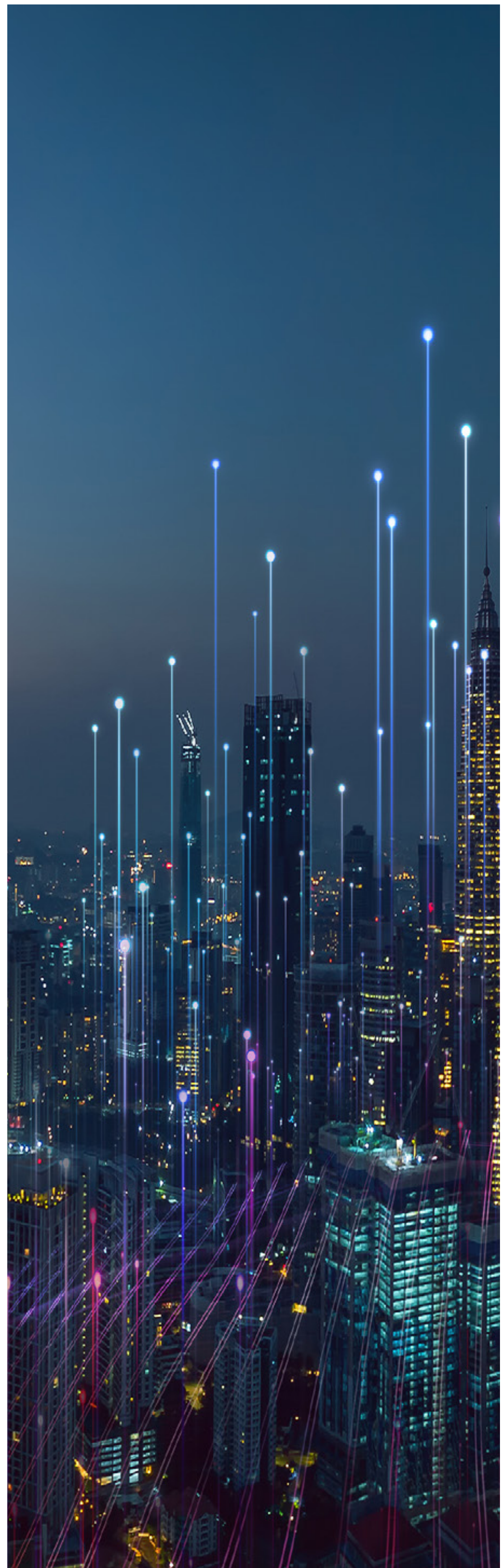
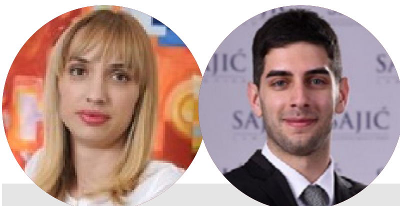
The Supreme Court of the Republika Srpska ruled that procedural errors in terminating an employee do not invalidate the termination if there are valid legal grounds, limiting the employee's compensation to damages of up to six months' salary.





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Croatia

The regulations regarding the evaluation of the performance of civil servants and the employees in public services will come into effect on January 1, 2025, and the first performance evaluation decisions will be made at the beginning of 2026.

LAW
From next year, civil and public servants will start being evaluated

On November 4, 2024, the government adopted two regulations regarding the evaluation of the performance of civil servants and the employees in public services. These regulations will come into effect on January 1, 2025, and the first performance evaluation decisions will be made at the beginning of 2026.

After the government enacted a new law that provides for salary supplements for civil and public servants based on their work performance, the accompanying regulations defining the criteria have now been adopted.

The work performance of public service employees will be evaluated based on general and specific criteria, which will be prescribed by regulations for each area of public service, considering the specifics of each individual public service.

As for civil servants, the performance evaluation process will be carried out in three phases: planning the key tasks that the civil servant needs to complete, monitoring work effectiveness, and evaluating work performance, where the supervisor evaluates the civil servant's overall work during the calendar year.

According to the Law on Salaries in Civil and Public Services, a civil servant, as well as a public service employee rated as 'unsatisfactory', will have their service terminated in accordance with civil servant regulations, or in the case of public service employees, their employment will be terminated with regular dismissal in accordance with the general labor regulations.

COLLECTIVE AGREEMENTS
Negotiations on the collective agreement in public services begin

Negotiations on collective agreements (CAs) for the public service started in November 2024. Negotiations will cover CAs for social welfare activities, primary school employees, secondary school employees, science and higher education, health care and health insurance, as well as the branch collective agreement (BCA) for employees in cultural institutions financed from the state budget.

Negotiations are necessary because the previous CAs for public services have expired and the extended application of provisions on employees' material and non-material rights is in force.

The unions' main demand is an increase in the base for calculating salaries for 2025. The current base, which is one year old, amounts to EUR 947 and an increase of 10 per cent is being demanded.

Additionally, the unions are requesting an increase in the amount of the jubilee award, which has remained the same for 25 years. They are also asking for an increase in severance pay, as it shows the employer's respect for employees who have spent their careers in public service, an increase in night shift allowance from the current 40 per cent to 55 per cent, and ensuring funds for a hot meal allowance of EUR 70.

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Cyprus

> **The amount claimed as compensation determines whether proceedings should be instituted in the Industrial Disputes Tribunal or the District Civil Court.**

LAW

Appropriate venue for employment disputes

The parties to an employment agreement may privately negotiate an out-of-court settlement for any (or all) claims arising from termination of employment. In accordance to its terms, such private settlement will amount to an estoppel for all matters therein agreed prohibiting, that is, claims from being litigiously pursued by any party to the employment agreement. In the absence of an out-of-court settlement, the Industrial Disputes Tribunal has exclusive jurisdiction to determine matters arising from the termination of employment (such as payment of compensation, payment in lieu of notice, compensation arising out of redundancy, other payments arising out of the employment agreement, claims arising under the enactment for the protection of maternity, unequal treatment or sexual harassment in the workplace, as well as disputes between provident funds and their employee members) provided always that the amount claimed as compensation by the employee does not exceeds the equivalent of two years' salary.

Where the amount claimed as compensation by the employee exceeds the equivalent of two years' salary, or the employee pursues claims that are outside the termination of employment, proceedings may be instituted by civil action at the District Court. Claims pursued with the Industrial Dispute Tribunal must be filed by application not later than twelve months from the date of dismissal.

LAW

Consultation requirements for collective dismissals

An employer in the private sector who intends to lay-off a group of employees should hold consultations in good time with the employees' representatives when the minimum number of employees dismissed by redundancy over period of thirty days in the establishment are: (i) at least 10, where 21 – 99 employees are employed; (ii) at least 10% of the workforce, where 100 –299 employees are employed; (iii) at least 30, where 300 or more employees are employed.

With a view to reaching a consensus, the employer must provide the employees' representatives with written particulars concerning: (a) the reasons for the contemplated redundancies; (b) the number and categories of the employees to be made redundant; (c) the number and categories of employees normally employed; (d) the period over which the contemplated redundancies are to be implemented; (e) the selection criteria proposed to identify employees to be shortlisted for redundancy; and (f) the method for calculating any further payments to be made to the employees as a result of the redundancy.

The employer must provide advance notice of at least one month to the Ministry of Labor and Social Insurance before any contemplated collective redundancies are implemented, annexing further thereto the aforesaid written particulars.

Consultations with the employees' representatives are required when certain thresholds apply.

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Estonia

Time spent changing clothes and performing preparatory activities can qualify as working time if these activities are required by the employer and necessary for the job.

COURT

Time spent changing work clothes and engaging in preparation of work may be considered working time

The Estonian Supreme Court (Riigikohus) issued a judgment on October 11, 2024, clarifying that the time spent changing work clothes and engaging in preparatory activities may, under certain conditions, be considered part of working time.

In the case at hand, the employer's workplace rules required employees to be ready for work, including having changed clothes, by the start of their shift. These rules explicitly excluded the time spent washing and changing clothes from working time. The employee argued this time should count as working time and sought overtime compensation, while the employer disputed this claim.

The Supreme Court referred to Article 2(1) of the Working Time Directive (2003/88/EC), which defines working time as any period when the employee works, is at the employer's disposal, and fulfills their duties. The European Court of Justice (ECJ) has clarified that working time and rest time are mutually exclusive, and for an employee to be at the employer's disposal, they must be legally obligated to follow the employer's instructions and act on their behalf (see ECJ 10.09.2015, C-266/14, paragraphs 25 and 36).

The court concluded that if changing clothes is necessary to perform the job and is required by the employer, the time spent doing so constitutes working time, as the employee is at the employer's disposal during this period.

Read More

LAW

Providers of vital services shall arrange background checks for certain positions

On November 1, 2024, amendments to the Emergency Act came into force, expanding the range of providers of vital services and introducing background check requirements for certain job positions.

According to the Emergency Act, vital services include the operation of airports, air navigation services, ports, public railways, general medical services, and the supply of medicines and food, also phone and data communication services; electronic identification and digital signature services; payment services; and cash circulation.

The obligation to conduct background checks applies to job applicants, the service provider's own employees, and subcontractors' employees—essentially everyone entrusted or planned to be entrusted with the critical tasks at a vital service provider.

The purpose of a background check is to review an individual's criminal record. This ensures that individuals involved in essential roles meet the necessary reliability and security standards. Providers of vital services can use the e-Business Register to verify an individual's current criminal records.

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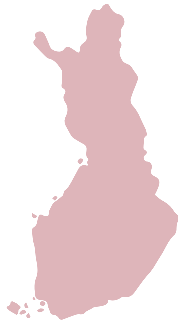

Canceling an employment contract during a probation period due to disability without first exploring reasonable adaptations constitutes discrimination under the Finnish Equality Act.

COURT

Cancellation of employment contract on probation period based on disability without exploring reasonable adaptations

Pursuant to the Finnish Employment Contracts Act (55/2001, as amended), either party may cancel an employment contract during the probation period unless the cancellation is based on, inter alia, discriminatory grounds. The Finnish Equality Act (1325/2024, as amended) states that discrimination includes the denial of reasonable adaptations.

In its recent ruling the Finnish Supreme Court ruled that an employer had cancelled an employment contract during the probation period based on discriminatory grounds as the employer had failed to explore before cancelling the employment contract whether the employee, who had a hearing disability, would be able to perform their tasks by applying reasonable adaptations.

In the case at hand, the employee had omitted to inform the employer that their hearing disability prohibited them from hearing properly in meetings and, consequently, was not able to chair meetings which was an essential part of their work. The employee had already participated in several similar meetings before informing the employer that they were unable to hear properly in such meetings. According to the employer, the cancellation was also based on a loss of trust.

Resolution of the Supreme Court of 22 October 2024, ref.no. KKO:2024:63

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LAW

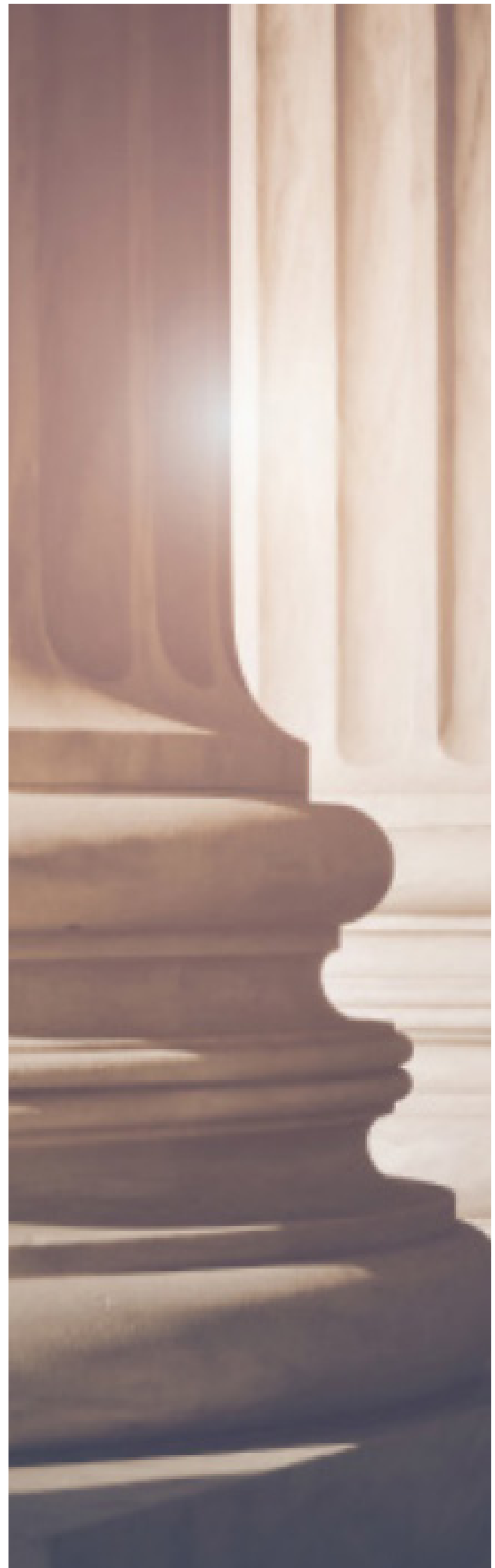
Changes to the Cooperation Act to be expected

As part of the Finnish government's labor market reform aiming to remove barriers to employment, the Finnish Cooperation Act (1333/2021, as amended) is in the process of being amended in order to reduce the administrative burden of smaller companies. The purpose of the Cooperation Act is to promote the relationship between the employer and personnel as well as the personnel's possibilities to influence their work and matters of the workplace.

The suspected changes include, firstly, raising the scope of applicability of the Cooperation Act to companies with 50 or more employees. The Cooperation Act currently applies to companies regularly employing at least 20 employees.

Secondly, the time limits of change negotiations, i.e. negotiations generally required in case of reduction of workforce by the employer on financial and production-related grounds, are presumed to be shortened to half of their current lengths. Depending on the object of the negotiations, the change negotiations shall currently last at least 14 days or at least six weeks.

The relevant government bill including further details on the upcoming amendments is expected to be given to the parliament in the near future and the amendments are expected to enter into force periodically as of summer 2025.



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France

> **Employees are not obliged to be available 24/7 on their telephone to answer a call from their employer.**

COURT
The employee does not have to be reachable outside working hours

In this case, a truck driver contested 3 warnings issued by his employer for not answering calls the day before he was due to start work, at a time when he was off duty. The Court of Appeal had confirmed these warnings on the grounds that, in accordance with the internal practices of such a transport company, it was usual for an employee to remain reachable the day before taking up a shift in the event of an emergency. In the view of the French Supreme Court, this appeal decision must be overturned, since it is not a fault for an employee not to be reachable outside working hours. Clearly, employees are not obliged to be available 24/7 on their telephone to answer a call from their employer.

Decision of French Supreme Court, October 9, 2024, case 23-19.063

GUIDELINES
Employment figures for France

According to INSEE's (French statistics institute) provisional estimate, published on November 7, 2024, private sector salaried employment in France fell by 0.1% in the third quarter of 2024, representing 25,000 job losses. It is almost at the same level as a year earlier in 2023, and exceeds its pre-Covid health crisis level by 5.6% (i.e. + 1.1 million jobs more than at the end of 2019).

COURT
Intentional violence and serious misconduct by an employee

Strikers broke into a meeting room where a Works Council meeting was being held and beat an employee present and a security guard. The perpetrator was identified on television. He was dismissed for gross misconduct and rightly so, according to the Paris Court of Appeal. The employee had personally participated in the pushing and shoving and had personally committed acts of physical violence. His dismissal is fully justified, as a strike never justifies acts of physical violence.

Decision of Paris Court of Appeal, October 23, 2024, case 22/02620

COURT
Unjustified dismissal of a pregnant employee

In a recent decision, the French Supreme Court laid down the principle that a pregnant employee who does not request reinstatement in the company when her dismissal is unjustified is entitled, in addition to severance pay and compensation equal to at least 6 months' salary to make good the loss suffered as a result of the unlawful nature of the dismissal, to the wages she would have received during the period between the date of her dismissal and the judges' finding that the dismissal was null and void. Such compensation is justified by the application of two European directives requiring dissuasive and proportionate compensation for discrimination on the grounds of sex, ncluding dismissal on the grounds of maternity.

Decision of French Supreme Court, November 6, 2024, case 23-14.706

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Germany

> **The court ruled that the group privilege does not apply if an employee is hired or employed to be leased out.**

COURT
Restriction of the group privilege in the Temporary Employment Act

Staff leasing is strictly regulated in Germany. Staff leasing without a permit can result in fines and the establishment of an employment relationship with the other company, leaving the original employment contract void. An exception exists under the so called “group privilege,” which allows staff leasing between group companies if the employee was not hired “and” employed for the purpose of being leased out.

The Federal Labor Court recently clarified the scope of this group privilege. The case concerned an employee who was hired by one group company but worked exclusively for another. The court ruled that the group privilege does not apply if an employee is hired “or” employed to be leased out.

The court emphasized that “and” in the rule should be interpreted solely as an enumeration, so that the group privilege already is not applicable if only one of the alternatives is met. If an employee has been permanently assigned to another group company from the start, this shall indicate a leasing purpose, disapply the group privilege.

Going forward, companies within a group must carefully evaluate whether their staffing practices within the group meet the conditions for this exemption. Non-compliance could lead to significant legal consequences.

Decision of Federal Labor Court, November 12, 2024, case 9 AZR 13/24

LAW
Company Pension Strengthening Act

The German government has presented the draft of the second Company Pension Strengthening Act (so called Betriebsrentenstärkungsgesetz II) to improve company pensions through labor, financial supervisory, and tax law reforms. Whether the law will pass before the upcoming elections remains uncertain.

Key aspects include the expansion of the social partner model, introduced in 2018, which allows company pensions based on collective agreements. Employers can offer employees a pure contribution commitment (so called reine Beitragszusage), avoiding subsidiary liability risks ("pay and forget"). In the future, even non-collectively bound employers and employees could access this model under specific conditions.

Additionally, financial supervisory laws will provide e.g. pension funds (Pensionskassen) greater investment flexibility to achieve higher returns and improve pension benefits. The planned reform also seeks to make company pension payouts more flexible, enabling pensioners who continue working to combine their company pension with a partial statutory pension.

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LAW
Employee Data Protection Act

The German government further introduced a draft Employee Data Protection Act (so called Beschäftigtendatenschutzgesetz). The proposed law seeks to provide legal clarity and security in processing employee data within the workplace. It includes specific regulations such as criteria for balancing interests in data processing, strict conditions for repurposing data, and enhanced rules for surveillance. Covert surveillance shall be permitted only in cases of suspected criminal activity. The draft also prohibits the use of unlawfully obtained employee data in legal proceedings and expands the co-determination rights of works councils, particularly regarding the use of AI and the appointment of data protection officers. Additionally, it sets framework conditions for sharing employee data within group companies.

The rapid digitalization of the workplace highlights the need for clear and legally certain requirements regarding the processing of employee data. The proposal marks an important step and, in view of the upcoming elections and the uncertainty regarding the future of this draft, at least a basis for discussion regarding the development and the contouring of employee data protection in Germany.

Read More

The proposed law seeks to provide legal clarity and security in processing employee data within the workplace.

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Hungary

The minimum wage will rise by 9% to HUF 290,800 in 2025, by 13% to HUF 328,600 in 2026 and by 14% to HUF 374,600 in 2027.

COLLECTIVE AGREEMENTS
New Minimal Wages announced

According to the announcement of the Ministry of National Economy on 25 November 2024, a three-year wage agreement has been reached between the employees' and employers' representative interest groups regarding the minimum wage (currently HUF 266,800). The minimum wage will thus rise by 9% to HUF 290,800 in 2025, by 13% to HUF 328,600 in 2026 and by 14% to HUF 374,600 in 2027.

LAW
Fringe benefits change

The term fringe benefit (or cafeteria benefit) in Hungary covers various types of compensation employers can give their employees above their salaries. These benefits are taxed more favorably than the regular salaries. In the past years the so called „SZÉP card" is the most popular form of fringe benefits in Hungary.

As announced by the Ministry of National Economy on 25 November 2024 50 percent of the benefits received on the SZÉP card will also be available for housing renovation. Also for easier use the SZÉP card will be digitalized and in order to support active lifestyles and to keep employees healthy, a new benefit will be introduced called "Active Hungarians" increasing the monthly SZÉP Card benefits with HUF 10,000. This later benefit can only be used by employees for sports and active lifestyle services. As a result the amount that can be paid annually through SZÉP cards will increase by HUF 10,000 per month, from HUF 450,000 to HUF 570,000 per year.

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Italy

Reimbursements of a seconded employee remuneration and benefits, paid by a host company to a seconding company, are subject to VAT.

LAW
VAT applies to secondments

On 14 November 2024, Law No. 131 introduced a major change in the taxation of secondments. Normally, in the case of secondments, the sending company reimburses the host company for the cost of the remuneration and benefits paid to the seconded employee. In the past, Italian law provided that this reimbursement was exempt from VAT.

However, the European Court of Justice, in its decision no. 94 of 11 March 2020, n.94, considered that the exemption granted by the Italian law was incompatible with EU law, and therefore the Italian Parliament has now amended the law to provide that the reimbursement of remuneration and benefits paid by a host company to a seconding company for a seconded employee is subject to VAT.

The amendment will be enforceable as of 1 January 2025, but actions taken by companies before that date, either in compliance with the amended law or, on the contrary, in compliance with ECJ Decision 94/2020, will not be subject to sanctions (unless a final assessment has already been made).

GUIDELINES
The Data Protection Authority imposed a five million euro sanction against a major riders' platform

On November 22, the Data Protection Authority published a decision, adopted on November 13, against a major international riders' platform following a nearly two-year investigation. The investigation was started after a rider, who had died in a tragic car accident, was terminated by sending to his email account an automated message citing "improper conduct".

The 70-page decision addresses key issues in managing riders and employees. The authority asserted its jurisdiction over the platform's Italian subsidiary, rejecting the argument that another EU member state's authority was competent. It found the platform failed to meet GDPR standards by issuing fragmented and unclear documents, providing insufficient information, and lacking a valid legal basis for processing riders' data.

The platform allowed excessive access to riders' data across multiple jurisdictions, and riders' consent was deemed invalid due to their limited freedom to give or deny it. The use of biometric data violated rules restricting such processing, and the platform's automated systems failed to ensure compliance with laws, particularly regarding discrimination risks.

Additionally, employment law rules on remote employee monitoring applied to riders but were not followed. The decision highlights critical compliance lessons and is essential reading for those managing large organizations of employees or freelancers.

COURT
Harassment actions directly brought against managers are subject to torts law

In November the Supreme Court finally rejected damages claims by an employee, based on the alleged harassment by his boss. The claim had already been rejected by the merit court, opining that the plaintiff had not proven the harassment, the damages and the causal link between the first and the second.

The Supreme Court confirmed that if an employee files an harassment claim against his/her boss, said claim has to be reviewed on the basis of torts law (as opposed to contract law applicable to employer-employee claims) and therefore the employee who brings the claim has to prove the alleged harassment, the damages and the fact that damages were caused by the harassment.

Court of Cassation – Decision No. 29310/2024 of November 13, 2024

In order to access funding, employers will enter into agreements with trade unions or works councils to retrain employees in areas such as technology, artificial intelligence and sustainability.

GUIDELINES
Decree on the New Skills Fund

On November 27, the Ministry of Labor published on its website a decree re-financing the "New Skills Fund" and regulating same. Said fund was established in 2020 and provides governmental funding to cover or partially cover the costs of labor, regarding hours spent by employees in reskilling courses.

In order to gain access to such funds, employers need to conclude agreements with their works councils or the unions, in order to agree on the reskilling projects, the number of employees involved in the courses, the hours that should be allocated to such courses.

Projects should address areas such as tech and digital systems, AI use and development, environmental sustainability, circular economy, environmental transition, energy efficiency, company and organizational welfare. Employers may allow unemployed third parties to attend the courses and will be rewarded in case they eventually hire them.

> **Confindustria (the largest employers' organization in Italy) and Federmanager (the largest executives' union in Italy) signed a new national collective agreement.**

COLLECTIVE AGREEMENTS
Renewal of the national collective agreement for executives of companies that produce goods and services

On November 13, 2024 Confindustria (the largest employers' organization in Italy) and Federmanager (the largest executives' union in Italy) signed an agreement to renew the national collective agreement for executives of companies that produce goods and services (popularly known as "industrial" employers).

The new agreement shall become effective as of January 1st, 2025. The minimum remuneration will be EUR 80,000 in 2025 and EUR 85,000 in 2026. The definition of "dirigenti" has been broadened so as to include very highly qualified and skilled employees that contribute to the definition of company objectives (and not only those managers who determine the strategy of the entire business or a large part of it).

The adoption of a criteria and objectives based incentive system has become mandatory. The parties agreed to pursue active placement goals as well as develop a business-oriented culture through initiatives funded by companies and entrusted to existing funds set up by the parties.

Other measures include the increase of mission allowance, the extension of paid illness leaves in case of oncologic illness, the pursuit of equal opportunities, maternity and paternity support, updated the insurance coverage in case of disability and death, enhanced the policies against harassment and violence, and increased the supplementary pension fund benefits in favor of "dirigenti". The new collective agreement shall expire on December 31, 2027.

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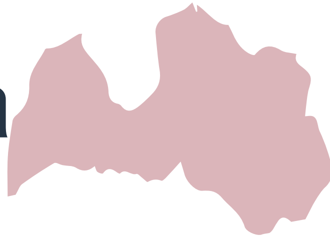
Latvia



Key findings from 2000 to 2024 on calculating, reimbursing, and handling exceptions to court expenses.

GUIDELINES

Case law on legal expenses in civil proceedings

The matter of legal expenses is addressed in every civil case, including labor disputes. Moreover, this aspect of civil proceedings can itself become a separate matter of dispute when appealing a court decision. Given the importance of consistent and predictable court practices in these matters, the Supreme Court has prepared a summary of case law regarding legal expenses.

In this case law summary, the Supreme Court has compiled findings from case law issued between 2000 and 2024 concerning the application of Section 33–45 of Chapter 4 of the Civil Procedure Law of the Republic of Latvia. These provisions cover the procedures for calculating legal expenses, reimbursement of court expenses, exceptions to the general rules on court expenses, and other issues related to legal expenses.

Read More

GUIDELINES

Guidelines on the use of the national language and foreign language requirements in the workplace within the private sector

The State Labor Inspectorate of the Republic of Latvia has developed guidelines to clarify the legal framework governing language use in the workplace. Considering the requirements of regulatory acts, including recent amendments to the Labor Law, aimed at reinforcing the use of the Latvian language in the workplace and preventing linguistic discrimination (such as situations where individuals are unlawfully denied the right to communicate in Latvian at work or are unjustifiably required to know a specific foreign language), guidelines are particularly relevant for the private sector.

These guidelines consolidate the legal requirements regarding language use in the workplace, job advertisements, and job interviews. They also include examples illustrating the justification for foreign language proficiency requirements.

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Lithuania

Individuals working with children must provide a QR code verifying their eligibility based on a criminal records check, with employers required to validate the code annually.

GUIDELINES
Important changes for those who work with children

On 1 November 2024 amendments to the Law on the Framework for the Protection of the Rights of the Child came into force, which stipulate that persons working with children (as part of an internship, traineeship, service provision, volunteering or employment) are obliged to have a valid QR code of legal work with children, created on the basis of data from the register of suspects, accused and convicted persons.

Employers should therefore note that when hiring new employees, employers will be required to request a QR code from new employees to verify that the person has not been convicted of a sexual offence or any other serious or very serious intentional offence. The employer will have to check the validity of the QR code on a regular basis, but at least once per calendar year. The State Labor Inspectorate states that it will monitor and prevent the implementation of the above requirements and that non-compliance with the obligations laid down will be punished by administrative penalties, differentiated according to the seriousness of the situation.

COURT
Conditions for declaring a suspension

On 22 October 2024, the Supreme Court of Lithuania ruled on a dispute concerning the legality of a period of work stoppage announced to an employee and subsequently extended. In this case, the reorganization of the institution was the reason why the employer could not offer the employee a job.

The employer offered to modify the terms of the employment contract to ensure the continuity of the employment relationship, but the employee refused the offer. In view of the employee's refusal to accept the job offered and the fact that the employer had no other job to offer that matched the employee's qualifications, the employer placed the employee on suspension. An employer cannot lawfully terminate an employment agreement without fault if the employee refuses to work under the amended terms of the employment agreement because the employee is raising a child under the age of three, which is a restriction on terminating an employment agreement under the Labor Code. As a result, the Lithuanian Supreme Court found that the employer had declared the employee's suspension in a lawful and reasonable manner.

Read More

GUIDELINES

Protection of employee representatives

The Labor Code of the Republic of Lithuania provides strong protection for persons who represent employees in the workplace. This includes employer-level trade union bodies, works council members and employee trustees. They have an important role in representing employees' interests, and the law ensures that they are protected.

For example, to terminate the employment contract of an employee representative or to worsen the conditions of the employment contract, the employer must obtain the consent of the head of the territorial department of the State Labor Inspectorate.

The head of the territorial department of the State Labor Inspectorate gives consent only if the employer proves that the termination of the employment contract or the change in the terms and conditions of employment is not related to the employee's representational activities and does not discriminate against the employee on the grounds of his representational activities or trade union membership. It should therefore be noted that employee representation is essential in the employment relationship between the parties.

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Malta

The Central Bank of Malta has signed two collective agreements with the Central Bank Workers' Union and the General Employees' Union for the period 2024-2027.

COLLECTIVE AGREEMENTS
Central Bank of Malta signed 2 new Collective Agreements

The Central Bank of Malta has signed two new collective agreements with the Union of Central Bank Workers (Union Haddiema Bank Centrali - UHBC) and General Workers' Union (GWU) covering the period from 2024 to 2027. The UHBC collective agreement regulates employment and qualification standards for staff in the executive and clerical category. The GWU collective agreement applies the same standards within the professionals, finance and services section of the GWU representing the non-clerical Category.

The scope of both these agreements is to achieve higher levels of effectiveness, efficiency and quality necessary for the Central Bank to reach its own requirements as a member of the Eurosystem.

In light of the challenging tight labor market conditions, these agreements aim to continue promoting the Central Bank of Malta as an employer of choice, by providing opportunities for staff development, and retaining its professional standards.

COURT
Poor performance – the key elements leading to a fair dismissal

In the case of Sharon Scerri vs Prime Mall Limited (the "Company"), the applicant, who was employed by the Company, had a broad job description. The Company argued she was "unable to meet the core requirements of [her] job."

The Tribunal identified several key elements to consider when determining whether a dismissal for poor performance is fair. These include whether an adequate handover and specific training relating to the role and workplace were provided, whether coaching and supervision were sufficient, whether there was a clear job description outlining the employee's responsibilities, and whether any other factors limited the employee's ability to perform effectively.

The Tribunal emphasized that performance appraisals are essential for assessing whether an employee is meeting expectations and addressing any concerns the employee may have.

Employers are encouraged to use this mechanism to identify issues and take appropriate action, such as dismissal, if justified.

In this case, the directors of the Company failed to provide the applicant with the necessary tools, including the elements outlined above, and did not conduct performance appraisals. Consequently, the Tribunal concluded that the applicant's dismissal was unfair and awarded her compensation.

This decision highlights the importance of providing support and conducting evaluations before taking action against an employee for poor performance.

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Poland

In 2025, it is planned to introduce an electronic system for submitting residence applications in Poland, while maintaining the requirement for personal visits to collect biometric data.

LAW

Electronic submission of residence applications for foreigners

A draft amendment to the Act on Foreigners has been proposed, introducing changes to the procedures for obtaining residence permits in Poland.

The draft outlines the introduction of an electronic system for submitting applications for temporary residence, permanent residence, and long-term EU resident status. Applications will be submitted through the MOS portal, accompanied by the required documents, and must be signed with a qualified electronic signature or trusted profile. Despite this digital process, applicants will still be required to appear in person to provide fingerprints, a signature, and to present their passport.

The draft is expected to be adopted by the Council of Ministers in the fourth quarter of 2024.

LAW

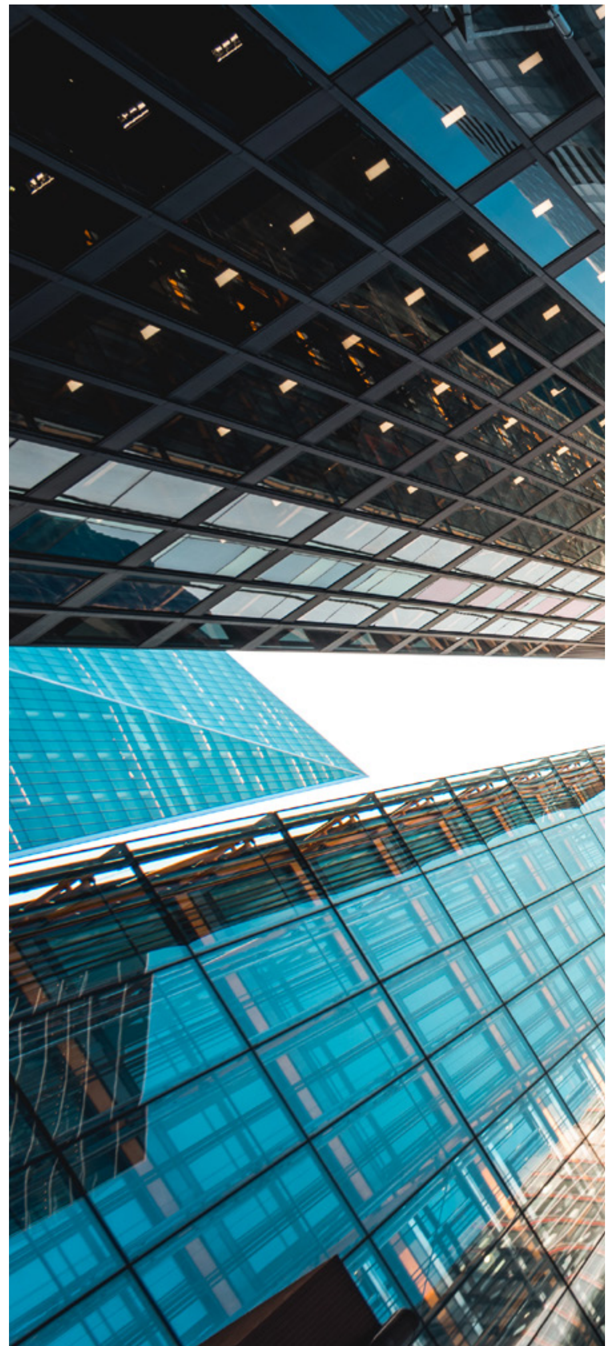
Draft law on registered partnerships-implications for labor rights

A draft law on registered partnerships has been published in the Polish Government Legislation Center, with draft regulations to implement the proposed provisions. The draft law introduces several amendments to the Labor Code, aiming to align employment rights for those in registered partnerships with those of married couples. Key changes include extending property rights from an employment relationship to the surviving partner in equal shares upon an employee’s death. The surviving partner will also be entitled to a death gratuity. Additionally, the right to access employee records after an employee's or former employee's death will be granted to the partner and their children.

The draft also addresses work-life flexibility, granting employees in partnerships with someone experiencing a high-risk pregnancy the right to request specific work arrangements, such as interrupted or flexible working hours or an individual schedule. Furthermore, the draft law recognizes partners as family members for employment-related purposes, allowing employees to take care leave to provide personal care or support to their partner.

Currently, the draft law is undergoing the opinion and consultation stage and awaits referral to Parliament for further legislative action. If adopted, these changes will significantly enhance the labor rights of individuals in registered partnerships.

Poland has introduced a new law granting additional maternity leave for parents of prematurely born or hospitalized infants.



LAW
Extended maternity leave

The Polish Parliament has passed a new law introducing additional maternity leave of up to 8 or 15 weeks, depending on the baby's birth circumstances, gestational age, and birth weight. Parents of babies born before the 28th week of pregnancy or with a birth weight not exceeding 1,000g may receive up to 15 weeks of additional maternity leave.

This allowance is calculated as one extra week of leave for each week the baby spends in the hospital. For parents of babies born between the 28th and 36th week of pregnancy with a birth weight over 1,000g, the extended leave may amount to up to 8 weeks, based on the same principle of one week of leave per week of hospitalization.

Additionally, for babies born after the 37th week of pregnancy requiring hospitalization between the 5th and 8th week after birth, parents may also receive up to 8 weeks of additional leave. In this case, the baby must have been hospitalized for at least 2 consecutive days between the 5th and 28th day after birth. The law is set to come into effect three months after its publication.

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Portugal

The retirement age will increase to 66 years and nine months in 2026, up from 66 years and seven months in 2025.

GUIDELINES
Retirement age in 2026

In late November, the Portuguese government confirmed that the retirement age will increase in 2026 to 66 years and nine months.

The rise in the retirement age follows provisional figures from the National Statistics Institute (NSI) for average life expectancy at 65, which stands at 20.02 years.

The NSI indicator will also have repercussions on the penalty for early retirement, due to the increase in the sustainability factor (which aims to guarantee the sustainability of the Social Security system).

Currently, the retirement age is 66 years and four months, which remained unchanged in relation to the previous year.

LAW
Productivity bonuses and tax exemption

During the voting stage of the 2025 State Budget, a new measure was approved regarding the taxation of productivity bonuses paid by companies to their employees.

According to the approved measure, in 2025, amounts paid to employees, voluntarily and on a non-regular basis, as performance bonuses, productivity bonuses, profit-sharing bonuses and balance-sheet bonuses will be exempt from tax, up to a limit of 6% of the employee's annual basic salary.
This measure will take effect at the beginning of next year.

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Slovakia

LAW
Adoption of the amendment to the Labor Code

With effect from January 1, 2025, the amendment to the Labor Code enters into force, the content of which is a modification of the conditions for granting an employer's contribution to an employee's child's sporting activity. The allowance was originally introduced in 2020 as voluntary, but from 2025 it becomes mandatory. For a detailed description of the changes, see the November edition of Andersen Employment Insights.

Read more

LAW
The minimum wage in 2025

With effect from January 1, 2025, the originally set automatic calculation of the monthly minimum wage will be restored at 60% of the average monthly wage (currently 57%), regarding the transposition of Directive (EU) 2022/2041. This means that the social partners negotiating in 2025 will bear in mind that if they do not reach an agreement, the amount of the minimum wage for 2026 will already be determined on the basis of the increased limit.

LAW
Measures relating to the governance of listed companies

From December 28, 2024, Act No. 300/2024 Coll. on certain measures related to the management of listed companies will come into effect. This act introduces new rules to protect minority representation in listed companies, following the transposition of Directive (EU) 2022/2381.

Prior to the adoption of this law, Slovakia did not have national legislation that established binding normative rules for achieving a balanced representation of women and men in listed companies or, more generally, in companies. Companies under this Act must set goals for achieving a more balanced representation of women and men in their top management bodies (supervisory board, board of directors) and strive to achieve these goals by June 30, 2026. In particular, these companies are obliged to establish requirements concerning the selection of candidates for positions in the company's top management bodies based on transparency and merit, in order to meet the goal, set by the Directive.

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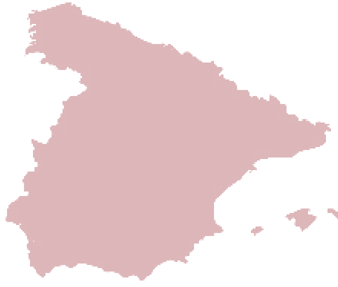
Spain



COURT
Obligation to a prior hearing in disciplinary dismissals

The Supreme Court has rectified its doctrine by ruling that companies must offer employees the possibility of defending themselves against the allegations made before being dismissed for disciplinary reasons.

The prior “hearing” is provided for in Spanish legislation in the event of sanctions for serious or very serious misconduct for employees’ legal representatives or union delegates, or when it is expressly provided for in the applicable collective agreement.

The Court has determined the direct application of Article 7 of ILO Convention 158 which states that "the employment of a worker shall not be terminated for reasons related to the worker's conduct or performance before he is provided an opportunity to defend himself against the allegations made, unless the employer cannot reasonably be expected to provide this opportunity.”

Consequently, from the date of the judgment, all companies must give a prior hearing to any employee affected by a disciplinary dismissal. The judgment does not have retroactive effects.

Pending specific regulation, the prior hearing procedure should follow the same steps as the procedure for trade unions. This includes providing employees with written notification outlining the facts subject to sanction. Before any disciplinary measure is adopted, employees must be given the opportunity to respond and present their case against the allegations.

Judgement of the Supreme Court (Tribunal Supremo) of November 18, 2024.

COURT
Priority of permanence of employees’ legal representatives in objective dismissals

The President of the Works Council was dismissed for objective productive reasons. The dismissal letter did not mention his priority of permanence nor that it was impossible to preserve such right due to the non-existence of positions of similar professional category.
The employee argued that his dismissal was unfair because the legal priority of permanence was not respected.

The company argued that article 68 b) of the Workers' Statute only establishes such priority of permanence in case of objective dismissal for technological or economic reasons.

However, the Supreme Court makes it clear that the priority of permanence applies to all objective grounds of dismissal, that is, economic, technical, organizational or production.

Articles 51.1, 5 and 52 c) of the Workers' Statute regulating objective dismissals and priority of permanence include all objective grounds. The literal wording of article 68 b), which has become outdated, cannot prevail.

This implies that in the letter of dismissal of employee's legal representatives for any objective legal reason, the employer must relocate the representative and if this is not possible, the impossibility of respecting his priority in the company because there are no positions of similar professional category must be included in the letter.

Judgement of the Supreme Court (Tribunal Supremo) of November 13, 2024.

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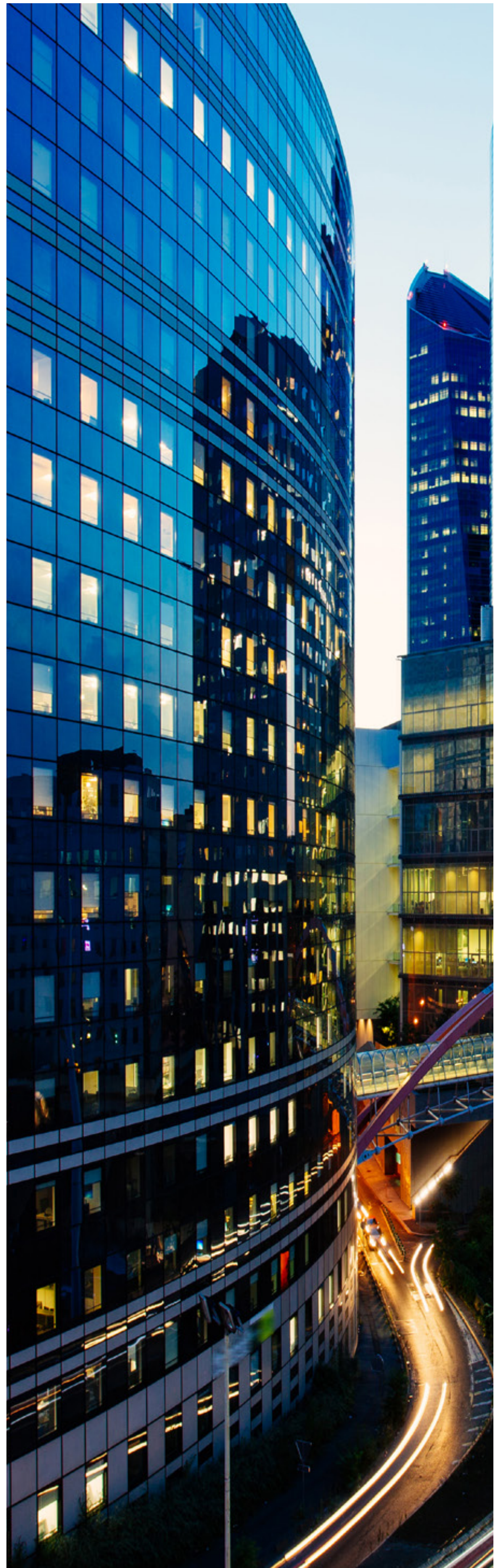


Switzerland

Starting January 1, 2025, Switzerland will adjust OASI/DI/EO contributions and family allowances, including a new wage threshold for employee contributions, increased minimum contributions for self-employed individuals, and higher child and training allowances.

GUIDELINES
Revision of OASI/DI/EO Contributions and Family Allowances Starting 2025

Starting January 1, 2025, Switzerland will implement changes to the mandatory Old Age, Disability Insurance and Loss of Earnings (OASI/DI/EO) contributions and family allowances, affecting employees, self-employed individuals, and families.

For employees, contributions will only be required on wages below CHF 2,500 if the employee requests it, a shift from the previous threshold of CHF 2,300. This change provides greater flexibility for lower-wage workers, allowing them to choose whether to participate in the contribution system.

Self-employed workers will see an increase in their minimum contribution, rising from CHF 514 to CHF 530. The sliding scale for contributions will also be adjusted, with the upper limit increasing from CHF 58,800 to CHF 60,500 and the lower limit from CHF 9,800 to CHF 10,100. These changes aim to better reflect the financial realities of independent professionals.

Family allowances will also be revised, with the child allowance increasing to CHF 215 per month (up from CHF 200) and the training allowance rising to CHF 268 (up from CHF 250). These are the minimum amounts each Canton must provide, though they may set higher allowances.

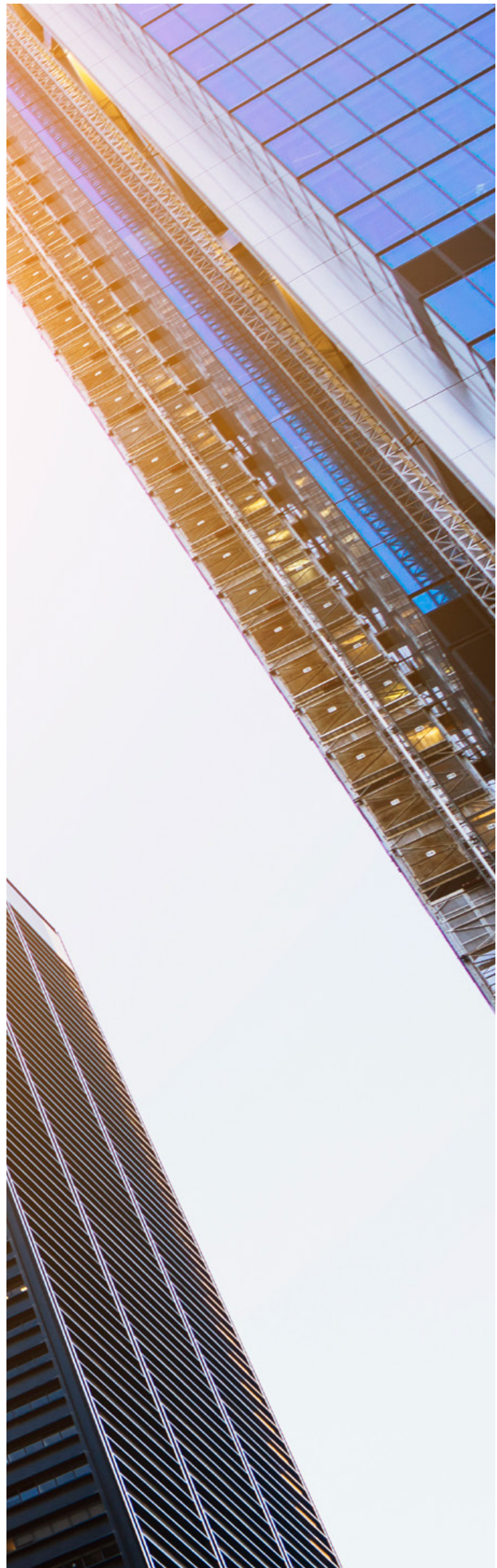
These adjustments demonstrate Switzerland's commitment to supporting its workforce and families while adapting to changing economic conditions.

LAW
Implementation of new tax law for teleworking across borders in 2025

On October 16, 2024, the Swiss Federal Council announced that the Federal Law on the Taxation of Teleworking in the International Context will take effect on January 1, 2025. This law establishes the legal framework to tax cross-border employees who telecommute from abroad. It specifically targets employees working for Swiss employers, even if they perform their duties in their home country, provided Switzerland has the right to tax under international agreements.

This development follows recent international teleworking trends, particularly with neighboring countries such as France and Italy, where telework has gained prominence. The law ensures that Switzerland retains the ability to tax income derived from such cross-border work arrangements. The law applies to Switzerland's five neighboring countries.

Additionally, the Swiss Federal Department of Finance will implement provisions under the withholding tax ordinance that clarify the tax implications when the employment relationship ends before December 31, 2024, for employees in France. The new legislation aims to create greater legal certainty and streamline taxation for cross-border teleworkers, aligning Switzerland with global trends in remote work taxation.



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