

European  
**Employment**  
Insights

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Where two collective agreements apply, the employer must apply to each employee the agreement that corresponds to the work they actually perform.  
(Italy)

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# Context

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# Bosnia and Herzegovina faces new challenges after record minimum wage increases



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**W**e would like to recommend reading an interview with Sanja Đukić, Partner at Andersen in Bosnia and Herzegovina, conducted by Magdalena Patryas from Andersen in Poland, discussing the recent increase in the minimum wage and the resulting trends and challenges in Bosnian labor law. The changes are expected to bring significant innovations that will primarily benefit employees.

**Q:** Recently, both entities of Bosnia and Herzegovina – the Federation of Bosnia and Herzegovina and Republika Srpska – have increased their minimum wages. These changes are still being implemented and pose new challenges to both the legislature and the market. Could you tell us more about them?

**SD:** Both entities of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina and Republika Srpska, introduced an increase in minimum wage. The decisions were made by the governments of the Federation of Bosnia and Herzegovina in January 2025 and Republika Srpska in February 2025, with a retroactive effect from January 2025. The changes in the minimum wage also revealed that many other adjustments are necessary in the labor laws of Bosnia and Herzegovina to address the concerns of both unions and employers' associations. Both sides want to see corrective measures implemented.

**Q:** What are the new minimum wage levels in the Federation of Bosnia and Herzegovina and Republika Srpska?

**SD:** In the Federation of Bosnia and Herzegovina, the universal minimum wage increased from 620.00 BAM (approx. € 320.00) net to 1.000,00 BAM (approx. € 510.00) net. This is the most significant rise in its history. In Republika Srpska, the previous universal minimum wage was 900.00 BAM (approx. € 460.00) net. Since the minimum wage was differentiated by

Q&A

the required level of education, we can now talk about four categories. Jobs requiring no educational background are to be paid 1,344.26 BAM (approx. € 690.00) gross or 900.00 BAM (approx. € 460,00) net. Jobs requiring a three-year high school education are to be paid 1,426.23 BAM (approx. € 730.00) gross or 950,00 BAM (approx. € 485.00) net, and those requiring a four-year high school education are to be paid 1,508.20 BAM (approx. € 770.00) gross or 1,000.00 BAM (approx. € 510.00) net. Jobs requiring a university diploma are to be paid 2,000.00 BAM (€ 1,020.00) gross or 1,300.00 BAM (approx. € 665.00) net.

**Q:** What motivated these changes, and how did the unions and employers' associations react?

**SD:** Both entity governments were concerned about employee emigration, and aimed to improving living standards. The Republika Srpska government acted as an intermediary between the unions and the employers' association, as they were unable to reach an agreement. The differentiation in minimum wage was a proposal from the unions, although the government did not fully meet their demands. The employers' association, on the other hand, argued in favour of the reduction in the minimum wage. The decisions were welcomed by the unions but criticised by the employers. Those arguing in favour of increasing the minimum wage claimed that the increase would discourage the payment of undeclared salaries and limit the grey economy, a major issue in Bosnia and Herzegovina. However, higher minimum wages increased employers' costs for social security and health insurance contributions. The government of the Federation of Bosnia and Herzegovina addressed this issue, and the parliament there reduced the employers' financial burden in this regard from 10.5% to 5% through changes to the Law on Contributions. Republika Srpska, however, did not introduce similar relief measures.

**Q:** Percentage-wise, this represents a major increase in the minimum wage. What effects have been observed on the market so far?

**SD:** Contrary to some concerns, the increase brought positive effects in the Federation of Bosnia and Herzegovina, which saw a slight rise in the number of businesses and the employees compared to the same period of the last year. In Republika Srpska, however, the effects were limited or slightly negative. Large industries saw a decline in employment, including 2.3% in mining and 3.2% in manufacturing. The effects of the differentiation of minimum wage in Republika Srpska were limited at best.

The average salary increased by 2.9% nominally and 2.0% in real terms. Those with a high school degree make up about half of the workforce, while one-third hold a university degree. Those with no formal education comprise 6% of the workforce. The increase was the lowest in industries with the most significant number of employees, such as the manufacturing, where average salaries rose only by 0.4% nominally. The reason behind this is the loopholes that employers use. It's important to note that the differentiation is based on the educational level required for the position, not the academic degree of the employee. Many employers changed their internal job classifications to lower the required level of education and avoid higher pay. The underlying problem, primarily caused by the nationwide increase in the minimum wage, is a spike in inflation at the annual level, which rose from 3.3% in January to 4.6% in July 2025.

**Q:** As you mentioned earlier, these changes have raised new concerns from both unions and employers. What are the key issues now?

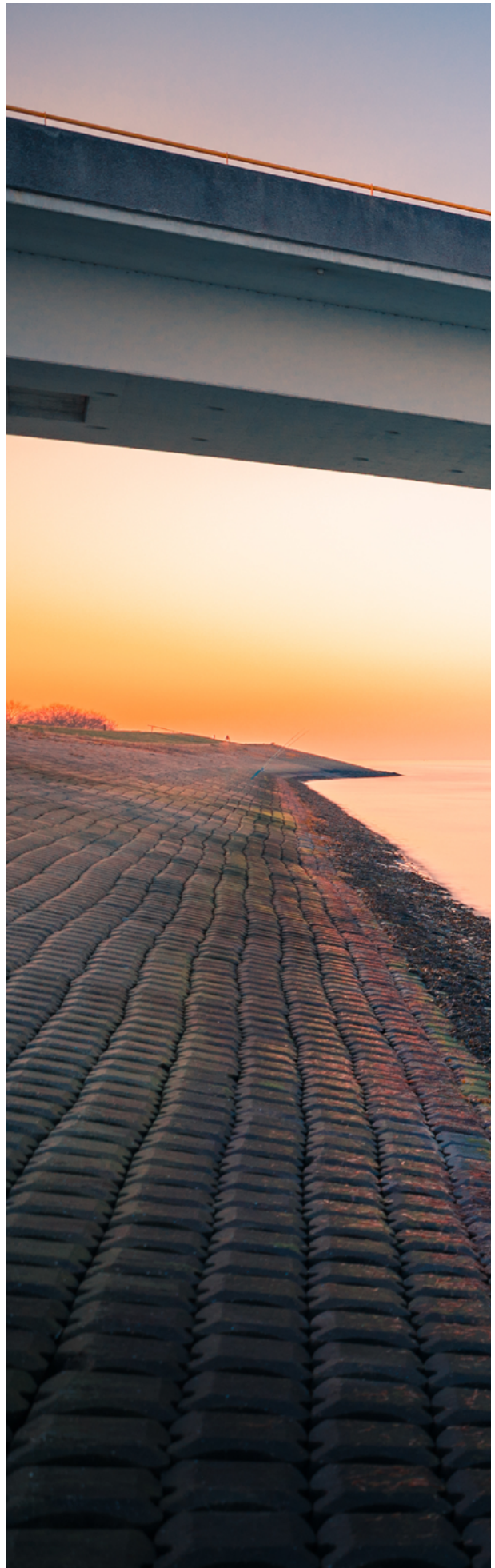
**SD:** The differentiation of the minimum wage had a very limited practical impact, as the employers changed the regulations on job

classification to reduce their obligations. For this reason, unions in Republika Srpska are calling for the introduction of pay grades and standardisation of job requirements based on employee qualifications. Employers, on the other hand, continue to push on lower social security and health insurance contributions. Nevertheless, the government has announced an additional minimum wage increase for 2026, raising wages for positions requiring a high-school education to 1,100.00 BAM (approx. € 560.00) net, and those requiring a university degree to 1,400.00 BAM (approx. € 715.00).

**Q:** : Finally, what are the current trends in labor law in Bosnia and Herzegovina?

**SD:** Apart from the announced additional increase of the minimum wage in Republika Srpska, there is a well-supported initiative in the Federation of Bosnia and Herzegovina for making permanent employment contract the standard rather than the exception, counting daily breaks as part of working hours. And extending the maximum number of annual leave from 30 to 60 days. Basically, the intention is to make the labor legislation in both entities more employee-friendly.

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# Belgium



**A recent ruling brings long-awaited clarity to which country's social security rules apply when employees work in several EU Member States.**



## **COURT**

**25% rule decisive for cross-border employment**

Working across borders within the European Union often raises complex questions about which country's social security legislation applies. A recent judgment from the Court of Justice of the European Union (CJEU) has brought important clarification for employers and employees who divide their work between several Member States.

On 4 September 2025, the CJEU delivered its decision in *Hakamp* (C-203/24), interpreting the concept of a "substantial part" of work under Article 13 of Regulation (EC) No 883/2004. The Court ruled that an employee performs a substantial part of their activities in their country of residence only if at least 25% of their working time and/or remuneration occurs there. Other factors, such as where the employer is established or where a vessel is registered, cannot influence this assessment.

The case concerned a Dutch boatman who worked in several EU countries, spending about 22% of his working time in the Netherlands. Although an A1 certificate confirmed Dutch social security coverage, the Court found that the 25% threshold had not been met and confirmed that this limit must be applied strictly. The assessment should be based on the expected situation over the next twelve months, starting when an employee begins working in multiple countries.

This ruling provides long-awaited clarity and consistency for cross-border employment within the EU. It confirms that the 25% threshold for working time and/or remuneration is decisive when determining which country's social security legislation applies. Employers should therefore carefully review the distribution of work and pay for employees active in more than one Member State to ensure compliance and prevent conflicts between national systems.

**Judgment of the CJEU (Court of Justice of the European Union) of 4 September 2025, Case C-203/24, *Hakamp v Sociale Verzekeringsbank***



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# Bosnia and Herzegovina



**The ruling confirms that before terminating an employee for economic reasons, the employer must prove both the actual economic need and the inability to transfer the employee to another position.**



## **COURT**

### **Obligation to reassign the employee to another position**

In its decision, the Cantonal Court in Tuzla held that when an employer fails to offer an employee other available positions or work assignments, especially where the employee has performed various tasks as required despite limited formal qualifications - the employer bears the burden of proving that it could not reasonably have been expected to employ the worker elsewhere.

The employee, who had completed only primary education, was employed as a carpenter. In February 2022, while temporarily unfit for work due to a non-

work-related injury, a malfunction occurred on the band drilling machine he operated on.

The employer claimed that this incident reduced workload and orders, making operations economically unviable. It further asserted that the purchase of a new machine rendered five workers redundant and that retraining the employee was impossible, as it would require formal secondary education, which was beyond the employer's obligations.

The employer argued that these circumstances justified the termination of employment for economic and technical reasons. It maintained that the existence of such reasons had been demonstrated through witness testimony and other evidence presented during the proceedings.

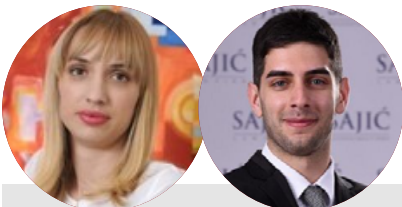
However, the Court found otherwise. While it accepted that the machine malfunction constituted a technical reason, it concluded that the employer had failed to prove the existence of genuine economic grounds for termination. There was insufficient evidence of a real reduction in workload or orders. Moreover, the employer did not demonstrate that reassignment to another available position was impossible. On the contrary, the record indicated that the employer continued to hire new workers during the same period, undermining the claim that no suitable positions were available.

The Court emphasized that the burden of proof regarding the existence of justified grounds for termination lies with the employer. In this case, the employer did not establish that it could not reasonably have been expected to retain the employee in another capacity. The mere fact that the employee lacked formal qualifications could not, by itself, justify termination, given his prior performance of diverse duties as required.

Accordingly, the Court held that the conditions for lawful termination were not met.

Since the employer failed to prove both the existence of genuine economic reasons and the impossibility of reassignment, the dismissal was deemed unjustified. The Court therefore rejects the employer's appeal and upholds the decision declaring the termination of the employment contract unlawful.

**Decision of the Cantonal Court in Tuzla, No. 33 0 Rs 096113 25 Rsž, dated May 15, 2025**



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# Croatia



**A new dismissal procedure has been introduced for health care employers for employees facing criminal proceedings related to offences against sexual freedom or the sexual abuse and exploitation of a child.**



## LAW

### Updates to the dismissal procedure for healthcare workers

The Amendment to the Health Care Act has been adopted (Official Gazette No. 102/2025).

Previously, healthcare workers who had been finally convicted of criminal offences against sexual freedom, or of sexual abuse and exploitation of a child, were prohibited from performing any duties in the healthcare sector involving work with children.

The recent amendment strengthens patient protection by introducing a new restriction. Healthcare professionals who provide health services directly through private practice or within the public healthcare system, and who participate in diagnostic or therapeutic procedures, may not be employed in the healthcare sector if they are subject to

ongoing criminal proceedings or have been finally convicted of offences against sexual freedom or sexual abuse and exploitation of a child.

Furthermore, if such criminal proceedings are initiated during employment, the employer must suspend the worker from performing their duties until the proceedings are concluded or a final court judgment is issued. During the suspension period, the employee is entitled to salary compensation amounting to 60% of their basic salary, or 80% if the employee is the head of the household, including the length-of-service allowance the employee would have received if they had been working.

Only upon a final conviction may the employer terminate the employee's employment contract. This represents a departure from previous case law, which allowed termination prior to a final judgment. The new regulation effectively places healthcare workers suspected of offences against sexual freedom or of sexual abuse and exploitation of a child in a more favorable position compared to employees suspected of other breaches of employment duties.

Given the lengthy duration of court proceedings, such employees may continue to receive salary payments for years without working, even when the employer has credible knowledge that the employee has seriously violated employment obligations and endangered patients.



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# Cyprus



**The prudent approach therefore lies between the continuum of the doctrine of free, voluntary and informed consent of the employee and the statutory anti-abuse provisions**



## **LAW**

### **Notification of essential terms of employment: obligations and timeframes**

Pursuant to Law 25(I)/2023, same transposing Directive EU 2019/1155 into local law, an employer is required to ensure that any new or existing employee is made aware of certain terms concerning the employment relationship as tabled below. Although a prudent employer will invariably seek to obtain the signed consent of the employee, the employer does not require the consent of the employee on such terms.

These terms are coined by statute as essential in their entirety but their notification to the employee is subject to different timeframes, as tabled below. An employer's notification obligations under Law 25(I)/2023 appear properly discharged by merely providing written notice of all such terms to the employee within the timeframes provided therein, as well as by retaining

proof of transmission to, or receipt by, the employee. To safeguard the power afforded to employers in notifying essential terms even after the commencement of employment, Law 25(I)/2023 incorporates anti-avoidance provisions. Any laws, regulations, collective agreements or administrative provisions which are more favorable to the employee will expressly prevail, and take precedence over, any term notified by the employer that purports otherwise.

With emphasis on prospective new employees, employers should aim to furnish a detailed offer letter or a draft employment contract containing the essential terms in advance of the commencement of employment. Such practice will alleviate any alleged claims concerning whether the consent of the employee was free, voluntary or informed at the time the offer letter or employment agreement was countersigned by the employee.

Moreover, a prospective employee should press the employer at the pre-contractual stage for the disclosure of all essential terms relevant to the prospective employment in order to avoid becoming privy and bound to unfavorable terms that may validly surface by notice after employment has started. The prudent approach therefore lies between the continuum of the doctrine of free, voluntary and informed consent of the employee and the statutory anti-abuse provisions.

**On the following page, we present a table summarizing the key information that must be provided to employees, together with the applicable notification deadlines from the start of employment.**

<b>Essential term</b>	<b>Basic information notified within seven days from employment start date</b>	<b>Remaining information notified within one month from employment start date</b>
Identity of the parties	x	
Place of work	x	
Job title and job description	x	
Start date of employment	x	
Termination date (for fixed term contracts only)	x	
Probation term and conditions	x	
Training entitlement		x
Paid annual leave entitlement (including leave allocation procedures)		x
Termination notice periods		x
All remuneration components (including frequency and method of payment)	x	
Working days and working hours (including overtime)	x	
Any collective agreements		x
Details of social insurance provider		x



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# Estonia



## Education and employment reforms reshape rules for minors and adult learners in Estonia



### **LAW** Changes regarding employment of minors

As of September 2025, amendments to Estonia's Employment Contracts Act regulating the employment of minors have entered into force. The key change extends the age of compulsory education from 17 to 18 years, meaning that the special provisions on employing minors will now apply to a wider group of young people.

Under the revised law, stricter limits apply to minors who are still attending school. During school terms, they may work up to 2–3 hours per day and a maximum of 12 hours per week. During school holidays, those aged 15 and older may work up to 8 hours per day and 40 hours per week. Night work, overtime, and employment in hazardous conditions remain strictly prohibited.

The amendments have sparked public debate, as employers argue that the new restrictions make hiring young workers more complicated, while policymakers emphasize the importance of safeguarding education and protecting minors in the labor market.



### **LAW** Changes in the adult education act

Within the ongoing education reform, the amendments of the Adult Education Act have been enforced as of 2025 to specify the regulation of employees' rights to study leave.

Working adults can take leave to attend formal adult education, vocational courses, or recognized micro-credential programs without risking their jobs. The Act distinguishes between formal education, which follows a structured curriculum in general, vocational, or higher education institutions, and non-formal education, which includes voluntary, interest-based learning in various settings. Employees must provide advance notice and proof of enrolment, while study leave may be paid, partially paid, or unpaid depending on type of education. During the study leave granted for participation in formal education and continuing education with the purpose of professional development, an employee shall be paid the average study leave pay based on a calendar day for twenty calendar days. For the completion of formal education, additional study leave of fifteen calendar days shall be granted for which the employee shall be paid study leave pay calculated based on the minimum wage.



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# Germany



**Employers may engage private investigators in accordance with the principle of proportionality provided that there is a well-founded suspicion of working time fraud or other serious breaches of duty.**



## **COURT** Surveillance by private investigators

The Cologne Regional Labor Court upheld the dismissal for good cause of a ticket inspector who had repeatedly documented false working hours and had engaged in private activities during working hours. Following specific information, the employer had hired a private investigation agency, which observed the employee on several days and documented violations. The employer then terminated the employment relationship without notice. The employee filed a claim for unfair dismissal and argued that the surveillance violated the GDPR and should result in exclusion of evidence.

The court held that the extraordinary termination under Section 626 of the German Civil Code (BGB) was valid, as deliberate falsification of working time records

constitutes a serious breach of trust and does not require a prior warning. The court also ruled that the surveillance was permissible and proportionate, as it was conducted exclusively during working hours and in public areas. The exclusion of evidence was rejected. Furthermore, the court ruled that the employee must reimburse the detective costs of over EUR 21,000.

This decision illustrates that employers may engage private investigators in accordance with the principle of proportionality if there is a well-founded suspicion of working time fraud or other serious breaches of duty.

## **Decision of the Cologne Regional Labor Court, 11 February 2025, 7 Sa 635/23**



## **COURT** Federal Labor Court clarifies calculation of vacation pay after long-term absence

The Federal Labor Court (BAG) has ruled on how to calculate vacation pay for employees who have been absent for an extended period, for example due to illness.

According to the German Federal Leave Act (BUrlG), unused vacation must be compensated in cash when it cannot be taken until the end of the employment relationship. Vacation pay is determined based on the employee's average earnings during the last 13 weeks before the beginning of the vacation respectively the end of the employment relationship. In the case at hand, the employee was unable to take her remaining vacation because she was continuously ill and later received a

full invalidity pension until her employment ended. The dispute centered on whether the relevant 13-week period referred to the time before her absence or the 13 weeks before the end of her employment.

The BAG ruled that the employer must calculate as if the employee had worked normally during the reference period, meaning the 13 weeks before the end of the employment are relevant and not the last 13 weeks of actual work performance.

This ruling ensures, in fact, that employees do not lose vacation pay due to long-time leaves such as long-time illnesses.

### **Decision of the Federal Labor Court, 3 June 2025, 9 AZR 137/24**

**The ruling provides clarity for employers regarding age-linked termination clauses, confirming they are lawful and do not disadvantage employees.**



#### **COURT**

#### **No discrimination due to contractual age limit**

Many employment contracts in Germany include an age limit according to which the employment relationship automatically ends upon reaching the statutory retirement age by the employee. Due to this regulation, the employment contract is a fixed-term contract.

However, the Federal Labor Court now ruled that such clauses do not fall under the non-discrimination provision of Section 4 para. 2 of the German Part-Time and Fixed-Term Employment Act (TzBfG).

The case involved a public-sector employee who, unlike her colleagues who are civil servants for life, did not receive a hardship allowance. She claimed discrimination due to the contract's age limit, seeking the same allowance. The BAG rejected her claim.

The BAG reasoned that employees with employment contracts with an age limit linked to the standard retirement age of the German pension insurance do not require special protection. Unlike typical fixed-term employees, they have a clear perspective and the termination of the employment relationship upon reaching retirement age does not constitute a disadvantage under anti-discrimination law.

For employers and employees this ruling provides clarity with view to raised discrimination claims of employees due to such age limits.

### **Decision of the Federal Labor Court, 31 July 2025, 6 AZR 18/25**



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# Greece



## LAW

### New possibility for flexible working time arrangements

With the new working time arrangement framework, introduced by Law 5239/2025, the possibility of agreeing on a reference period of up to twelve (12) months is established, with a minimum limit of one week. Within this agreed period, additional working hours of one or more days - up to two hours daily at maximum - can be offset with corresponding reduction of hours on another day, rest days, or additional paid annual leave days, without changing the total annual working time.

The new framework introduces upon agreement alternative working time distribution systems, such as four-day weekly work with ten hours of daily employment or other forms of arrangement that can be applied throughout the year, while maintaining the average weekly working time at forty hours.

It is also stipulated that the absence of trade union organization is not sufficient, but there must be no employees' council, no union of people, or no relevant agreement must have been achieved, for the arrangement system to be implemented through a arrangement between the employer and the employee.



## LAW

### Increase of the daily overtime work limit

The new Greek Labor Law 5239/2025 introduces a significant change to the daily limits of overtime work. Specifically, the maximum number of permitted overtime hours per day with the same employer increases from three to four. Work performed during the fourth overtime hour will be remunerated with a 40% pay increase, consistent with existing provisions for lawful overtime. This adjustment effectively allows a daily working time of up to thirteen hours, a limit that was previously possible only when an employee worked for two or more employers. However, this is strictly conditional upon compliance with the statutory minimum rest period of eleven consecutive hours, the maximum weekly working hours, and the annual ceiling of one hundred and fifty overtime hours. Importantly, the law expressly safeguards the employee's right to refuse overtime work. Such refusal cannot be considered a valid reason for termination, nor can it lead to any adverse treatment or discrimination. The amendment seeks to enhance flexibility for businesses while maintaining essential protections for employees' health, safety, and work-life balance.



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# Hungary

**Labor law provisions that grant older employees more holidays than younger employees should be treated as positive discrimination under Article XV of the Constitution.**



## **COURT** Determination of paid holidays

On 17 October 2025, the Constitutional Court rejected a constitutional complaint challenging the constitutionality and requesting the annulment of the provisions of the Hungarian Labor Code on the determination of paid holidays (Sections 116–117). The case arose from a labor dispute in which the petitioner claimed entitlement to 28 working days of annual leave, instead of 20 days of basic leave and 2 additional days based on age. The petitioner also sought a preliminary ruling, arguing that Hungarian rules are incompatible with EU law. In his view, Sections 116–117 violate the right to human dignity (Article II of the Constitution), constitute discrimination based on age (Article XV), and infringe Article XVII(3).

The Constitutional Court held that labor law provisions granting older employees more holiday entitlement than younger employees constitute permissible positive discrimination under Article XV of the Constitution. The

legislator may introduce such preferential rules provided that three constitutional conditions are met: the preferential treatment must not undermine the dignity of members of the group who do not benefit from it; it must not infringe any of their other fundamental rights; and it must be based on an objective and reasonable justification, rather than being arbitrary.

The Constitutional Court found that the employees concerned belong to a single, comparable group. It held that there is no substantive link between additional holiday entitlement based on age and human dignity, since the right to paid holiday is not derived from the constitutional protection of human dignity, but from the fundamental right to paid leave. The contested provisions do not infringe the petitioner's right to paid holiday, as they do not restrict its content and therefore do not violate any of the petitioner's fundamental rights.

The Court accepted the explanation provided by the Minister of National Economy that the purpose of granting additional holiday based on age is to take into account the increasing physical and mental strain associated with work and to provide adequate time for rest. On that basis, the Court held that the differentiation was not arbitrary. Accordingly, the constitutional complaint was rejected.

## **Decision of Constitutional Court, published under AB Resolution no 13/2025**



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# Italy



## LAW

### Planning of immigration quotas for the period 2026-2028.

On October 15, 2025, the Official Gazette reported the Prime Minister's Decree of October 2, 2025. Italy operates a system of immigration quotas and said decree planned the flow of both seasonal and non-seasonal, employed and non-employed individuals, for the years 2026 (164,850 immigrants), 2027 (165,850 immigrants) and 2028 (166,850 immigrants). The decree outlines several criteria such as preferred origins (on the basis of existing treaties, or traceability to Italian ancestors) and business fields and also sets forth a broad timeline for applications, as well as the framework rules for the allocation of quotas to Italian regions.



## GUIDELINES

### Resignations by employees with children under three must be validated even during the trial period

The Ministry of Labor has clarified that the requirement to validate resignations submitted by employees with children under the age of three also applies during the probationary period.

For several years, the law has required that resignations by such employees be validated before the local Labor Inspectorate, in order to protect employees against undue pressure or coercion (Article 55(4) of Legislative Decree No. 151/2001).

The Ministry confirmed that this validation obligation extends to resignations tendered during probation, meaning that an employer cannot rely on a resignation submitted without this formality. The Ministry also referred to Court of Cassation decision No. 23061/2007, in which the Court held that a resignation induced by the employer is null and void, even where employment was still subject to a probationary period.

### Ministry of Labor, Note No. 14744 of October 13, 2025

**When a service contract is in fact a hidden supply of workers, the VAT paid cannot be recovered**



## GUIDELINES

### No VAT refund where service contracts are re-characterized as unlawful supply of workers

On 3 October 2025, the Italian Revenue Agency (Agenzia delle Entrate, "AdE") issued Resolution No. 50 concerning the tax implications of re-characterizing service/works agreements ("contratti d'appalto") as unlawful supply of workers. Under Italian law, the supply of workers is prohibited unless carried out by duly authorized employment agencies.

However, in practice, companies without such authorization sometimes enter into

service agreements that, in substance, amount to the mere provision of labor. Although these contracts are invoiced as services subject to VAT, their re-characterization exposes the arrangement to be an unlawful supply of workers.

According to AdE, where a transaction is found to be fraudulent and is re-characterized in this way, the supplier is not entitled to claim a refund of the VAT previously paid to the tax authorities. This position adds to the already significant employment, tax and criminal law consequences associated with non-genuine service agreements that effectively conceal the supply of workers.



## COURT

**Pregnancy disclosed later does not extend the deadline to withdraw dismissal**

The Court of Cassation addressed the issue of the deadline within which an employer can withdraw the dismissal of a pregnant employee. The law generally provides that dismissals may be revoked no later than 15 days since an employee objected to it.

In the case examined, a pregnant employee objected to her dismissal without initially mentioning her pregnancy. The employer did not withdraw the dismissal within the 15-day period but did so only after later learning of the pregnancy. The courts rejected the employee's claim to declare dismissal void and award damages arguing that her employer had timely revoked dismissal when made aware of her pregnancy.

The Supreme Court overturned said decision, establishing a very important principle for the future: the 15-day period for withdrawing a

dismissal always runs since when objections were first raised against dismissal, including in case a pregnancy has not been disclosed. The court argued that this is necessary so as to make the dismissal withdrawal deadline certain for all.

The Court also added that there is no obligation for a pregnant employee to disclose her condition, since imposing such an obligation would violate the principle of equal treatment.

**Decision of Court of Cassation no. 26954/2025 dated October 7, 2025**

**Where two collective agreements apply, the employer must apply to each employee the agreement that corresponds to the work they actually perform.**



## COURT

**Employers applying multiple collective agreements must match each employee's actual duties**

In principle, Italian employers are not obliged to implement collective agreements and, when they do so (as most employers do), they have broad discretion. However, if a company carries out multiple activities and is a member of different employers' associations that signed different collective agreements, it must apply to each worker the agreement consistent with the activity performed by same.

The case arose from an appeal by several employees against the decision of the lower courts, which had turned down their claim to a collective agreement implemented to other employees and deemed more favorable. The lower courts had excluded any obligation by the employer to do so, arguing that the employees could only challenge their employer's decision if it led to an unfair and insufficient remuneration, i.e. contrary to the Constitutional fairness standard.

However, the Supreme Court stated that if an employer has undertaken implementing a collective agreement (through affiliation with the association that negotiated it) it may not breach such obligation, not even by becoming affiliated with an additional employers' organization and undertaking their collective agreement. The conflict arising from membership in two employers' associations that have signed different collective agreements must be solved by applying the collective agreement corresponding to the activity carried out by each individual worker, according to the provisions in the agreements themselves.

**Italian Supreme Court (Court of Cassation) – Decision 27719/2015 of October 17, 2025**

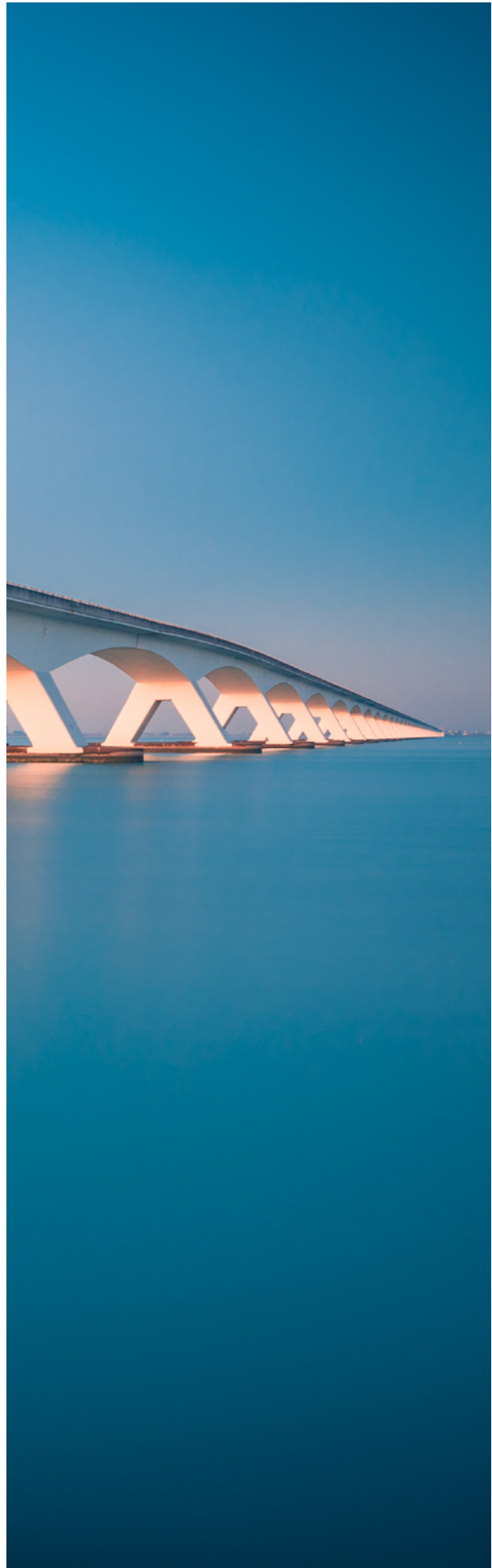


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# Lithuania



## COURT

### Allocation of costs in labour disputes

On September 25, 2025, the Supreme Court of Lithuania issued a decision in a case concerning the allocation of litigation costs in labor disputes. The Court held that if the employee's claims were only partially satisfied, but their validity was generally recognized, the employee should not have to reimburse the employer for the costs incurred in such a way as to lose all the compensation awarded to him by the court.

The Supreme Court held that the apportionment of the costs of the proceedings, where the employee, having received EUR 1074.48 salary compensation, would still have to pay the employer more than EUR 5400 costs, had denied the employee's right to a genuine judicial remedy. The court reduced the compensation to be awarded to the employer from the employee to EUR 800.

### Read More



## COURT

The provision of the labour code, according to which the costs incurred by the parties to the dispute in the labor dispute commission are not awarded, does not contradict the Constitution

The Constitutional Court noted that the current legal regulation allows the labor dispute commission to examine disputes free of charge and without

**Changes must be communicated in advance - seven days before implementation and at least two working days before any adjustment - meaning that unplanned overtime cannot be imposed unilaterally.**



## GUIDELINES

### What employees working on a shift work schedule need to know

The State Labor Inspectorate draws attention to the fact that employees working under cumulative (summarized) working time arrangements must work according to the time stipulated in the approved work schedules. These schedules must be communicated to employees no later than seven days before they come into force, and their changes must be notified at least two working days in advance. This means that the employer cannot unilaterally require an employee to work overtime if such work is not reflected in the approved schedule.

### Read More

awarding litigation costs to either party. This approach facilitates and accelerates the resolution of labor disputes, as the commission does not need to decide on the reimbursement of litigation expenses.

Moreover, the party initiating the dispute does not face the risk of financial loss in the event of an unfavorable outcome. Since employees are usually the economically and socially weaker party, this system encourages them to defend their violated rights more actively. It also helps to avoid situations where the potential financial risk - such as the obligation to compensate the other party's legal costs - deters employees from seeking justice.

Thus, the contested legal regulation makes the examination of labour disputes more accessible.

### Read More



## LAW

### Implementation of EU pay transparency directive 2023/970

In 2020, the European Commission launched an ambitious five-year gender equality strategy, which identifies pay transparency for women and men as one of the key priorities. To implement this objective, the Pay Transparency Directive (Directive) was adopted, which entered into force on 7 June 2023. The Directive aims to empower employees to claim equal pay for equal work or work of equal value, to increase the transparency of pay systems, to improve public understanding of equal pay and to increase the opportunities for people

who have been victims of discrimination to defend their violated rights and receive compensation.

Lithuania, like other EU Member States, must transpose the provisions of the Directive into its national law by 7 June 2026. A draft amendment to the Labor Code has been prepared and is currently under consideration.

### Read More



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# Malta



## COURT

### Industrial Tribunal Rules in favor of employees in Air Malta dismissal cases

The Industrial Tribunal has found that Air Malta plc engaged in the unfair dismissal of several casual part-time clerks from its Ground Operations Division. The affected employees' positions were effectively terminated in November 2022, following the closure of their department, the loss of access to company systems, and the surrender of their Airport Security Passes. Subsequently, operations were transferred to another company that offered less favorable employment conditions and did not provide continuity of employment.

While full-time employees were eligible to apply for termination benefits, including the Voluntary Retirement Scheme (VRS), and received compensation upon leaving, part-time employees were excluded from these schemes. Notably, the official scheme documents did not explicitly exclude part-timers, yet they were neither compensated nor given responses to their formal complaints.

AirMalta argued that the part-time employees' contracts had not been terminated but that their working hours had merely been

reduced to zero, claiming the company's managerial right to reassign duties. However, the Tribunal found that the employees performed regular work comparable to that of full-time staff, that they were neither given formal notice nor compensated, and that they were unjustly excluded from termination schemes available to other employees.

The Tribunal concluded that there was no objective justification for treating part-time employees less favorably than full-timers, especially since the compensation scheme was based on years of service, a criterion applicable to both groups.

As a result, the Tribunal found that Air Malta's actions amounted to unfair dismissal and ordered the company to officially notify Jobsplus of the terminations, pay the employees compensation equivalent to what they would have received under the Voluntary Retirement Scheme, and cover their court costs.

This decision underscores the importance of equal treatment for part-time employees and the necessity for proper procedures in cases of redundancy or business transfer. It serves as a reminder that employment protections and benefits should be applied fairly, regardless of employment status.

## Read More



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# Poland



## COURT

### Fixed-term contracts covered by the prohibition on termination in pre-retirement age

The Supreme Court clarified that pre-retirement protection, and the corresponding prohibition on termination, also applies to employees whose fixed-term employment contracts are set to expire before they reach retirement age.

According to Article 39 of the Labor Code, an employer may not terminate an employee within four years of retirement age if the employee will be entitled to draw a pension at that point. However, case law had been inconsistent as to whether this protection also extended to fixed-term contracts ending before the protected employee reaches retirement age.

In its resolution, the Supreme Court confirmed that pre-retirement protection does not depend on the assumption that the employee will remain employed until retirement age. Limiting protection only to fixed-term contracts that run precisely until the retirement date would undermine the purpose of the provision. The protection must serve as a real guarantee of continued employment for employees nearing retirement.

The Court also emphasized that this interpretation does not restrict the principle

of freedom of contract on the part of the employer. When hiring an employee, employers are aware of their age and the restrictions resulting from Article 39 of the Labor Code. They are also not obliged to conclude an employment contract with a person of advanced age.

### Resolution of the 7-judge panel of the Supreme Court of September 30, 2025, III PZP 6/24



## LAW

### Significant increase in fees associated with the legalization of foreign workers

On September 15, 2024, a draft regulation by the Minister of Family, Labor, and Social Policy was published, detailing the fees associated with applying for a work permit and declaring the entrustment of work to a foreign national.

During consultations, the Ministry of Internal Affairs and Administration submitted comments on the draft, pointing to the need to adjust the fees to the actual costs incurred by the administration in connection with the handling of legalization procedures. Consequently, a fourfold increase in fees compared to the current rates was proposed. The changes are intended to address the financial obligations associated with the submission of applications for work permits for foreign nationals, requests for the issuance or extension of seasonal work permits, and the filing of declarations pertaining to the entrustment of work to foreign individuals, with the objective of maintaining a comprehensive and

accurate record of these transactions. The Minister of Family, Labor, and Social Policy has included the above proposals to increase fees in the draft regulation. The implementation of the proposed rates will result in a substantial increase in the cost of employing foreigners by employers. For instance, an employer who assigns work to a foreign national for a period exceeding three months on the basis of a work permit will be subject to a fee of PLN 400 (currently PLN 100).



## LAW

### Changes in the functionality of the e-contract system

The Ministry of Family, Labor, and Social Policy is working on a draft amendment to the Act on e-contracts, which is intended to expand the capabilities of the system and the group of entities authorized as users.

The main objective of the Act was to create a system supporting the process of concluding and administering contracts entered in everyday life, such as employment contracts, contracts of mandate, and service contracts.

Following the amendment to the Act, if a contract is concluded outside the system, the parties to that contract will be able to agree to transfer it to the system and continue to service it through the system or perform specific activities related to the system, which will allow, among other things, for the signing of documentation with a personal or trusted signature, enabling greater digitization of activities with employees.

In addition, it will also be possible to conclude agreements accompanying employment, i.e., non-competition agreements, training agreements, and joint financial liability agreements, through the system. Furthermore, it is assumed that the functionality of the system will be increased by enabling the confirmation of an employee's presence in the system or the notification of the commencement of remote work.



## COURT

### An accident at work does not guarantee benefits

The Supreme Court clarified that pre-retirement protection, and the corresponding prohibition on termination, also applies to employees whose fixed-term employment contracts are set to expire before they reach retirement age.

According to Article 39 of the Labor Code, an employer may not terminate an employee within four years of retirement age if the employee will be entitled to draw a pension at that point. However, case law had been inconsistent as to whether this protection also extended to fixed-term contracts ending before the protected employee reaches retirement age.

In its resolution, the Supreme Court confirmed that pre-retirement protection does not depend on the assumption that the employee will remain employed until retirement age. Limiting protection only to fixed-term contracts that run precisely until

the retirement date would undermine the purpose of the provision. The protection must serve as a real guarantee of continued employment for employees nearing retirement.

The Court also emphasized that this interpretation does not restrict the principle

### **The Supreme Court's ruling of May 28, 2025, ref. no. I USK 402/23**



#### **COURT**

#### **A disciplinary court cannot disregard a labor court ruling**

The disciplinary court is bound by the findings of the criminal court, and if the accused has been convicted, the act she is accused of is considered proven and she may be punished. However, the Supreme Court has noted that a labor court ruling that favors another defendant cannot be disregarded, even though its findings are not binding on the disciplinary court. The labor court ruling must be thoroughly analyzed and referenced.

The decision was made in connection with disciplinary proceedings against two nurses – one of them was convicted of violating a patient's physical integrity. At the same time, the labor court ruled that the termination of employment of the other nurse, who witnessed the incident, was not justified by the employee's actions.

The Supreme Court determined that the defendant's legal counsel was correct in asserting that the disciplinary tribunal had overlooked the labor court's decision that the nurse who observed the incident should resume her duties. The Supreme Court was

clear that the disciplinary court was not bound by the labor court's ruling but should have carefully considered the arguments presented by the labor court, particularly the potential significant impact these issues could have on the severity of the punishment.

### **Judgment of the Professional Liability Chamber of the Supreme Court of October 8, 2025, ref. no. II ZK 9/25**



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# Portugal



**Continuous training is a right for all employees but for part-time staff, the number of hours must reflect the time actually worked.**



## COURT

### The right to professional training in part-time contracts

According to Portuguese labor law, employers must contribute to increasing employee productivity and employability, namely by providing them with adequate professional training to develop their qualification.

The aim of professional training of employees is to ensure their continuous training, to promote the development and adequacy of their qualifications, thereby improving their employability and increasing the productivity and competitiveness of the company. Employees are entitled to a minimum of forty hours of continuous training each year.

Although national legislation demonstrates a particular concern for employees' right to training, the reality is that the legal regime has several loopholes, raising several issues that are not expressly provided for in the law. As an example, there are uncertainties

as to whether, in some cases, the rule of proportionality should be applied in relation to the right to continuing training.

In fact, the law only expressly states that the annual hours of continuing training must be proportional when the employee is hired on a fixed-term basis for a period of three months or more, remaining to be determined what should happen in other cases, namely when the employment contract ends mid-year or when we are faced with a part-time employee.

Last June, the Court of Appeal of Évora addressed this issue and held that part-time employees are also entitled to annual continuous training hours, but that the number of hours must be proportional to the time worked.

According to the Court, the statutory right to continuous training must be balanced against the principle of proportionality, considering the employee's actual working hours. The question is not, it should be noted, a violation of the principle of equality between full-time and part-time employees, but rather the adequacy of the employee's right to continuous training to the specific nature of the type of contract in question.

### **The Court of Appeal of Évora, case no. 1455/22.8T8EVR.E1, dated 25 June 2025**



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# Slovakia



## LAW

### Act on the application of the principle of equal pay for men and women for equal work or work of equal value

The European Directive (EU) 2023/970 on Pay Transparency must be implemented by all EU Member States, including Slovakia, by 7 June 2026. The Ministry of Labor, Social Affairs and Family of the Slovak Republic is preparing a new Act on Equal Pay, introducing key measures to strengthen the principle of “equal pay for equal work.”

The key changes include:

- Pay transparency obligations – employers with more than 100 employees will be required to report regularly on gender pay gaps, including average and median pay differences, and gender representation across pay levels.
- Employee right to information – employees will have the right to request anonymized information about average pay levels in comparable positions and to understand how their salary is determined.
- Objective pay structures – companies must establish gender-neutral pay evaluation systems based on objective criteria such as qualifications, responsibility, working conditions, and job complexity.
- Joint pay assessment – if an unjustified pay gap exceeding 5% is identified and not remedied within six months, employers will be required to conduct a joint pay assessment with employee representatives.

- Protection and sanctions – employees cannot be penalized for raising pay transparency concerns, and employers may face financial penalties and back payments if unequal pay is proven.

These measures aim to reduce persistent gender pay gaps, ensure fair and transparent remuneration practices, and strengthen employee trust in workplace equality.

Such a measure constitutes fictitious organizational change and is known as the “Schwarz system”.



## COURT

### Unlawful dismissal hidden behind organizational change

The dispute concerned the validity of the employee's termination of employment, with the employee arguing that his redundancy dismissal was only formally justified by organizational change.

The court of first instance found that, although the employee's coaching position had officially been abolished, the employer still needed to provide athletic training for students. The court of first instance concluded that the real purpose of the so-called reorganization was to save financial resources by forcing the employee to perform the same work as a sole trader, thus relieving the employer of obligations arising from the Labor Code. The employee refused this offer and was subsequently dismissed for redundancy. The Court of Appeal confirmed that

the employer had merely pretended to take organizational measures. Its true aim was to transfer operational costs to employees and remove their statutory labor protections. As there was clearly still a need for coaching services, there was no causal link between the reorganization and the employee's alleged redundancy.

The Supreme Court upheld the previous decisions, emphasizing that organizational changes cannot be used to convert employees into sole trader to cut costs. Such a measure constitutes a fictitious organizational change and represents an unlawful practice known as the "Schwarz system", whereby an employer disguises an employment relationship as sole trader in violation of good morals and the Labor Code.

**Decision of the Supreme Court of the Slovak Republic of December 16, 2024, file no. 4 CdoPr/13/2024**

**[Read More](#)**



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# Slovenia

The ruling confirms that even a single incident may constitute a serious breach of duty and justify extraordinary dismissal.



## COURT

Court upholds extraordinary dismissal due to alcohol use at work

The Higher Labor and Social Court upheld the legality of an employer's extraordinary dismissal of an employee who reported to work under the influence of alcohol. On January 22, 2024, the employee was found to have 0.51 mg/l of alcohol in her breath during a test conducted at 11:00 a.m., yet she continued working until 2:00 p.m. and returned to work the following day.

The court ruled that such behavior constitutes a serious breach of employment duties, especially as the employee worked in a warehouse environment where her condition posed a significant safety risk and potential for material damage. The fact that the alcohol had been consumed the night before during a private celebration was not relevant, as the employee remained intoxicated during working hours.

According to established case law, even a single incident of this kind can justify immediate termination.

The court further held that the employer had demonstrated a justified loss of trust in the employee and that continued employment was no longer feasible, even though no immediate formal suspension from work was issued after the positive alcohol test.

**The Higher Labor and Social Court's Judgment of June 18, 2025 - Pdp 178/2025**

[Read More](#)

From 2026, employees nearing retirement will be able to reduce their working time to 80% while receiving 90% of their salary and maintaining 100% of pension accruals.



## LAW

New measure for employees approaching retirement

Starting in 2026, a new measure to encourage extended workforce participation for older employees will come into effect - the so-called 80/90/100 model. This allows employees nearing retirement to reduce their working hours to 80% of full-time, receive 90% of their basic salary, while accruing 100% of pension and disability insurance rights as if they worked full-time.

The measure applies to employees who are aged 60 or older, or have completed 35 years

of pensionable service, and who agree with their employer to amend their employment contract accordingly. Both parties must consent, as this is not an automatic right.

For 2026 and 2027, the measure will also be available to employees aged 58, with the age threshold gradually increasing by three months each year until reaching 60.

Employees working under this scheme are prohibited from working overtime, accrue pension rights proportional to their actual working time, and must not be related persons to the employer (e.g., family members owning at least 25% of the company). This measure supports a flexible transition to retirement and promotes active aging.



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# Spain



## COURT

### A general justification for the use of union time credit can be required

A recent ruling of the Spanish Supreme Court examined whether a company may request Works Council members and trade union representatives to justify the use of union time credits, in accordance with Article 37.3 of the Workers' Statute.

The company had asked representatives to provide general information on how union hours were being used, after detecting possible misuse by one representative who had allegedly performed work for another employer during those hours. This led to the company imposing disciplinary dismissal.

The union argued that requiring justification constituted an unlawful intrusion and a violation of freedom of association. However, the Supreme Court rejected the appeal and confirmed that the employer's request was legitimate.

The Court clarified that union time credits are not an unconditional right to be absent from work without explanation. Rather, they are granted to enable the performance of representative functions, which remain connected to the employment relationship. As such, the employer is entitled to request a general justification

of their use, as permitted by the Statute.

The Court also highlighted that lack of oversight could facilitate misuse of union hours, which in turn may lead to disciplinary consequences or loss of pay. Therefore, requesting a broad, non-detailed explanation does not infringe freedom of association and falls within the employer's right to ensure proper use of working time.

The decision reinforces that union representatives may use time credits freely for representation duties but must be able to indicate their general purpose when asked, provided the request remains proportionate and does not seek detailed disclosure of union activities.

**Supreme Court Ruling 4101/2025, of 09/18/2025 (applies the doctrine of Supreme Court Ruling 903/2024, of June 11).**

**Parental leave is unpaid unless a collective agreement or internal agreement provides otherwise.**



## COURT

### Parental leave

The National Court ruled on a lawsuit filed claiming recognition of parental leave under Article 48 bis of the Workers' Statute, incorporated into Spanish law in compliance with Directive (EU) 2019/1158, as paid leave by the company. The Chamber dismissed the claim and confirmed that such leave is unpaid.

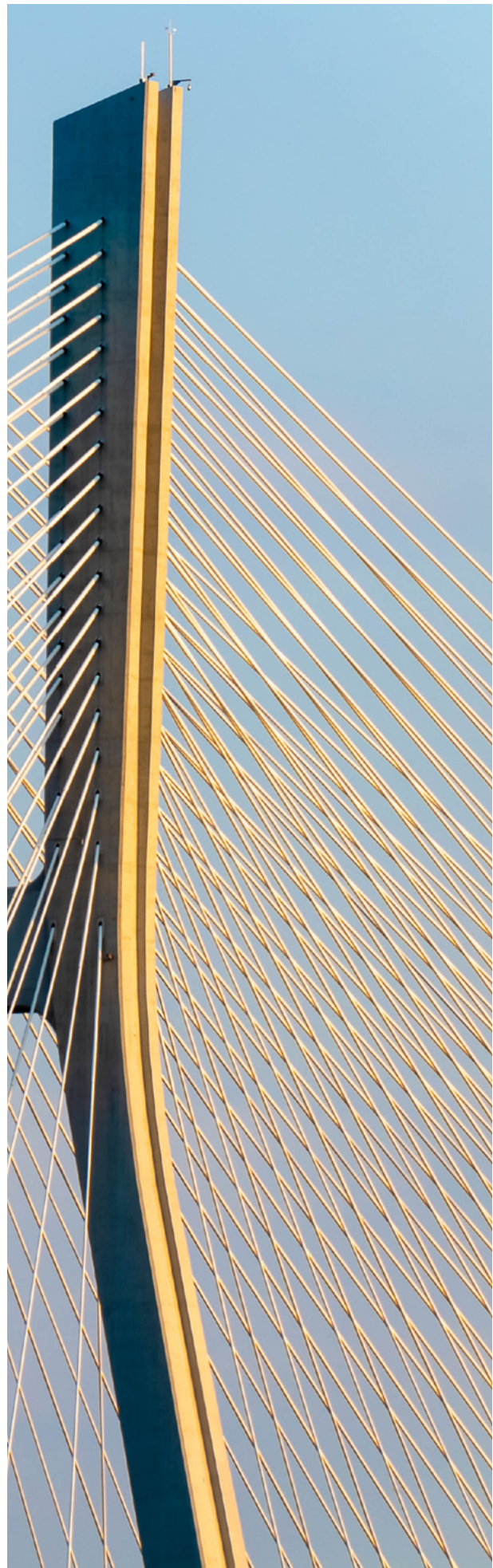
The court reasoned that the legislator, in transposing the European Directive, consciously chose not to attribute remuneration to the new leave, unlike other cases under Article 37 of the Workers' Statute. Furthermore, neither EU legislation nor its transposition imposes an obligation to pay during the period of leave, merely guaranteeing the right of workers to take leave to care for children under the age of eight.

The Court expressly warns that it is not for the Court to replace the legislator or convert unpaid leave into paid leave, as this would mean setting aside its interpretative function and beginning to legislate.

Therefore, the use of parental leave entails the suspension of the employment contract without the right to salary, unless a collective agreement or internal agreement provides otherwise.



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# Switzerland

**The maximum duration of short-time work compensation (ILR) has been extended to 24 months.**



## LAW

### Short-time work compensation extended to 24 months

An urgent amendment to the Unemployment Insurance Act (LADI), adopted on September 26, 2025, has now entered into force. Since November 1, 2025, the Federal Council has been authorized to extend short-time work compensation (ILR) for up to 24 months. The amendment also introduces a six-month waiting period for companies that have already received ILR continuously for 24 months within the same framework period. The measure will remain in effect until December 31, 2028.

Considering ongoing economic stagnation and the uncertainty caused by new trade restrictions, the government has decided to make use of this expanded competence. The extension allows companies nearing the previous 18-month limit to benefit from an additional six months of support, provided

they continue to meet the eligibility conditions.

The metal, electrical, and watchmaking industries - among the sectors most affected by the prolonged downturn - stand to gain the most. The longer compensation period offers valuable planning stability and helps businesses retain skilled workers during periods of reduced demand.

By preventing layoffs and ensuring operational continuity, this measure aims to sustain industrial capacity and safeguard employment. The revised ordinance will remain in effect until July 31, 2026, with a reassessment planned for spring 2026 to determine whether further extensions are warranted.



## COURT

### Employee loses appeal over overtime and expense claims

On July 7, 2025, the Supreme Court rejected the appeal of an employee seeking payment for alleged overtime hours and reimbursement of professional expenses. The case concerned a man employed part-time by his mother's food import business between 2017 and 2020.

The employee claimed he had worked substantial unpaid overtime and was entitled to additional compensation and reimbursement for expenses charged to the company credit card. The lower court had initially ruled in his favor, but the Cantonal Court of Vaud overturned that decision, and the Federal Tribunal has now confirmed the reversal. The judges held that there was no evidence

the employer had approved or even known about the alleged overtime, which had been self-reported by the employee and included in a draft payslip that was never validated by the employer. Under Swiss law, the burden of proof for overtime rests with the worker, who must demonstrate that the hours were both performed and necessary. The court further ruled that the claimed expenses had been paid directly by the company and not deducted from the employee's actual wages. The appeal was deemed "manifestly unfounded," and the employee was ordered to pay court costs.

**Decision of the Federal Supreme Court of Switzerland, 7 July 2025, 4A\_183/2025**



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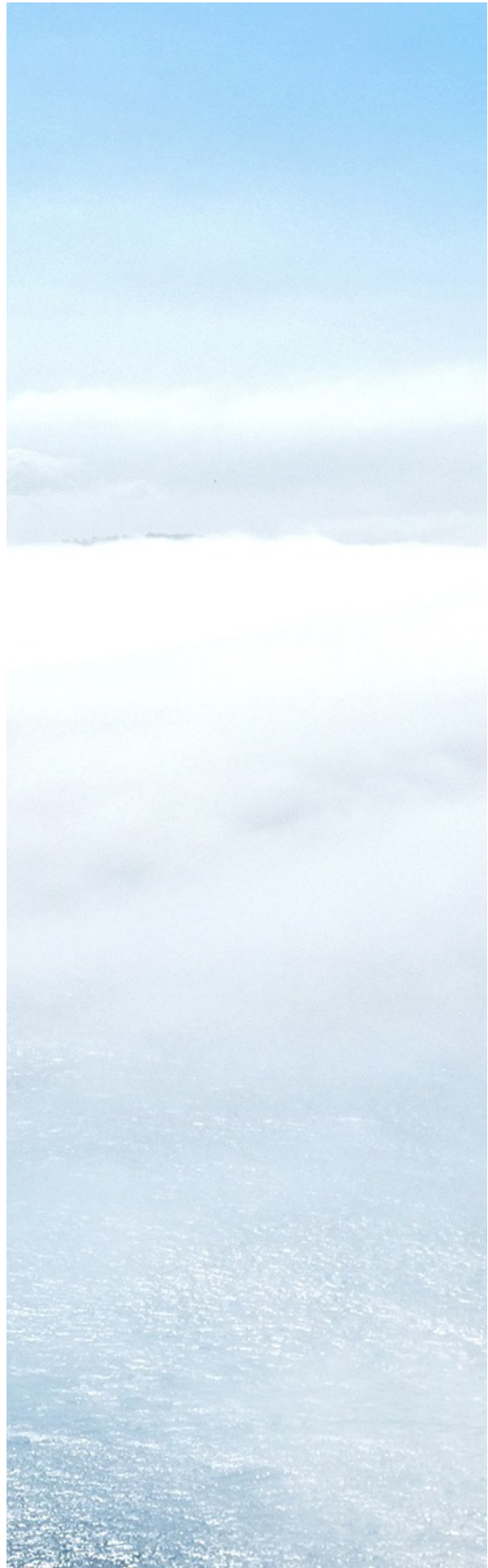
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# Ukraine



**A new type of employment agreement, the student employment agreement, was introduced into the Labor Code of Ukraine.**



## LAW

### New employment rules for students

In August 2025, as part of a nationwide reform of the education system, new legal principles for the functioning of the vocational education system were adopted. To strengthen cooperation between vocational education institutions and employers and expand opportunities for workplace (production) training, these changes also affected the sphere of labor relations.

Namely, a new type of employment agreement, the student employment agreement, was introduced into the Labor Code of Ukraine. It is defined as a special type of employment agreement entered between a student and a company, which provides for a combination of workplace training within the educational program, in particular dual training, with the performance of job duties. Dual education is a method of education that combines study at educational institutions with training in the workplace at the company to acquire certain qualifications. The term of a student employment agreement

cannot exceed the term of study.

In addition, the guarantee of not being required to work overtime on school days was extended to employees who are studying at professional pre-higher and higher education institutions, in addition to those who are studying at general secondary and vocational education institutions.

Additional paid vacation of 35 calendar days during the academic year for preparation, taking exams and assessment of learning outcomes can now be taken by all employees who are pursuing vocational or professional pre-higher education, and not only those who are successfully studying at vocational education institutions in evening classes.



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