



FedEE
Federation of European Employers
Fédération des Employeurs Européens

Mettre à jour

Latest News from the Federation of European Employers (FedEE)

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Europe: Fund likely to be extended in spite of opposition

At the latest EU Employment and Social Policy Council meeting earlier this month Germany and the UK strongly opposed the extension of The Global Adjustment Fund (EGF) beyond 2013. They were particularly critical of the proposal to extend the scope of the fund to include temporary and self-employed workers (including farmers). However, the EU Commissioner for Employment and Social Affairs, László Andor, refused to withdraw the current proposal and was supported by Cyprus, France, Italy, Romania and Spain.

The EGF provides one-off support geared to helping workers who have been made redundant as a result of globalisation or the current economic crisis. The fund's annual 500m euro budget provides allowances for participating in lifelong learning and training activities, job mobility exercises, mentoring and job search.

Europe: Crackdown on cross-border avoidance schemes

The European Commission has announced a 30-point "action plan" in an attempt to counter tax avoidance schemes that it estimates loses EU member states a total of 1 trillion euros in government revenues each year.

A number of measures were introduced under an OECD blacklisting threat in 2009. These aimed at improving the transparency of transactions handled on behalf of individuals through tax havens. However, multinational companies are now in the firing line for tax management activities that concentrate profits in low-tax countries. The Commission has very limited scope to prevent legitimate schemes. It is therefore seeking to introduce a new taxpayers' code to improve the exchange of information between countries and draw up proposals for a common EU tax identification number. It will also be providing guidelines for tracing money flows and hoping to convince EU member states to harmonise their penalties for tax offences.



France: No deal in prospect on flexicurity reforms

Earlier this year the French President Francois Hollande told the French employer's associations Medef and CGPME to negotiate with France's leading five trades union confederations in order to come up with an agreement that would relax hiring and firing rules - whilst protecting job security for the most vulnerable groups and retaining the 35-hour maximum working week. But as the year-end deadline nears no agreement is in sight and neither side has been willing to budge on any of the most fundamental issues.

Concessions have been made by employers on providing wider healthcare coverage and on a bizarre proposal that workers should be able to claim their full jobless benefits, even if they have found a job. Unions have also conceded that employers may conclude local pay and working time agreements where they face severe economic problems. The main sticking points, however, remain the wish by employers to operate more flexible longer-term contracts and cap the cost of dismissals. Employers have also refused to accept the imposition of penalties on companies that heavily utilise temporary employment contracts.

With the FO and CGT unions holding out firmly against any agreement, it will be difficult for the French government to accept even a partial deal. Like previous French governments they have refused to recognise that with just 8% of the national workforce holding membership of a trade union the concept of a classical "social contract" no longer has any democratic credence and that recognition simply adds fuel to the aggressive union tactics that governments of all political persuasions have perennially feared so much.

Irish Republic: Employers and employees to lose tax benefits

A number of major changes have been introduced in the Irish government's 2013 budget that will take effect on January 1st 2013:

- * **Maternity Benefit:** Benefit will be treated as taxable income, but will still be exempt from the Universal Social Charge
- * **Termination Payments:** The so called "Top-Slicing Tax Relief" will not be available where the ex-gratia lump sum exceeds £200,000 euros.

* **Redundancy Rebate:** This will be abolished

* **PRSI-free allowance:** This will be abolished for employees who earn more than 352 euros a week.

Employers now have only a narrow window of opportunity to take action on outstanding termination issues in order to secure lump sum relief for top earners or to claim for a redundancy rebate.

Malta: Tax saving for higher paid workers must await election

Malta's business community will have to wait until after the national election in early March 2013 to learn whether budget proposals made by the current government will take effect. Their draft 2013 budget introduced a number of important changes. These include

- * A rise in the minimum wage by 4.08 euros a week.
- * An increase in maternity leave from 16 weeks to 18 weeks
- * Several policy measures to reduce unemployment amongst young people.
- * A staged reduction in the 4th tier income tax-



band (up to 60,000 euros pa).

As a consequence of the proposed income tax reduction those earning 60,000 per annum or more would pay 3,600 euros less tax by 2015.

Switzerland: Common tax treatment of share options

A new ordinance to harmonise the treatment of stock options in Switzerland will take effect on January 1st 2013. Individual cantons will still be able to vary their local rate of income tax on options, but the time when tax is applied will now be subject to a common set of tax rules. In the future unrestricted stock in listed companies will be taxed at the point of its grant, but all other options will only be taxed at the point when options are exercised.

Where an employee is taxed at the date they exercise their option the payment of a cantonal tax on the gain made will depend on the proportion of days the employee has been resident in the canton since the date the option was granted. To facilitate this employers will become responsible for notifying the tax authorities when the employee changes their residence and how many working days the employee spends in Switzerland during the total vesting period.

Pay, Tax and Benefit Trends

AUSTRIA: Temporary workers in Austria will receive a 3.4% increase in their basic wage from January 2013. This will bring their minimum wage to £1,427.92 euros a month.

BULGARIA: According to Bulgaria's National Statistics Institute the average monthly private sector wage rose from BGN 714 (364.59 euros) in January 2012 to BGN 749 (382.46 euros) in September 2012. However, economic sectors

fared very differently - with a large rise in agriculture, forestry and fishing and a reduction in average pay levels within finance and insurance activities and the utilities.

ECJ: The European Court of Justice has found that it does not amount to discrimination on grounds of age to pay an employee severance compensation under a social plan less than they would otherwise be entitled to if they are approaching retirement and will qualify for a pension. Nevertheless, a reduced redundancy payment is not lawful if an employee is disabled and the payment is calculated by reference to a future early retirement pension provided on the grounds of their disability (Case C-152/11 Dr Johann Odar v Baxter Deutschland GmbH).

JERSEY: The government of the channel island of Jersey has been advised by its consultative forum to increase the minimum wage by 0.75% to £6.53 (8.09 euros) an hour on April 1st 2013. The recommendations include a 75% rate (£4.90 per hour) for first year trainees and an 87.5% rate (£5.71 an hour) for second year trainees.

LIECHTENSTEIN: The Liechtenstein government has decided to introduce a new marginal income tax rate for high earners. Further details have so far not been published, but the current top rate is 21%.

NETHERLANDS: The highest award for violation of a sectoral collective agreement (CAO) in the Netherlands has been made this week by a court in Groningen. The court ordered that a Turkish building company should pay 700 employees and former employees an average of 6,000 euros each as compensation for underpayment, ignoring rest periods and nonpayment of bonuses that were due.



PORTUGAL: A temporary order has been drafted by the Portuguese government making 50% of the Christmas and holiday bonus (13th and 14th month payments) payable on a monthly basis throughout the year. If ratified by the national parliament this order will apply to all permanent employees during 2013, irrespective of the terms of any applicable collective agreement. The application of the payment terms may apply to those on fixed-term contracts and be varied only by individual agreement between employers and employees.

UK: The UK government intends to implement its plans to allow employers to offer employee share ownership in exchange for curtailed employment rights - in spite of a negative response to its public consultation. Under the new rules the minimum share distribution of £2,000 can be in a UK company or foreign registered parent company and conditions of forfeiture will be a matter for negotiation between an individual employee and their employer or prospective employer.

Other European HR news in brief

CZECH REPUBLIC: The Czech Supreme Court has recently found that a company was entitled to dismiss an employee with immediate effect for frequent personal use (in this case 102 hours in a single month) of the company's IT equipment. It further ruled that employee monitoring to gather evidence of possible misuse is lawful under the Czech Labour Code - provided it is not unduly invasive. In order to ensure correct adherence to this right a company should operate its own transparent equipment use and monitoring policies.

CZECH REPUBLIC: The equality committee of the Czech parliament has voted firmly against the European Commission's draft directive on the gender composition of company boards. Last month the Commission voted through a watered

down version of its original proposal for board gender quotas. The final draft simply states that in listed companies employing 250+ people and having a turnover of 50m+ euros per annum there must be set a goal for having 40% non-executive female board representation by January 1st 2020. The Czech vote ahead of that for the European Parliament indicates that even the modified directive may not eventually be adopted by the EU's Council of Ministers.

EUROPE: The European Commission has published country-by-country demand projections for 24 occupational groups covering the period 2010 to 2020. These show that the expected demand for corporate managers will range from -43.3% in Romania to +82.1% in Cyprus. Machine operators and assemblers are expected to fall by 40.2% in Malta, but rise by 88.5% in Belgium, whilst those employed in physical, maths and engineering professions are forecast to fall by 61.4% in Romania and rise by 32.6% in the Irish Republic.

FINLAND: In 2010, employees in Finland had 44,971 accidents at work causing work absence for at least four days. This was 4.6% more than in 2009. The risk of a fatal accident at work rose from 1.2 per 100,000 workers in 2009 to 1.6 per 100,000 workers in 2010. The majority of fatal accidents occurred in manufacturing industry and almost all the fatalities were male.

FRANCE: The French Supreme Court has recently awarded an employee multiple damages by way of compensation for an employee's difficult working relationship with their manager. Even if the employee has no case for moral harassment against their manager they may now claim that persistent conflict has endangered their health and safety. Failure of an employer to take action on a complaint about the conflict would allow them to terminate their employment contract on "constructive" grounds and claim unfair dismissal.



FRANCE: A recent large-scale survey of seven European countries by 'Yougov' has found large differences in the significance of Christmas in different national cultures. The most disenchanted population was the French - with 74% believing that the true meaning of Christmas has been lost. Only 28% of the French population were looking forwards to Christmas, partly because for many (19%) it was a lonely time. Curiously, although 93% of the Danes and 89% of Germans interviewed had been to a works Christmas party, only 49% of French workers had done so.

GERMANY: The decision to end production at General Motors Opel plant in Bochum, Germany in 2016 will mean the first car plant closure in Germany for more than sixty years. With four years production until the Zafira minivan made at the plant is replaced there will, however, be plenty of time to plan for the resulting large scale redundancies. The Federal economic ministry has stated that "It's up to Opel to reduce the negative consequences of the closing and take up its responsibility for the region." This may be partially achieved by keeping sections of the plant open for production of components and vehicle distribution.

ICELAND: An amendment is being made to Iceland's labour code that will reduce posted workers' rights in the event of accident or illness. In future, employees will be entitled to those rights set out in an applicable collective agreement rather than "regular" payments made by a reference employer or regional norm which exceed the collective agreement's terms.

ITALY: The Italian government has intervened to save the country's largest steel producer from closure. Earlier this year a court ordered the seizure of the blast furnace at the ILVA plant in the south of the country following fears about atmospheric pollution. This put 20,000 jobs at risk and removed 30% of the Italy's steel production at a time when the country is struggling to increase its GDP. The government's action follows an

undertaking from the company that 3bn euros will be spent on modifications to make the plant less polluting.

NETHERLANDS: From July 1st 2013 it will be lawful for companies in the Netherlands to offer work experience placements to young people without residency permits who are attending college. This facility will only be available to those attending lower vocational education (MBO) prior to their 18th birthday. The purpose of the assignment must be purely educational and no remuneration may be paid.

ROMANIA: The Romanian government has declared Mondays December 24th and December 31st 2012 one-off public holidays. In compensation for both bridging days employers may require their staff to work on Saturdays January 12th and 19th 2013.

RUSSIAN FEDERATION: It is now unlawful for an employer in Russia to dismiss an employee of either gender if they are the sole economic supporter of a disabled child under the age of eighteen or a child under the age of three in a family with three or more children. Employers may, however, still terminate such employees for gross misconduct, insubordination or if the company goes into liquidation.

SPAIN: Although the Spanish region of Andalucia has seen a sharp contraction in its job market since 2007 there has been a significant increase in employment in its food industry. The weakness of the euro has helped the region to sell more olive oil into China and products such as avocados to Scandinavia. The company Faccsa-Prolongo has boosted its export sales from 20% to 50% in the last five years - largely because of contracts with China and Russia - whilst another company near Malaga now exports 80% of its food products and is on course to triple its turnover this year.



FedEE news:

CHRISTMAS CLOSURE: The FedEE Office will be closed between Friday, December 21st 2012 and Wednesday, January 2nd 2013. Although our online news service will resume immediately the next newswire will be published on Thursday, January 17th 2013.

All of us at the Federation hope that you will have a thoroughly enjoyable and relaxing Christmas and New Year.

JSB EMPLOYMENT LAW TRAINING OFFER: FedEE and [JSB](#) are working in partnership to offer FedEE members a 10% discount on any international employment law course booked using the discount code 'fedee12'.

JSB offers a wide range of employment law training for HR professionals, covering all aspects of UK and international employment law.

Full details of their employment law programmes can be found [here](#).

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