FedEE
Federation of European Employers
Fédération des Employeurs Européens

Mettre à jour

Latest News from the Federation of European Employers (FedEE)

Inside this Issue:

EU: Latest on collectively agreed pay deals
Sweden: Proposed reduction in corporation tax
Croatia: On track to join the EU
Czech Rep: New short time working scheme
Netherlands: Holiday pay on termination
Sweden: Equalisation of hours but not incomes

Finland: The employment of illegal workers

The Finnish Employment Contracts Act has been amended to implement the EU Directive on sanctions against the employment of illegal immigrants from outside the EU, Iceland, Liechtenstein, Norway or Switzerland (2009/52/EC).

Fines for illegally employing a third-country worker now range from 1,000 to 30,000 euros - with added costs for repatriation in some cases. Employers have become jointly and severally liable for all illegal workers in a chain of subcontractors and records of work and residence permits must be retained for at least two years after the termination of employment.

France: New tax filing requirements

According to new rules announced by the French Ministry of Finance, companies subject to corporation tax are now required to use the e-filing procedure, regardless of their financial turnover.

From 1st October 2012, companies are obliged to submit their VAT (TVA) declaration and payments, requests for VAT (TVA) credit reimbursement and the amount of tax paid on wages and as corporation tax via the electronic facility. Furthermore, from May 1st 2013 companies will also have to include declarations of their value-added contribution (CVAE).

Italy: Limitation of on-call arrangements

On-call arrangements have now been tightly restricted in Italy (Law 92/2012) and may only be used in specifically defined circumstances. These are: intermittent duties provided for by national collective bargaining agreements, duties limited to weekly, monthly or yearly terms, or intermittent duties (as set out under royal decree no. 2657/1923).

Employers may no longer require staff to be on-call on weekends or during summer, Christmas or Easter holidays. However, on-call arrangements formally agreed before July 18th 2012 and in force by July 18th 2013 will not be covered by the new restrictions.

Slovakia: Major changes to the Labour Code

The Slovak government's draft bill on amendments to the Labour Code has been submitted to parliament and is expected to come into force on January 1st 2013. Some of the most important changes proposed by the amendments include:

* Employee monitoring must be discussed with employee representatives before it is introduced.

* Night work will now take place between 10pm and 6am; an extension of one hour.

* The maximum probationary period will be three months for all but executive employees who report to a statutory body (where a six-month period may be agreed).

* Fixed-term contracts will have a maximum duration of no more than two years and may not be extended or renewed more than two times in this period.

* The termination of any employment relationship by an employer must be discussed with employee representatives in advance

Furthermore, severance payment provisions will be reintroduced for employees with more than 20 years' service.

Sweden: Equalisation of hours but not incomes

According to Statistics Sweden the average actual hours worked by employees is lower in Nordic countries than elsewhere in the European Union. In Sweden, men with children living at home work more than other men, although men with children under the age of seven living at home have reduced their hours worked in recent years.

In spite of greater gender equality in working time men continue to hold the majority of top jobs in Sweden. In 2011 the median earnings level of men was SEK 298,000 (34,918 euros) and for women SEK 237,000 (27,771 euros), but 83% of those earning SEK one million (117,175 euros) a year or more were men and in more than 50 municipalities there was no woman with SEK one million income.

Pay, Tax and Benefit Trends

BULGARIA: The Bulgarian labour minister, Totyu Mladenov, has confirmed that the monthly minimum wage will increase from 290 BGN (148 euros) to 310 BGN (158 euros) from January 1st 2013.

BULGARIA*:* The Bulgarian Parliament is set to vote on an amendment to the system of guaranteed recovery of payments due to employees when their employer becomes insolvent. The proposal limits the guarantee to companies that traded for at least twelve months prior to insolvency. However, it doubles the potential claims period to six months accrued (but unpaid) earnings over the twelve months before termination of employment or the date when insolvency was declared - whichever is appropriate.

DENMARK: Denmark's economic and internal affairs ministry has confirmed that 14 municipalities will raise their local income taxes in 2013. Five others, however, are set to implement tax cuts.

EUROPE: Latest research from the Dublin-based Eurofound organisation reveals that last year the largest aggregate increase in collectively agreed wages occurred in Norway (4.3%), Slovakia (3.7%), and the Czech Republic (2.9%) and the smallest increase was in Malta (0.5%).

FRANCE: The French auto company Renault is seeking urgent talks with trade unions to avert large-scale redundancies. The European car market remains depressed and the company's Chief Operating Officer, Carlos Tavares, believes that the only way to avoid the kind of problems experienced by fellow car-maker PSA Peugeot Citroen is to reach a cost-saving pay and job flexibility deal.

FRANCE: France is the latest EU member state to submit its 2013 budget as one of 21 countries under increased supervision from the EU Commission for overstepping the EU's budget deficit threshold. The Commission has emphasised that it is to encourage structural and labour market reforms as opposed to tax increases and budget cuts. The only countries currently exempt from increased supervision are Austria, Bulgaria, Germany, Estonia, Finland and Sweden.

GERMANY: Newly negotiated collective bargaining agreements covering temporary workers in the German metal, electrical and chemical sectors will take effect this autumn. The agreements provide for improved rates of pay for skilled temporary workers and those whose contracts have been renewed several times.

GLOBAL: According to the Paris-based Organisation for Economic Cooperation and Development (OECD) pension fund assets in the world's most developed countries contracted by 1.7% last year. This appears to be due to low interest rates and fragile equity markets. The highest rates of return were in Denmark (12.1%) and the Netherlands (8.2%), whilst the most negative rates were in Turkey (-10.8%), Poland (-9.1%), Estonia (-7.9%) and Portugal (-7.3%).

IRISH REPUBLIC: Irish employers are no longer required to withhold social security on non-qualified stock option gains. It is now the employee’s responsibility to make the necessary contributions when paying income tax for such options. Payment must be made within 30 days of the exercise of each option.

NETHERLANDS: The two political parties that won the most seats at last month's general election in the Netherlands - the VVD and PvdA - have agreed to drop a measure that would have restricted sick pay rights for temporary workers. A tax-free savings scheme aimed at encouraging older workers to stay at work has also been dropped and coalition talks have also concluded that as a future government the parties would stop taxing home-to-work travel benefits.

NETHERLANDS: The largest Dutch trade union federation, the FNV, has set a target of 2.5% for pay increases during the 2013 pay round. The union also aims to negotiate a reduction in the number of flexible and short-term contracts.

NETHERLANDS: The Amsterdam District Court has recently ruled that contractual bonus payments and the employer's contribution to pension premiums must both be included in the accrued (but not taken) holiday pay calculation when an employee's contract is terminated.

NETHERLANDS: The value added tax (VAT) rate in the Netherlands rose from 19% to 21% on October 1st. As a consequence the standard octane petrol price rose to 1.890 euros per litre - well above the previous record of 1.887 euros per litre which was reached on September 6th this year. The overall effect of the VAT hike will reduce individual average spending power by 180 euros a year.

SWEDEN: As part of the autumn 2013 budget bill, Sweden is expected to reduce its corporation tax from 26.3% to 22% in an attempt to boost the country’s competitiveness. If approved, the rate would take effect from January 1st 2013 and bring Sweden’s corporate tax rates below the EU average (23.5%).

TURKEY: Several proposals have been made by a Turkish government Commission to revise the country's constitution. These include clauses exempting those on low incomes from paying income tax and an obligation on employers to assist working mothers by providing childcare facilities.

UK: UK minimum wage rates are set to rise from October 1st 2012. The new hourly rates will be £6.19 (7.74 euros) for workers aged 21+ and £2.65 (3.31 euros) for apprentices. There will be no changes for other employment categories.

UK: With effect from September 1st 2012 UK Revenue and Customs (HMRC) advisory reimbursement rates for company car travel have risen to 18p per mile for 1401cc to 2000cc (15p for diesel vehicles of between 1601 and 2000cc) and 26p per mile for over 2000cc (18p for diesel vehicles). These rates are now to be reviewed four times a year.

Other European HR news in brief

CROATIA: Croatia is still on track to become the 28th member of the European Union next July. So far, 15 EU countries have ratified Croatia's accession treaty and five more are expected to do so by the new year. Meanwhile, European Council President Herman Van Rompuy has indicated that Montenegro is likely to be the next country in line for EU membership.

CZECH REPUBLIC: A new state short-time working scheme has been launched in the Czech Republic that will run until August 31st 2015. The subsidy will apply where a genuine work shortfall of between 20% and 60% occurs and employers have undertaken to use the available time for training and developing staff. Monthly subsidies may not average more than a total of CZK 500,000 (20,000 euros) or CZK 31,000 (1,250 euros) per individual.

DENMARK: The Danish government has proposed that Danes who work abroad for more than 183 days a year would be required to pay Danish income tax on their earnings. This would be at variance with the accepted norm that employees working abroad for sustained periods are required to pay income tax in their host country. Moreover, to introduce such a change Denmark would have to renegotiate double taxation agreements with 79 different countries.

GERMANY: The German parliament has given a mixed reception to a recently-submitted proposal to introduce a 40% quota for female executive board members in all DAX-listed companies. The CDU/CSU, together with the FDP have rejected the proposal - whereas the SPD and Green Party voted in its favour. At the time of writing it looks unlikely that the proposal will succeed during its passage through the second chamber.

GERMANY: Employers in the German province of Bavaria are turning to young workers from Eastern and Southern Europe in order to fill their apprenticeship vacancies. In contrast to many of its European neighbours, the youth unemployment rate in the area is only 4%, as opposed to the EU average of around 25%, and 50% in Greece and Spain. According to the Munich chamber of commerce, the shortage of suitable applicants is evident in all sectors.

POLAND: Poland's Council of Ministers has approved a draft bill to deregulate 50 of the current 400 regulated professions and occupations. The fields of activity where barriers have been relaxed or eliminated include lawyers, notaries, detectives and taxi drivers.

SWEDEN: The Swedish courts have ruled in favour of the employees in all five cases brought before them to date concerning dismissal for employee indiscretions made via social media. The cases include two employees dismissed for posting threatening comments against a manager on Facebook, and another dismissed following membership of a number of Facebook groups - where the court concerned found that these were private matters and not grounds for dismissal.

Employees in all five cases were awarded compensation.

FedEE news:

Fully revised law programme presentations will shortly be available to FedEE members. These 25-35 minute audio-visual e-learning tools can be used for both personal development and HR teach-ins. Each presentation covers essential statutory rights and requirements in a particular European country. The countries covered so far are France, Germany, the Netherlands, Poland, the Russian Federation, Spain and the United Kingdom. A further update for Italy and revised certification assessments will follow.
