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FedEE
Federation of European Employers
Fédération des Employeurs Européens

Mettre à jour

Latest News from the Federation of European Employers (FedEE)

Inside this Issue:

Denmark: **Tax treatment of pensions**

The Danish Government has recently submitted to parliament a proposal to change the tax treatment of pensions.

Under the present system, pension contributions are paid into schemes without any tax deduction and only taxed when the individual receives their pension from the age of 67. The current proposal is to reverse this situation by taxing contributions and making annuity payments tax free. However, individuals retiring before the statutory retirement age would be subject to a 20% withholding tax on receipts to prevent the use of pension schemes for medium-term savings.

If adopted, the reform would take effect from January 1st 2013, although transitional arrangements would be implemented for those who have contributed to pensions under the existing system.

France: **Retention of car use**

The French Supreme Court has reaffirmed the principle that where an employee is not required to work their notice period, they must not receive less salary or benefits (including company cars for professional and private use) than if they had worked their notice.

In its latest decision, the Court held that employers may not attempt to circumvent their obligations by inserting contractual clauses allowing them to repossess a company car when the employee is released from working their notice period.

Germany: **Growth of older workers**

According to the German Federal Labour Department the number of pensioners who remain active in the labour market has risen by almost 60% since 2000.

A significant proportion of those still employed are working in ‘mini-jobs’ where they may earn up to 400 euros per month exempt from both social security and income tax. The figures also reveal that 120,000 people aged over 74 continued to work. In addition, around 154,000 over 65s are working in jobs that require tax and social security contributions, with more than half of these working full-time. This figure has doubled since 1999.

Greece: Plan to launch special economic zones

The Greek government is in talks with the European Commission to obtain approval for the introduction of ‘special economic zones’ which would offer investors significant tax and administrative advantages.

Based on the Chinese model, the plans aim to spur growth and take Greece out of its fifth consecutive year of recession. However, development minister Costis Hatzidakis has confirmed that current labour laws would be fully respected in the zones and that investors will not be permitted to pay low salaries.

Italy: Revised share and stock option rules

As part of the Decree for Growth and Development recently approved by the Italian parliament, taxation rules regarding share and share option plans have been revised.

Any gain made from the exercise of share options will now be taxed as a benefit in kind and thus be exempted from both employee and employer’s social security contributions – provided that certain conditions are met. In particular, the option can only be exercised if performance standards are met and the employment relationship is continuous until both the time of exercise and a vesting period (the length of which has not yet been specified).

The sum of 2,065.83 euros of shares directly acquired by the employee (not via the exercise of options) has further been exempted from income tax, provided that the shares are held for at least three years and not sold back to the issuing company.

Netherlands: Special levy on top salaries

Next year Dutch employers will have to pay a one-off levy of 16% on salaries that exceeded 150,000 euros in 2012.

The tax base will include the salary paid to employees by a company affiliated to the withholding agent - on the condition that the salary received from the affiliated company is taxed in the Netherlands. Detailed rules on what constitutes salary for the purposes of the application of the levy are expected to be issued this autumn by way of a General Administrative Order.

Norway/UK: Oil salaries higher than finance sector

A recent survey of global oil sector salaries carried out by oilcareers has revealed that 47% of companies expected contract rates and salaries to continue to rise over the short-medium term.

Norwegian annual pay rates are the highest in the world - at 143,487 euros - whilst the oil and gas sector recently took over from banking as the UK’s highest paying industry. The authors of the report explain the continuing uptrend in pay as a consequence of the shortage of skilled engineers and also the ageing population of workers in the industry.

Meanwhile, Norwegian oil drilling workers have reached a deal with employers, which includes a 4.5% wage increase, in order to avert further strikes halting a considerable part of the country’s oil production.

Pay, Tax and Benefit Trends

BULGARIA: The Bulgarian Social Policy and Labour Minister Totyu Mladenov has confirmed that the country’s minimum wage will increase from BGN 290 to BGN 310 (158 euros) per month in 2013.

CZECH REPUBLIC*:* The upper house of the Czech parliament has vetoed bills to raise taxes and reform the pension system. The changes were considered necessary by the government in order to reduce the country's budget deficit below 3% of GDP in 2013. The legislative proposals will now return to the lower house where the principal areas for debate will be income tax, value added tax and the partial privatisation of retirement funding.

ESTONIA: Average monthly gross wages and salaries rose in Estonia by 5% to 900 euros over the year to Q2 2012. Over the same period irregular per capita bonuses and premiums rose by 19.9%. Excluding such payments, average earnings rose by 4.6% over the year.

FINLAND: Average gross wages and salaries in Finland - excluding benefits in kind such as stock options - rose by 4.8% over the year to Q2 2012. The greatest increases were in the construction (9.6%) and health and social work (8.5%) sectors.

FRANCE: Following the introduction of the new French budget law, changes have been made to the social security treatment of termination payments above a defined amount. If an employee's total severance package (including the dismissal indemnity) exceeds 363,720 euros, payment made on the termination of the contract will be subject to social security contributions for its total amount paid to the employee. The new threshold will apply to compensation paid on, or after, September 1st 2012.

GERMANY: The German region of Bremen has set a regional minimum wage which applies to the entire public sector and all companies delivering services to, or receiving funds from, the state. The rate – 8.50 euros an hour - came into effect on September 1st 2012; and will be reviewed every two years.

NETHERLANDS: The Dutch trade union FNV is to go to court to claim equal pay for foreign workers undertaking the same work as Dutch nationals. The dispute has arisen following the discovery that 800 Polish construction workers were employed at rates below those set out in collective agreements. The union claims that three out of four employers pay foreign workers less than native Dutch workers doing the same job.

SLOVENIA: The Slovenian Bureau of Statistics has reported that average monthly pay in real terms for June 2012 was 2.9% lower than the previous year. The most significant reductions were in education (down by 4.4%), research and technology (down 3.2%) and construction (down 3.1%). Average monthly pay for the first six months of 2012 was 1,523.94 euros gross (or 990.08 euros net).

Other European HR news in brief

CZECH REPUBLIC: The Czech Supreme Court has recently held that an employer may not unilaterally withdraw from a non-compete clause - even when a provision in the employee's contract allowed for the clause not to be invoked. In the court's view the employer in question had no right to withdraw from the clause without reason and without compensation.

FRANCE: Some of the restrictions on Bulgarian and Romanian citizens wishing to work in France may be relaxed over the next few months. This includes removal of the blanket 400 euros levy imposed on employers hiring such workers and the opening up of job categories available to applicants from both countries. However, Bulgarian and Romanian workers will still require a work permit until France is obliged to open its labour market fully to them on December 31st 2013.

FRANCE: The French Prime Minister, Jean-Marc Ayrault, has announced a plan to create 150,000 new jobs in the environmental, health and ICT sectors. This will involve a 75% wage subsidy for a period of up to three years. Although the jobs will primarily be in the public sector, some private companies may also benefit.

IRISH REPUBLIC: The Irish Protection of Employees (Temporary Agency Work) Act 2012 has come into force - with the majority of provisions taking effect retrospectively on December 5th 2011, and the remainder on May 17th 2012. The Act implements Directive 2008/104/EC and requires equal treatment in terms of employment conditions for agency workers in comparison with employees hired directly by an employer.

NETHERLANDS: A Dutch District court has held that a petition filed by an employer seeking to terminate one of its employees who had come to work under the influence of drugs and alcohol was invalid. The employee in question had already received repeated warnings for their conduct and the employer had arranged for the employee to be medically treated. However, the court held that despite this the employee should have been treated as sick and therefore it was not permitted to terminate their contract.

POLAND: New figures from the Polish Central Statistical Office have revealed that in contrast to many of its European neighbours, older rather than younger workers are struggling in the job market - with one in eight unemployed Poles being 55 years or older. At the end of June, 2012 there were 243,000 people over 55 who did not have a job, 16.9 percent more than a year earlier. The statistics also showed that unemployment is now growing faster in cities than in smaller urban and in rural areas.

POLAND: The Polish government has approved a draft amendment to the Labour Code that shortens the process of starting up a business. Under the proposals a tax identification number will be issued by the tax office within three days of an application being made - thus allowing newly-started firms to begin operations more quickly. In addition, the requirement for new companies to notify the National Labour Inspectorate (PIP) and the Chief Sanitary Inspectorate (GIS) about the nature, scope, and location of their activities will be abolished.

POLAND: A recent study carried out in Poland by the organisation Crisis Shield has revealed that around one third of the largest Polish companies have introduced employee guidelines concerning the use of social media in the workplace and postings that address work-related issues.

SLOVAK REPUBLIC: The Slovak government has introduced proposals for further reform of the Labour Code. The proposals seek to formalise overtime pay and make dismissals for those with more than two years' service more difficult. They limit the duration of assignments for temporary workers and give contractors the right to receive the same pay and benefits as employees of the client business. If approved (the government has a strong parliamentary majority) the draft amendments will come into effect next year.

UK/BRAZIL: The agreement between the EU and Brazil on short-stay visa waivers for EU citizens comes into force on October 1st 2012. EU citizens who travel to Brazil on business trips (or to participate in conferences or seminars) will not have to obtain a visa if their stay does not exceed three months in any six-month period. This facility will not, however, apply to EU citizens travelling to Brazil to carry out work assignments there.

FedEE news:

REFERRAL SCHEME: FedEE is implementing a referral scheme to enable existing members to refer professional contacts from other organisations.

To participate please email the name, position and company name of the person you wish to refer to: membership.services@fedee.com and invite your contact to join FedEE using the following link: http://www.fedee.com/about-fedee/join-fedee with the reference 'referral' in the comments box.

Should the referred organisation take up membership within a 3 month period, we offer a €125 discount on the annual subscription fee to the new member for the first year, and the same discount to the referring organisation when they renew. There is no limit to the number of referrals that can be made.

Please rest assured that FedEE will not contact the referred organisation directly, or add the information provided to any database or mailing list.

JSB EMPLOYMENT LAW TRAINING OFFER: FedEE and JSB are working in partnership to offer FedEE members a 10% discount on any 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.

Their full range of **international employment law courses** covers over 30 countries, including comprehensive 1-day seminars on many European jurisdictions. Each seminar is led by a legal expert from the country in question, providing first class legal expertise that links legislation to practical HR management challenges. Full details of their upcoming courses can be found here.

To activate the FedEE member discount code, simply quote 'fedee12' when booking.

Fédération des Employeurs Européens/The Federation of European Employers (FedEE) is the organisation for international employers operating across Europe. The Federation was founded in1989 with financial assistance from the European Commission. Our UK postal address is Adam House, 7-10 Adam Street, The Strand, London, WC2N 6AA, UK. Tel: (0044) (0)207 520 9264. Web:http://www.fedee.com. We utilise virus scan software, but are not responsible for any problems that may arise from the transmission, receipt or use of any material.

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