FedEE
Federation of European Employers
Fédération des Employeurs Européens

Mettre à jour

Latest News from the Federation of European Employers (FedEE)

Inside this Issue:

Czech Republic: Tough measure to combat illegal employment

Employers in the Czech Republic found to have illegally employed foreign workers will soon be subject to tough new penalties.

New requirements are being introduced through an amendment to the Employment Bill passed by the Senate (but awaiting signature from the Czech President, Vaclav Klaus). Employers must report the employment of all those from non-EEA countries and maintain records proving the legal status of their employees. Any company found to have breached the provisions will be heavily fined, lose the right to bid for public contracts, be required to return any state subsidies received during the past year and lose any future right to subsidies for a further period of three years.

Czech Republic: New Act on corporate criminal liability

The Czech Parliament has adopted a new Act on Criminal Liability of Corporations in order to meet its international commitments and as part of the Czech government's anti-corruption strategy.

The Act, which became effective on January 1st 2012, introduces around 80 criminal offences - most notably relating to money laundering, corruption, fraud, interference with justice and tax related offences. A corporation (including a foreign corporation) can be held liable under the Act if it is registered in the Czech Republic, conducts its business there through an enterprise or branch, or has assets there. A corporation can be held liable even if the individual offender cannot be identified. For further information please visit: http://www.fedee.com/fedmembers/kb/questions.php?questionid=2115

EU: Workplace accidents under the spotlight

The European Parliament is becoming increasingly concerned about the level of work-related accidents across the European Union. In 2009 (the last year for which statistics are available) the death rate from such accidents averaged 22.6 per 100,000 inhabitants. Although this is gradually reducing over time (2004=27.2) its incidence varies greatly and remains more than twice the EU average in the Baltic states of

Estonia, Latvia and Lithuania.

In a recent review of the EU's 2007-2012 health and safety at work strategy MEPs called upon the European Commission to revisit current legislation in the light of changes in new technologies - particularly in the field of nanomaterials. They have also demanded greater protection for whistleblowers who warn of health and safety risks in the workplace.

Greece: Major step towards labour market liberalisation

The final text of the new Greek law on collective negotiations (Law 4024/2011) introduces a number of changes aimed at reducing unemployment and helping businesses become more competitive.

* The 'principle of favourability' continues to apply- requiring that the most favourable work-related instrument (collective or individual) should be applied to an employee. However, the new law provides that a company-level collective agreement should take precedence over sectoral or occupational agreements - provided it is at least as favourable to the employee as the national general collective agreement.

* If a business has no trade union representation then a company level employee body may sign a collective agreement - provided that it represents at least 60% of employees. This will allow many employers to negotiate lower wages than those provided for by a collective agreement covering a particular sector or occupational trade.

* The Minister of Employment no longer has the power to arbitrarily order the extension of a collective agreement to employers that are not party to the agreement. This will end the existing system of wage cartels and prevent smaller employers being obligated to match the pay levels of larger companies.

Hungary: Flat tax abolished

Radical changes have been made to Hungary's personal income tax and social security regime with effect from January 1st 2012.

* Flat tax has been abolished and progressive personal income tax re-introduced. 'Super-grossing' of the tax base has been abolished below the monthly gross income of 202,000 HUF (650 euros).

* Low earners' tax credit has been removed, but family allowances remain in place.

* Benefits previously requiring no health care contribution are now subject to a 10% contribution - but these are capped at 500,000 HUF (1,613 euros) per year.

* Business gifts and entertainment costs have become tax-deductible for corporate income tax purposes, but are now subject to personal income tax and a health care contribution.

* Health insurance fees have increased from 6% to 7% and the social security contributions currently payable by employers have been replaced by a 'social tax' which no longer entitles an employee to any social benefits.

Employers can, however, claim a regressive tax credit against the new 'social tax' for any wage increase awarded to preserve the net value of monthly wages that remain below 300,000 HUF (968 euros) gross.

Irish Republic: Idle threat about agency worker restrictions

Although the EU Directive on temporary agency work was due to be implemented by December 5th 2011 in all EU states the necessary legislation has still not been enacted in the Irish Republic. This has not prevented the Irish Ministry for Jobs, Enterprise and Innovation from publishing a notice warning employers that the Directive has direct effect upon them - even though under EU law Directives may only be directly effective against the State and not private employers.

On a positive note, the notice indicates that future national legislation will restrict equal treatment to working time, rest periods, night work, annual leave and pay. It also clarifies what is meant by ‘pay’ and that a number of remuneration elements will be excluded - such as occupational pension schemes, financial participation schemes, sick pay schemes, benefits in kind and bonuses.

Netherlands: New tax thresholds

The Dutch Senate has adopted the 2012 Tax Plan which has made a number of amendments to current tax arrangements. In the area of car tax, the CO2 bracket thresholds for purchase tax (BPM) and the addition for wage and income tax will be increased annually. However, leased car drivers using a company car with emissions of less than 50 grams per kilometre will not be subject to any increased tax liability until 2014.

Income tax brackets have also been modified with the 33% rate applying up to an annual salary of 18,945 euros, 41.95% applying to up to 33,863 euros and the 42% rate up to 56,491 euros. Above this income level, the marginal rate is 52%.

UK: Revised limits for tribunal awards

The upper limits on certain UK employment tribunal awards are to increase from February 1st 2012. The most notable changes are:

* The maximum rate of weekly pay for the purposes of calculating statutory redundancy payments and the basic award for unfair dismissal will increase from £400 (480 euros) to £430 (516 euros).
* The maximum compensatory award for unfair dismissal will rise to £72,300 (86,876 euros).
* The minimum basic award in cases where the dismissal was unfair by virtue of health and safety, employee representative, trade union, or occupational pension trustee reasons will increase from £5,000 (6,006 euros) to £5,300 (6,367 euros).

Pay, Tax and Benefit Trends

EU: Over the year to Q3 2011 real average hourly earnings fell by just 0.3% across the European Union and 0.1% within the eurozone. Real earnings rose most in Bulgaria (+6.8%), Romania (+3.6%), The Czech Republic (+3.3%), Slovakia (+3.1%) and Norway (+2.8%). The biggest falls in real earnings power were in the United Kingdom (-3.6%), Portugal (-2.2%) and the Irish Republic (-1.85). No valid figures are available for Greece, but we estimate real earnings will have fallen during the same period by just over 2%.

EU*:* The EU Council of Ministers has rejected a proposal from the European Commission that officials working in the EU institutions should be awarded a 1.7% pay rise for 2011. In addition, they have decided to take the Commission to the European Court of Justice (EJC) over its handling of the pay review for EU staff.

GREECE: Both Greek private and public sector employees will experience a considerable cut in their net "take home" pay following austerity measures to be implemented on January 1st 2012. The solidarity income tax will be incorporated into monthly tax deductions for the next three years. The contribution of between 1% and 5% of declared income will be levied on all individuals. Moreover, although the tax-free personal income threshold was reduced to 8,000 euros in June 2011 it is to be further reduced to 5,000 euros from the new year.

MALTA: The national minimum wage in Malta has increased with effect from January 1st 2012 by 3.04% to 158.11 euros a week (or 3.95 euros an hour). The new minimum wage for workers aged

17 is 151.33 euros a week and for those under 17 to 148.49 euros a week.

NETHERLANDS: The Dutch cabinet has proposed that leased cars be equipped with a device to measure when the car is used for business and private purposes. The new device could be introduced as early as 2013 and would record journey distances under three to four tariff groups. Employees who do not wish to have a device fitted would be free to decline it, but then all mileage would automatically fall into the highest tax bracket. They would also have the facility to sign a statement to the effect that they will never use the car for private purposes - but any contravention of this undertaking would incur severe sanctions.

POLAND: According to Poland's Central Statistical Office (GUS) the average monthly gross wage in Poland's private sector grew over the year to November 2011 by 4.4%. The increase in consumer (HICP) prices over the same period was also 4.4%.

SLOVAK REPUBLIC: Employers in Slovakia have so far resisted union calls for an increase in the national minimum wage from 317 euros to 330 euros a month. The Labour Ministry has proposed a new rate of 327 euros, however no final decision has yet been made.

SPAIN: The new Spanish cabinet decided at a meeting on December 30th 2011 to freeze the national minimum wage for the whole of 2012. The minimum wage is normally adjusted each January, but Spain's recently appointed Prime Minister Mariano Rajoy is determined to overcome the country's persistently high level of unemployment by taking all available steps to control wage inflation.

Other European HR news in brief

BELGIUM: Belgian law now provides fixed notice periods for white-collar employees. The statutory notice period is 30 days per commenced year of employment. However, the notice period may not be less than the statutory minimum of three months for each commenced five-year period of employment. The Claeys formula will still be used to calculate the notice period when terminating the contract of a white-collar employee hired before January 1st 2012. For further information see: http://www.fedee.com/fedmembers/kb/questions.php?questionid=1946

EU: Nine EU countries have decided to maintain transitory measures restricting the entry of Romanian and Bulgarian workers until the end of 2013. These are Austria, Belgium, France, Germany, The Irish Republic, Luxembourg, The Netherlands, Malta and The United Kingdom. However, Italy has now decided to lift its restrictions on Romanian and Bulgarian workers with effect from January 1st 2012.

EU: Employers have until September 1st 2012 to reach agreement with the European Trades Union Congress (ETUC) on necessary modifications to the Working Time Directive. If no agreement is concluded by this date the European Commission will bring forward their own proposals for change. These changes include modifying the treatment of on-call time and compensatory rest periods, extending the reference period for averaging working time to 12 months (where a 48 hour/week opt-out is not in use) and measures to reinforce the protection of those opting-out from weekly working time restrictions.

NETHERLANDS: The 20 largest employers in the Netherlands plan to cut their combined workforce by around 8% in the coming months, according to analysis by the newspaper De Volkskrant. The two principal employers concerned are the Defence Ministry and the police service.

UKRAINE: New Ukrainian legislation requires that databases controlled by Ukraine-based entities (residents and non-residents) be registered with the authorities by January 1st 2012. According to the law 'On Protection of Personal Data', Ukraine-based legal entities must register with the 'State Service of Ukraine on Personal Data Protection' all databases with personal data that they control. This includes - but is not limited to - any databases containing personal data about employees, customers and service providers. Further details are available at: http://www.fedee.com/fedmembers/kb/questions.php?questionid=1407

UK: The UK Court of Appeal has held that companies in administration are not necessarily exempted from business transfers legislation. In doing so, it laid down a general rule that appointed company administrators may not rely entirely on Reg 8(7) of the UK business transfers (TUPE) regulations (2006) which disapplies TUPE in certain types of insolvency proceedings. Nevertheless, the automatic transfer of employment under Regs 4 and 7 of TUPE may be all or partly disapplied when the business or undertaking involved is insolvent. The extent of the modification depends on the kind of insolvency proceedings that the business is undergoing.

FedEE **news**:

NEW JOB PRICING APP

Within the next few weeks FedEE will be launching a new App designed to help HR professionals obtain job pricing information on the move. Based on FedEE's well established "JEAPS" database the App will contain a facility to quickly evaluate a job's size and then provide a midpoint and range for its hourly pay level. Those downloading the App from the Apple Iphone store for 59p (0.71 euros) will have access to the pay markets in the UK and Irish Republic. They will, however, be able to upgrade to all European pay markets for just £49.95 (60.45 euros).

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.