



**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: Basic tax take exceeds 50% in Belgium and France

According to the Organisation for Economic Cooperation and Development (OECD) the average tax and social security burden in all 34 countries covered by its remit increased by 0.1% last year.

The biggest increases were in the Netherlands, Poland and the Slovak Republic, mainly due to rises in employer social security contributions. The highest proportion of labour costs taken up by income tax and social security for single workers without children was in Belgium (56.0%), France (50.2%), Germany (49.7%) and Hungary (49.4%).

FedEE estimates that when other liabilities such as VAT and local/property taxes are taken into account a typical single worker in Belgium would have to work for at least 23 hours per week just to meet their obligations to the state.

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### European Union: Emergency planning rules tightened

The European Commission has passed its long awaited draft health and safety Directive issued in response to the Macondo incident in the Gulf of Mexico.

This measure will establish a framework for the licencing and inspection of all offshore oil and gas rigs and require emergency planning procedures to be in place. Operators will have to periodically verify safeguards are working, issue incidence reports and be fully responsible for environmental damage up to 370km from the coast of EU member states. Whistle-blowers will be protected and companies operating in the European Union will be expected to apply the same accident-prevention policies globally as in their EU operations



## **France: Yet another welfare burden for employers**

The French National Assembly (parliament) has approved a government Bill requiring employers to establish supplementary health schemes by 2016.

The schemes would give total (or partial) reimbursement of medical charges not reimbursed under the social security system. At least 50% of the contributions would come from the employer and the minimum coverage would include reimbursement for medical consultations at hospitals, dentists and opticians. It is intended that the schemes will be phased in - with negotiations at a sectoral level commencing this year.

## **Italy: Jobs boost for disadvantaged workers**

The Italian Ministry of Labour has issued a decree defining a new category of “disadvantaged worker” who will be exempt from the normal restrictions applicable to temporary agency workers.

Generally an agency worker may only be supplied for a fixed-term where their tasks can be justified for technical, production, organizational or substitution reasons. These reasons will not, however, be required if the worker is someone who “has not been in regular paid employment for the previous 6 months” and “has not attained an upper secondary educational or vocational qualification (ISCED)” or works in a sector where the gender imbalance is at least 25% higher than the average gender imbalance across all economic sectors (and belongs to that underrepresented gender group).

For more information please contact Uberto Percivalle at [uberto.percivalle@bakermckenzie.com](mailto:uberto.percivalle@bakermckenzie.com).

## **Netherlands: Language requirement for temporary workers**

From July 1st 2013 foreign nationals from outside the European Economic Area will not be able to hold temporary appointments (even for a few days) in the Netherlands without being “sufficiently competent in the Dutch language”.

This requirement already exists for those holding permanent jobs and is largely justified on health and safety grounds. According to Social Affairs Minister Lodewijk Asscher, it is important that employees can communicate well with one another and with the emergency services [...] although [...] the required language level depends on the nature of the job and the responsibilities of the employee.

## **Norway: Revised national pay rates**

The intervention of a Norwegian state mediator has secured an improvement in the existing central wage deal and averted a national strike due to begin this week.

The parties agreed an immediate general increase of 0.75 krone (0.10 euros) an hour, plus 1.40 krone (0.19 euros) for lower-paid workers. The basic increase will amount to just a 0.4% rise in average earnings. However, there is already a 1.2% increase yet to be paid from the ongoing wage deal. Furthermore, if last year's wage drift is repeated, a further 1.8% uplift will take place. This amounts to an average overall wage increase of 3.43% this year.

## **UK: New rules for repurchasing employee shares**

The UK Department for Business, Innovation and Skills has issued draft regulations which simplify the procedures for companies to buy back shares from employees when they leave their jobs.



The principal proposed changes include a new facility for shareholders to authorize multiple buy-backs in advance, instead of authorizing each buy-back on an individual basis. Companies will also be able to purchase shares up to the total value of £15,000 (or 5% of equity) without having to state in advance whether the buy-back is to be financed from reserves, a new share issue or out of capital.

Furthermore, under the new rules due to come into force by the end of April 2013, companies will no longer have to establish a special trust to hold the shares until they are redistributed to other employees. Although a trust may still be an attractive approach for employees as it will allow any profits on sale to be counted as a capital gain and therefore be set-off against annual tax-free allowances.

## Pay, Tax and Benefit Trends

**CROATIA:** The minimum wage in Croatia continues to be well below the levels in many other European countries. Average gross monthly earnings stood at 7,974 kuna (1,045 euros) in January 2013. This gave rise to net pay averaging 5,529 kuna (724.30 euros). This compares to a statutory minimum gross wage of 2,814 kuna (368.60 euros) per month - 34.6% of the average wage.

**FRANCE:** Although last month the French Constitutional Council blocked a proposed 75% marginal tax on those earning over 1m euros a year, the tax is now likely to still be applied - but imposed on employers rather than individual executives. The French President François Hollande has announced that he intends to sidestep the constitutional restriction by introducing a levy on companies for the next two years. Shareholders will also have to be consulted on executive pay levels.

**FRANCE:** It now appears certain that the French

government is going ahead with plans to means test child benefit. A number of proposals are being considered - but under one option the wealthiest families would lose 75% of the current payments.

**ITALY:** The regional tax commission for Lazio in Italy has made a surprise decision regarding the taxation of pay for unused vacation days. On February 6th 2013 the Commission held that an indemnity payment made to an employee in lieu of accrued (but unused) annual leave was not subject to taxation. This decision goes against past judicial decisions. For more information please contact Uberto Percivalle at [uberto.percivalle@bakermckenzie.com](mailto:uberto.percivalle@bakermckenzie.com).

**JERSEY:** The Minimum wage on the Channel Island bailiwick of Jersey rose on April 1st by 5p to £6.53 (7.69 euros) per hour. The first year trainee rate is now £4.90 (5.77 euros) per hour and newly introduced second year rate of £5.71 (6.80 euros) an hour.

**NORWAY:** In a recent report the Organisation for Economic Co-operation and Development (OECD) has criticised Norway for its generous sickness and disability benefits, to which it attributes rising levels of sickness absence and disability benefit claimants. Sickpay currently amounts to 100% of salary for a whole year and absence on mental health grounds is increasing. In addition to proposing a reduction in state benefits, the OECD also underlines the importance of dealing with mental health problems through early workplace intervention measures.

**PORTUGAL:** The Portuguese government is under pressure from employer organisations and trade unions to increase the national minimum wage. The minimum wage in Portugal is currently 485 euros a month - one of the lowest in Europe. Although an agreement signed in 2006 was due to raise the minimum wage to 500 euros by 2011 the deal was never fully implemented. An immediate



change is opposed by the Portuguese Prime Minister Pedro Passos Coelho, who believes it would present a barrier to job creation.

**SERBIA:** Average gross salaries and wages paid in the Republic of Serbia rose by 8.5% over the year to February 2013. This represents an average increase of 3.5% in 'real terms' - after discounting consumer price inflation over the same period.

**SPAIN:** Pilots working for the Spanish airline Iberia have voted to reject arbitration over a pay and productivity deal already agreed by other staff. On the table are pay cuts ranging from 7% to 14%, in addition to voluntary redundancies. The company's austerity programme has already led to the departure of 258 flight crew members.

## Other European HR news in brief

**AUSTRIA:** Over the year to Q4 2012 the number of part-time jobs in Austria increased by 31,700, whereas full-time jobs decreased by 11,400. By far the majority of part-timers securing new jobs were women.

**EUROPE:** HR departments have happily looked on in recent years as governments across Europe have continued to enhance family-friendly rights - firm in the knowledge that fertility levels are declining as women delay starting their families. But the operational (and career) impact of the new rights will shortly become more evident due to a small, but significant reversal in fertility levels in many countries. The most pronounced trend reversals are taking place in Italy, Greece, Germany, the Irish Republic and the UK. [see: <http://tinyurl.com/c23jmm7>]

**EUROPE:** The European Union's statistical agency has just published statistics showing the latest available trends in living standards. Between 2009 and 2010 the living standards of

households fell by 12.3% in Greece, 6.6% in Bulgaria, 6.1% in Latvia and 5.8% in Spain. In 2011 10% of people in the European Union reported that they could not afford a meal with meat, fish (or a vegetarian equivalent) every second day. This deprivation was particularly evident in Bulgaria (50.8%), Latvia (30.8%) and Hungary (29.0%).

**EUROPEAN UNION:** After many years of convergence comparative price levels across the European Union began to widen in 2008 and continued to do so up until the latest available data from 2011. In 1998 the coefficient of variation stood at 42.6 and by 2008 it had fallen to 23.6. However, it has since widened to 25.2. This trend has been entirely due to exchange rate fluctuations between the 17 euro area countries and the rest of the EU - especially Sweden and the United Kingdom.

**EUROPEAN UNION:** Agreement has been reached between the EU Council of Ministers, European Parliament and European Commission on the updating of measures to minimize the exposure of workers to the risks arising from electromagnetic fields. The changes have been principally prompted by concerns over current exposure levels associated with MRI scanning. The Directive also now incorporates the International Commission on Non-Ionizing Radiation Protection (ICNIRP) guidelines for exposure limit values.

**FRANCE:** The Appeal Court in Toulouse has heavily penalised the French postal service, La Poste, for employing a worker on successive fixed-term contracts (CDD) for a total of 22 years. The Court ordered the organisation to pay the employee 54,000 euros by way of compensation, reclassify their employment contract as an indefinite duration contract (CDI) effective back to the year 1981, and to adjust the employee's pension contributions to be in line with his years of service.



**IRISH REPUBLIC:** The Irish state postal organisation An Post is introducing a new attendance management system in an attempt to reduce its absence levels to below its national target of 4.6%. A spokesperson has confirmed that absence has been running at well above 5% for the last year. However there was a limit to the effectiveness of absence control methods because "The vast majority of employees have an outdoors working environment and are therefore exposed to climatic conditions."

**ITALY:** A new Italian inter-ministerial decree requires employers to give advance notice to their local Labour Directorate (Dtl) before appointing anyone to carry out "intermittent work" or face a fine of between 400 and 2,400 euros. The communication must be by email (or via the portal Cliclavoro) and follow the 'Uni-intermittente' model - identifying the employer, employee start date and end date.

**NETHERLANDS:** The Dutch Bankruptcy Act will be modified with effect from March 1st 2014 to prevent anyone who commits bankruptcy fraud from being a Director of any legal entity for a period of five years. The designation will apply to anyone who has failed to fulfill their obligations to a serious degree in the three years preceding the bankruptcy. An example of such conduct would be siphoning off business assets or funds shortly

before a bankruptcy to disadvantage its creditors.

**NETHERLANDS:** A Dutch district court in Almelo has found that a longer-term employee leasing arrangement establishes a direct employment relationship with the client company, as well as their contracted, formal employer. They are therefore entitled to employee protection in line with user company policies - over and above their basic statutory rights. The case in question concerned a worker hired to a Dutch municipality, although the majority of leased employees in the Netherlands work in the hospitality sector.

**SERBIA:** The Serbian government has announced that May 1st to 6th (inclusive) will be public non-working holidays this year.

**UK:** New rules now apply to large-scale collective redundancies in the United Kingdom. The consultation period for redundancy proposals involving 100 or more employees made on or after April 6th 2013 must begin at least 45 days before the first redundancy is made (reduced from 90 days). Employers must also now notify the Secretary of State of its proposals within this shorter time-frame.

## FedEE news:

**3<sup>rd</sup> ANNUAL PAN-EUROPEAN HR FORUM:** FedEE Secretary General Robin Chater will be chairing the 3<sup>rd</sup> Annual Pan-European HR Forum on 23<sup>rd</sup> and 24<sup>th</sup> May 2013 in Berlin.

This event has been designed for HR Directors with a European, EMEA or international remit, and it provides an excellent platform to come together to network and to share best practice. The two-day conference will include speakers from leading organisations such as Santander, L'Oréal, Astellas, GE, KPMG, Marks & Spencer, Ricoh and others, and provides streams and workshops for a range of different aspects of strategic talent management and organisational development.



As part of our collaboration with this event we can offer a discounted rate for our members – please use this link to book your place: [www.eurohr.eu/member](http://www.eurohr.eu/member)

**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](#).

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.

**SCHEDULED WEB SITE MAINTENANCE:** Please note that due to scheduled web site maintenance the FedEE web site will not be accessible between 5pm BST on Friday, 3<sup>rd</sup> May 2013 and 9am BST on Saturday, 4<sup>th</sup> May 2013. We apologise for any inconvenience this may cause.

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