



**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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### Comparative: Trade off between hourly and monthly pay

A recent study (Pavlopoulos, Muffels and Vermut: RSS Journal) has revealed that job-related training increases the probability of a pay rise in the UK and the Netherlands, but not in Germany - where apprenticeships are a major training vehicle. However, the likelihood of a pay rise in Germany is linked closely to the transfer from a temporary contract to a permanent one - a phenomenon not evident in the UK or the Netherlands.

In all three countries workers are more concerned about total earnings than hourly rates - meaning that an increase in working time may be accompanied by a lower hourly rate, provided that total monthly earnings rise.

### EU: Opening up country borders

Belgium is in the process of implementing the EU Blue-Card scheme for highly-skilled employees. The process is in its initial stages, but it is likely that the scheme will operate alongside the current fast-track work permit B for highly qualified employees. The salary threshold for a Blue Card

is likely to be 49,995 euros (higher than the current requirement for a work permit B).

In a further move to open up external borders, the EU and Ukraine have recently signed an addendum to the current visa facilitation agreement which extends the categories of individuals qualifying for the simplified procedure for obtaining visas to travel to EU member states. The amendment covers those visiting relatives, an increased list of qualifying professions and provisions for those participating in cross-border cooperation programmes.

Meanwhile, the Irish government has ended the restrictions on the employment of workers from Romania and Bulgaria. The move was prompted by a sharp reduction in the number of work permit applications received from nationals from both states.

### EU: Cross-border pension provision

The European Insurance and Occupational Pensions Authority (EIOPA) has published its 2012 report on the development of the cross-border activity of the Institutions for Occupational



Retirement Provision (IORPs). Such institutions provide supplementary pension schemes on the basis of an individual or collective agreement between employers and employees (over and above that provided by the basic state pension or individual company schemes).

According to the report, there are now 84 IORP-based schemes in operation - the same number as in June 2011. They exist in 22 EU countries - although schemes are managed from only nine member states. The most common patterns are schemes between the UK and Ireland and between the UK and Benelux countries.

## **France: Internal regulations must be formally implemented**

The French Supreme Court has emphasised the importance of correctly implementing internal regulations if they are to be enforced against employees. The court held that an employer could not discipline an employee for breaching internal rules as they had not fulfilled the implementation requirements. The dismissal based on the infringement was therefore unfair.

Under French law before an employer adopts internal regulations they must consult with employee representatives, and then send the documents to both the work inspectorate and the labour court service.

## **Italy: Tax advantages for human capital investments**

Italy has recently introduced a new law to promote business growth and development.

Under new provisions, companies hiring highly qualified personnel – those who hold a PhD or a Master's degree in technical or scientific subjects – may apply for a 35% tax credit, provided that their total number of employees is higher than the one declared during the previous fiscal period, the

new contracts last for at least 3 years (reduced to 2 years for SMEs) and the company has not violated any tax or employment regulations. The credit will, however, be terminated if employers subsequently relocate their production abroad.

A further financial incentive exists where companies hire people under the age of 35. SMEs with a turnover of up to 2 million euros also benefit from a cash accounting VAT system - as opposed to the standard invoice accounting scheme.

## **Pay, Tax and Benefit Trends**

**BELGIUM:** New social security regulations in Belgium now impose a benefit in kind of 15 euros per month for the private use of an iPad (or other tablet computer) put at a worker's free disposal by their employer. This amount will be subject to employer and employee social security contributions. If a worker has both a laptop computer and an iPad at his disposal and uses both regularly for professional and private purposes their total liability will be 30 euros per month.

**BULGARIA:** Pressures are growing in Bulgaria for an increase in the minimum wage and state pensions this autumn. The Podkrepa Labor Confederation has predicted a sharp rise in the annual rate of price inflation this month and is calling for an immediate meeting of the National Council for Tripartite Cooperation to discuss its concerns. In its view the minimum wage should rise from BGN 290 (148 euros) to BGN 330 (169 euros) and state pensions rise by 15% in October 2012.

**FRANCE:** French car maker PSA Peugeot Citroen has achieved a two-year pay freeze and a range of other concessions in a deal to avoid plant closure at its Sevenlord plant in northern France. The changes include reduced leave (geared to production needs), redeployment flexibilities and a facility to extend overtime at short notice.



**GERMANY:** New figures from the German National Statistics Office indicate that part-time and temporary employment contracts reached a new high in 2011. The total figure showed a yearly increase of 80,000 - although the proportion of such employees in the total workforce actually declined from 22.4% to 22.1%. Additionally, new figures show that 11% of employees in Germany were earning less than 8.50 euros per hour in 2010, leading to renewed discussion about whether a national minimum wage should be implemented.

**POLAND:** The average gross salary in the Polish private sector was 3,754.48 zł (914.43 euros) in June 2012. This represents a 4.3% year-on-year rise - on a par with the 4.2% rise in consumer prices over the same period.

**SLOVAKIA:** An official report by the Slovakian Labour ministry indicates that the gender pay gap has decreased by one fifth over the past five years. The gap persists at around 20% due to the lower-paying sectors within which women are typically employed, the reports claims. Approximately 80% of those employed in health care, social work and education are female.

**UK:** The UK High Court has ruled that a government back-to-work scheme which involved unpaid work is lawful. This conclusion follows a challenge from an unemployed graduate who claimed that she was forced to stack shelves on an unpaid basis as part of the scheme - which, she believed, amounted to forced labour contrary to the UK Human Rights Act.

## Other European HR news in brief

**EU:** At a meeting of EU ministers last week Germany removed some of its objections to public access rules under a new EU-wide data protection standard. However, disagreement remains on what constitutes public interest and therefore what data should be protected.

**EUROPE:** The law firm Eversheds has set up a committee to examine how it could introduce a system of share ownership for all non-partner legal and support staff. Improved international integration, possibly through a Swiss Verein, is also being considered as part of the firm's three-year plan.

**GLOBAL:** A new global agreement on corporate social responsibility has been concluded between the German electronics and electrical engineering company Siemens, its work council and the trade union IG Metall. This reaffirms the company's commitment to fundamental employment principles - such as equality of opportunity, the right to collective bargaining and freedom of association.

**IRISH REPUBLIC:** The Irish manufacturing sector has expanded for the fifth consecutive month, leading to a rise in employment. Unit labour costs have also fallen more sharply than in any other EU country - by 6.3% between 2008 and 2011. This is in direct contrast to the Spain where the manufacturing sector has contracted for 15 consecutive months.

**IRISH REPUBLIC:** According to the Irish government a package of procedural reforms have reduced the administrative cost burden on companies by 25%. The changes include the reduction of filing frequencies for VAT, employers' PAYE and social insurance contributions, an increase in the VAT registration threshold, the introduction of streamlined online revenue services (ROS) and rationalisation of income tax and corporation tax forms.

**ITALY:** The Italian Council of Ministers has approved draft legislation to transpose EU Directive 2009/52/EC into national law, increasing sanctions for those who illegally employ third country nationals. The decree introduces a fine of 1000 euros per illegal worker, in addition to a



requirement to meet the full costs of unpaid taxes and social security contributions.

**NETHERLANDS:** The temporary employment sector continues to decline in the Netherlands. Over the year to July 2012 the number of hours worked for temping agencies fell by 6% in respect of industrial clients and 18% for medical clients. There was also a 2% decline over the same period in the number of workers employed by agencies.

**POLAND:** Over 6,000 applications have so far been made for the legalisation of immigration status under a Polish amnesty introduced at the beginning of this year. Approval has so far been given in 1,669 cases involving nationals from such countries as Armenia, China, Pakistan, Vietnam and Ukraine.

**SPAIN:** Spain has introduced new laws relaxing restrictions on working hours in the retail sector. This comes as an increasing number of workplaces end the traditional practice of an afternoon or extended lunchtime siesta. Shops larger than 300 square metres are now permitted to open for 92 hours a week - compared with a previous limit of 72 hours. Retail outlets will also be allowed to open on ten rather than eight Sundays or public holidays a year.

**SPAIN:** The Labour Court of Spain's Santander province has declared the dismissal of ten agency

workers as invalid after they were made redundant due to their participation in trade union activities. The company was ordered to reinstate the employees and compensate them for lost income. The court found that the issuing of a letter stating that participation in a general strike was "inappropriate behaviour" and grounds for dismissal was unacceptable and an infringement of the workers' right to belong (and be active in) a trade union.

**SWEDEN:** Swedish politicians are debating whether to extend the country's already generous paternity leave allowance, even though a recent OECD report has estimated that parental leave costs 0.8% of GDP. New fathers are currently entitled to up to 240 days paid leave, and must take a minimum two months. The proposal aims to extend this to three months.

**UK:** The UK Employment Appeal Tribunal (EAT) has determined that a redundancy situation will only arise where there is a diminution or cessation in an employer's requirement for employees to carry out particular work activities, rather than merely a diminution in the work itself. Thus an employee did not have the right to claim that they should have been made redundant following a reduction in their working hours (*Welch v Taxi Owners Association (Grangemouth) Ltd* EATS/0001/12).

## 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](mailto: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.

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