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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:

Belgium: Job posting rules to be amended

The current LIMOSA obligation on employers to notify the Belgian Labour Inspectorate before posting foreign workers to Belgium has been called into question by a recent European Court of justice (ECJ) decision.

Although the focus of the ECJ case was on self-employed service workers the court has found that the generalised nature and complexity of the LIMOSA procedures made it incompatible with the EU Services Directive because the duty of notification is not limited to cases where it has proven necessary to check whether tax and social obligations have been met. The Belgian government will therefore have to amend the job posting rules to limit the sectors covered and amount of data required.

Until these changes have been made employers will remain subject to the old rules and could face criminal prosecution if they are disregarded.
[Case: C-577/10]

EU/USA: Impact of FATCA rules

From next year employers operating in Europe will be required to provide additional financial details to employees who are US citizens in order to satisfy new rules imposed by the US Revenue Service (IRS).

The new FATCA rules will impose major obligations on US expatriates and make it far more difficult for them to set up bank accounts in non-US banks. It will also require companies to reveal confidential financial information for transmission to the IRS. US expatriates will face the prospect of double taxation on their income and assets and additional reporting arrangements could cause particular administrative burdens for pension schemes and employee share plans.

France: High price for hard times

A new pact has finally been concluded between the French government, employers and three of France's five leading trade union confederations.

Employers have won a number of concessions - including freedom to cut pay and working hours during times of economic difficulty and a reduction in the period when an employee may challenge

their redundancy - from five years to two years after their contract comes to an end. However, employers will have to guarantee the jobs of workers during short-time working and following pay cuts.

National employers have also made further significant concessions to achieve agreement. Private-health insurance benefits made available to staff will have to be extended to those on temporary contracts, employer social security contribution rates will be increased in respect to temporary workers and unemployment benefit credits will be transferrable between employers when an employee changes their job.

The government must now seek parliamentary backing for the pact and it remains uncertain what action the two radical unions, the CGT and the FO, that remain outside its scope will take.

Portugal: Tax hikes as austerity programme bites

Portugal has now introduced the biggest increase in tax rates in the country's history. The lowest rate of income tax on the first 7,000 euros of annual income has risen from 11.5% to 14%. Incomes between 7,000 euros and 20,000 euros are now subject to a rate of 29.5% (up from 24.5%) and the total number of tax brackets has fallen from eight to five. This structural change alone has brought many taxpayers into higher brackets and those earning over 80,000 euros per annum have not only experienced a tax hike from 46.5% to 48.0% but must now pay an additional 2.5% solidarity tax.

The biggest change will, however, be experienced by couples who jointly earn over 80,000 euros a year. Formerly they would not be subject to the top rate of tax until their joint earnings reached 153,000 euros per annum. But now they are taxed jointly and have to pay the higher rate on all income over the new 80,000 euro threshold.

Portugal is currently in discussions with the European Commission about a proposal to reduce corporation tax to 10% for all new businesses. But for most budding entrepreneurs the new income tax rates in Portugal will mean that they will be looking elsewhere to start their enterprises.

Spain: Tough action against social security fraud

Penalties for breach of social security laws in Spain have been substantially increased.

The maximum criminal sentence for a breach has been raised from five to six years imprisonment and the statutory limitation period increased from five to ten years. The limitation period for principals and contractors under the employment statute has been increased from one to three years after termination of the contract, and fines have risen from 50% of the due amount to 150% - with additional fines of between 626 euros and 3000 euros for failure to pay contributions to the authorities within specified time periods.

UK: Busy year for employment legislators

Many changes to the UK's employment landscape can be expected this year.

By the end of February the UK must have complied with the EU Parental Leave Directive by increasing unpaid parental leave entitlement from 13 to 18 weeks. In April we will also see the publication of the Growth and Infrastructure Bill that will transform employee shareholder status.

From April 6th 2013 the consultation period for collective redundancies involving 100+ employees in the UK will be halved from 90 days to 45 days. The Advisory, Conciliation and Arbitration Service (ACAS) will issue fresh guidance to employers carrying out collective redundancies and legislation will be enacted excluding fixed-term

workers from collective redundancy consultation obligations.

The Children and Families Bill is likely to be published by June - setting out flexible working rights for working parents. Access to employment tribunals will also become subject to the payment of a hearing fee and a tranche of new tribunal procedures will come into force by the end of the year.

Pay, Tax and Benefit Trends

AUSTRIA: Employers in Austria are now required to pay a flat-rate "dissolution" supplement (Auflösungsabgabe) of 110 euros on top of social insurance contributions for each employee dismissed. No supplement is payable where, for instance, an employee's fixed-term contact comes to an end or when termination takes place during a probationary period.

BELGIUM: A new regulation has come into force in Belgium requiring employers with ten or more employees to give a week's leave to an employee if their child is seriously ill and is admitted to hospital. Although employees are normally required to give seven days' notice before taking such leave this will not apply where the hospitalisation is unforeseen.

BULGARIA: Social security and health insurance rules in Bulgaria changed with effect from January 1st, 2013. Contributions must now be paid to the National Social Security Institute by the 25th of the month following the month when the work was performed. Revised deadlines also apply for the provision of supporting documents and penalties for late payment have been reduced.

CYPRUS: An amendment has been made to the Assessment and Collection of Taxes Law in Cyprus. This means both companies and individuals have to pay their provisional tax payments in two halves - not later than July 31st and December 31st each year. Employers will have until July 31st to submit their annual returns for the previous year and where submissions are made online the new retention period for supporting documentation has been reduced from seven to six years.

EUROPE: Over the year to Q3 2012 hourly labour costs (HLC) in the business sector rose by 7.7% in Estonia, 7.1% in Bulgaria, but only by 0.5% in Slovakia and the Netherlands and 0.3% in Slovenia. Labour costs fell in a number of individual economic sectors - the industrial sector in Cyprus (-0.3%), and Malta (-6.3%), the construction sector in Bulgaria (-0.9%) and Slovenia (-6.3%), and the services sector in Slovenia (-0.4) and Slovakia (-0.2).

GERMANY: The tax-free monthly earnings limit for "minijobs" in Germany has risen from 400 euros to 450 euros. Prior to the increase there were 7 million workers in Germany with minijob contracts. This change will increase this total by around half a million workers.

HUNGARY: The monthly minimum wage in Hungary has risen this month by 5.4% from 93,000 Forints to 98,000 Forints (336.46 euros). The minimum wage for skilled workers has increased by 5.6% from 108,000 Forints to 114,000 Forints (391.43 euros).

NETHERLANDS: The Dutch subsidiary of the IT consultancy Capgemini has asked its higher paid employees to accept a 10% salary cut or face the prospects of a redundancy programme. This follows a decision by the IT companies Ordina and Atos to make salary cuts. These savings are being forced on many companies in the IT sector due to increased competition from India and elsewhere in the Far East.

NETHERLANDS: The Dutch Salary Harmonisation Act (Wet Uniformering Loonbegrip

or WUL) that comes into force this year will increase labour costs, particularly for employers in the hospitality, cleaning, retailing and healthcare sectors. This is largely because the Act removes an exemption from the payment of unemployment fund contributions on earnings below 17,000 euros a year. Under the new regulations employers will be subject to a levy of 1.7% on all employees. Harmonisation will also increase employers' healthcare premiums in respect to higher paid employees - from 7.1% to 7.75%.

SPAIN: The minimum wage in Spain has risen to 645.30 euros per month. Social security rates have not changed this year, but the minimum monthly contribution base is now 752.70 euros and the maximum contribution base is 3,425.70.

SPAIN: In Spain the state retirement age begins its period of transition this year with an increase in the date of retirement by one month this year and each successive year until 2018, and two months thereafter each year until 2027 - when the state pensionable age will reach 67. The contribution period for a full pension will also rise during this total period from 35 to 38.5 years.

UK: The new UK Engineering Construction Industry Agreement (NAECI) has set annual pay increases amounting to 7.7% over the next three years. The National Joint Council has also agreed 10 days bereavement leave, increased lodging and travel allowances and improved redundancy terms.

Other European HR news in brief

BELGIUM: The Belgian Supreme Court has ruled that an employee representative on a European Works Council may enjoy the same rights as those on local works councils or the Committee for the Prevention and Protection at Work. This includes the right to receive merit pay increases, even if they spend a high proportion of their working time undertaking works council-related duties.

DENMARK: The Danish parliament has approved a Bill that will require listed companies with 50+ employees to establish targets and a timetable for improving the gender balance on their boards and in senior management positions. The target and progress towards them must also be covered in the company's annual report and accounts.

EU: The European Commission has approved an application from the Spanish government to extend its current restriction on Romanian workers concerning access to its labour market. This may not extend beyond December 31st, 2013 when a treaty obligation requiring free movement throughout the EU for Romanian and Bulgarian workers comes into effect.

GERMANY: The German Federal Labour Court has ruled that an employer may ask their employee to provide a medical certificate covering the period from their first day of sickness absence. Employees may, however, continue to supply certificates from the third day of absence if this obligation is specified in their employment contract.

SWITZERLAND: The Swiss Federal Parliament has approved a measure making general contractors responsible for the compliance of their subcontractors with labour laws and collective agreements. This follows a move last summer to crack down on spurious self-employment, increased controls imposed by the labour inspectorate and spot checks on building sites by cantonal police.

FedEE news:

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.
