

## Changes and amendments to the Labor Law

The Parliament of the Republic of Serbia has adopted changes and amendments to the Labor Law on July 18, 2014 which enter into force on July 29, 2014, except for the provisions regarding pay-slip (it may be delivered electronically, it represents an enforceable document, the employee may dispute it before the court and the Minister of Labor will prescribe its mandatory elements) which will enter into force 30 days later.

The above mentioned changes and amendments harmonize the Labor Law with the provisions of IWO and EU regulations that the courts have so far applied directly. Furthermore, certain provisions of the Labor Law are more precisely defined, particularly the ones which were in practice subject to different interpretation by the employers and sometimes led to an uneven court practice, thus creating legal uncertainty.

### Overview of certain changes and amendments:

#### Employment for a definite time

The maximum period for which employment for a definite time can be established is prolonged from 12 to 24 months, however only in case where objective reasons exist, justified by a deadline, completing certain work or by occurrence of a certain event, for the time these necessities exist.

Exceptionally, the employment contract may be concluded for a definite time longer than 24 months, in cases prescribed by the Law.

Apart from the abovementioned, the employment contract may be concluded for a definite time period of up to 36 months for performing work at a newly established employer (incorporated since less than a year).

Further, employment contract may be concluded for a definite time with an unemployed person having less than 5 years of service remaining in order to fulfill one of the conditions for realizing the right to old-age pension. However, such contract may only be concluded for a period required for fulfilling the conditions in line with the pension and disability regulations.

#### Vacation

The employee obtains the right to a vacation after one month of continuous work for the employer in the current calendar year, which may be used at once or in two or more parts.

Monetary compensation cannot be agreed instead of vacation, except in cases where employment is terminated.

## **Salary, salary compensation and other income**

Increasing the salary based on “years of service” is computed only for the time spent with the current employer, as well as related entities in line with the law.

A change has been made for the referent period for computing salary compensation from 3 to 12 months, i.e. salary compensation in the amount of the average salary in the last 12 months.

The possibility to deliver salary calculations solely in electronic form has been introduced. Furthermore, the salary calculation now represents an enforcement document. The employee who received salary may now dispute the legality of such calculation in court. Monthly records for salary are now being signed only by the person with representation rights, or any other person authorized by this person, and not by the employee to whom the salary has been paid out.

## **Shorter deadlines for employees to submit a claim**

The deadline for initiating a labor dispute is reduced from 90 to 60 days from the day the disputed decision was received, i.e. from the day the violation of rights was discovered.

## **Prolonged deadlines for the statute of limitation**

Termination of employment due to violation of employment obligations, discipline or work results, or lack of required knowledge and work capabilities may be conducted within 6 months from the day this fact was discovered, i.e. within a year time from the day when the particulars which are the basis for termination of employment have occurred.

## **Notice period in case of employee's resignation**

Notice period of the employee may be set forth by the general act or employment contract and it can be longer than 15 days however cannot exceed 30 days.

## **Termination of employment due to violation of employment obligations or discipline**

Due to demands from practice, some of the most common cases regarding the work capability of the employee, behavior, disobeying work discipline and violating work obligations have been more closely defined.

## **Legal consequences of illegal termination of employment**

A difference has been made between court cases where it is established that there was no legal ground, nor reasons for unilateral termination by employer, in which case the employee has a right to full reintegration (return to work, damages compensation for lost earnings and social security payments for the entire period) from court cases where it is established that there were justified reasons for the termination of employment, but the employer has breached procedural provision of the law. In the latter case, the court will reject the demand of the employee to be reinstated and will be awarded the right to damages compensation in the amount of 6 salaries

at the expense of the employer, which serves as a sanction for not following the prescribed procedures whilst terminating the employment contract.

### **Penalty provisions**

The limit for monetary fines has been increased to RSD 2,000,000 (approx. EUR 17,250). Fixed fines for certain violations have been introduced.

### **Deadlines for harmonizing with new provisions**

The following deadlines for harmonizing with the new Labor Law have been prescribed:

- 60 days for the Rulebook on internal organization and systematization of positions,
- 60 days for contracts with existing employees,
- 6 months for the Collective contract and Rulebook on employment.

**Should you have any remarks or questions regarding the above, please contact our professionals:**

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