European Employment Insights

“Italian employers cannot rely on organizational needs to unilaterally change employees’ working hours.”

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26

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May Issue | **June Issue** | **July Issue**

INDEX

Client's Perspective

Taking off together: a conversation with the VP of Menzies Portugal

Rui Gomes, Vice President
Menzies Portugal
Client of Andersen in Portugal

Andersen's **José Mota Soares** sits down with **Rui Gomes**, VP of Menzies Portugal, to discuss the realities of leading a major aviation services business in a rapidly evolving regulatory and economic environment - and what it truly means to have the right legal partner by your side.

Q: Please tell us about yourself and about Menzies Portugal. How did you come to lead this organization, and what does the company actually do on the ground - literally?

RG: I have spent the better part of my career at the intersection of operations and business strategy within the services sector. I began in the facility services market, and after more than 20 years building expertise in managing complex businesses, I was given the opportunity to lead Menzies Aviation Portugal - an offer I accepted without hesitation.

Menzies Aviation is the world's largest aviation services company, providing ground handling, air cargo and fuel services at 347 airports in 65 countries, and employing 65,000 people globally. In Portugal, our operation covers five airports - Lisbon, Porto, Faro, Funchal and Porto Santo - where we provide ground handling and air cargo services to a broad portfolio of airline customers.

What many people outside our industry do not immediately appreciate is just how labor-intensive and operationally complex our business is. We do not manufacture a product that sits on a shelf. Every single day in Portugal we deploy around 3,500 people in a highly regulated, safety-critical environment - often around the clock. The margin for error is virtually zero. That operational intensity is what makes leadership here both immensely challenging and deeply rewarding.

Q: What are the biggest legal and economic challenges you currently face — the things that genuinely keep you awake at night?

RG: There are several, and I will be candid about them because I think honesty in these conversations is more valuable than reassurance.

Ground handling is a competitive business with significant pricing pressure, while the majority of our cost base relates to people. Changes to the salary tables, inflation and the evolution of collective bargaining arrangements therefore have a direct and material impact on the business. Our responsibility is to ensure that employees are appropriately recognised while preserving the company's competitiveness and long-term sustainability.

At the legal level, the complexity of managing a workforce of this scale - many of whom are shift workers, seasonal workers, or workers subject to specific collective bargaining regimes - has grown substantially. We operate under aviation-specific regulations, general labour law, health and safety rules, and now, increasingly, ESG-related compliance requirements. The interplay between Portuguese labour law and the European regulatory framework adds further layers. The challenge is rarely limited to understanding what the law says. It is about determining how legal development affects the organization in practice: our workforce planning, working-time arrangements, relationships with employee representatives and ability to respond to operational requirements.

And then there is the cross-border dimension. Menzies Aviation is a global organization. When we board a large airline client that operates across multiple European jurisdictions, or when we are structuring an internal reorganization that touches our operations in several countries simultaneously, we need legal counsel that can give us a consistent, coordinated answer - not a patchwork of unconnected local opinions. That is not always easy to find.

Q: Turning to the other side of the ledger - where do you see the greatest opportunities for Menzies Portugal in the coming years?

RG: Portugal is, in many respects, a genuinely exciting market right now. Tourism continues to grow. Lisbon and Porto are important gateways for international and domestic connectivity. Faro is one of the busiest leisure airports in Southern Europe. That growth in passenger volume directly translates into demand for our services, and we are well positioned to capture it.

Beyond volume, I see significant opportunity in the area of sustainability and operational innovation. Airlines are under immense pressure to decarbonize, and that pressure cascades to us. Ground support equipment electrification, sustainable fueling solutions, digital optimization of turnaround processes, real-time visibility of cargo - these are areas where Menzies is investing globally and where we have a real opportunity to differentiate ourselves here in Portugal.

There is also an opportunity that I think is underestimated: talent development. Ground handling has historically struggled with its image as an entry-level or transitional sector. I believe we can change that narrative. If we invest in our people - in training, in career progression, in well-being - we build a more stable, more productive workforce, which ultimately makes us a better business partner for the airlines we serve.

Finally, I see consolidation in the sector continuing. There will be opportunities to grow through acquisition or partnership, and being part of a global network like Menzies gives us a distinct advantage in pursuing those opportunities.

Q: You have been working with Andersen on a number of employment and labour matters. Can you share an example of a situation where that collaboration made a real difference for your business?

RG: Absolutely, and I want to be specific because vague praise is not particularly useful for anyone.

One situation that stands out was the support provided during the transformation and restructuring of the company following its recovery from insolvency. The process required us to safeguard the long-term sustainability of the business and employment, while maintaining constructive relationships with our employees and their representatives.

In these situations, the relevant question is not simply whether a particular course of action is legally possible. We also need to understand how it can be implemented, the associated timing and risks, how it may affect our relationship with employees and their representatives, and whether it is operationally viable.

José Mota Soares and the Andersen team have consistently taken the time to understand those different dimensions. Their advice is pragmatic and focused on enabling the business to make informed decisions rather than simply describing the applicable legal framework. We have also benefited from Andersen's ability to coordinate with colleagues in other jurisdictions.

Q: What do you look for in an international employment law firm? What should firms like Andersen understand about the needs of global companies operating in your sector?

RG: The honest answer is: understand the business first and then give me the law.

Too often, legal advice is delivered in a vacuum - technically correct but commercially tone-deaf. Ground handling is a regulated industry with very specific operational constraints. For example, when considering a change to a shift arrangement, it is not enough to know whether the change is legally permissible. We also need to understand the consultation requirements, the implementation timetable, the potential impact on the operation and the measures required to manage the associated employee-relations risks. The best legal advisers translate the law into a practical decision-making framework. They explain the available options, the risks associated with each option and the measures that can be taken to mitigate those risks.

For international firms specifically, I would add this: consistency matters. When we are dealing with a cross-border matter - whether it involves Spain, the UK, France, or further afield – we need to know that the advice received in each jurisdiction reflects a shared methodology and a shared understanding of the company's priorities. I should not have to act as the translator between our legal advisors. Andersen's international network is particularly valuable when it operates in that genuinely coordinated manner.

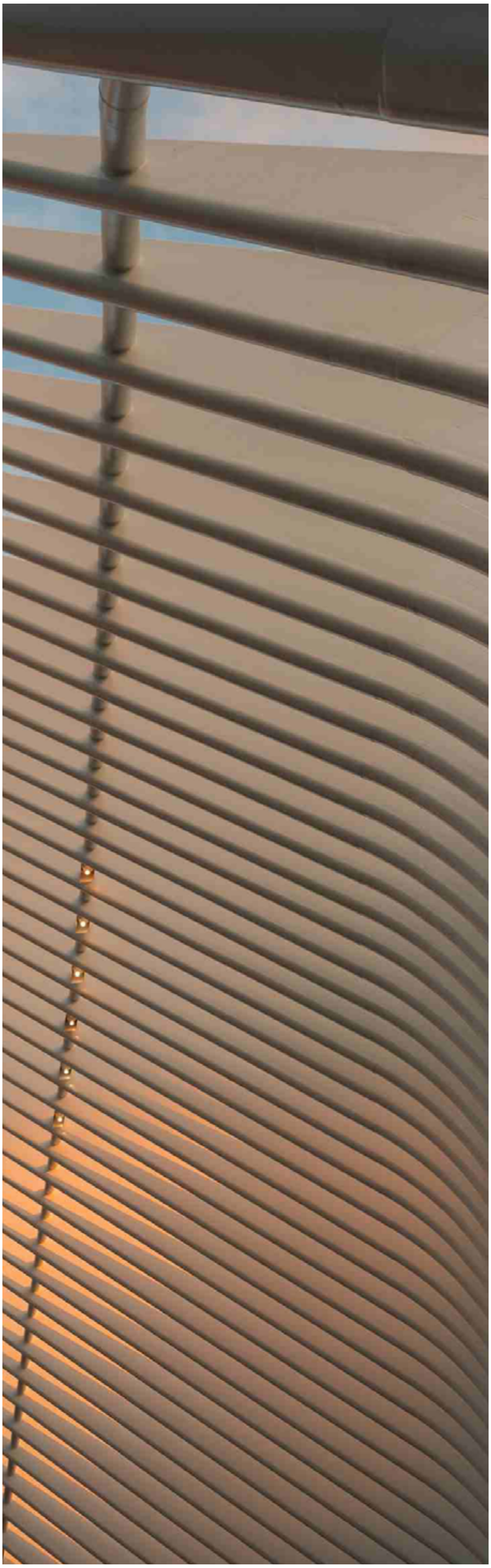
Q: Finally, if you were to offer one piece of advice to employment lawyers at Andersen and its member firms around the world, what would it be?

RG: Stay curious about your clients' industries. Legal expertise is the essential foundation of the relationship. What truly differentiates the lawyers I trust most is that they have taken the time to understand what we actually do, what our competitive pressures look like, and what an operationally disruptive outcome means for us in practice.

Aviation is a dynamic, global, safety-critical sector. A legally valid solution that creates an unacceptable operational disruption may not be the right solution for the business. Equally, an operationally attractive solution that does not adequately address legal or employee-relations risks is unlikely to be sustainable. The lawyers who engage with that complexity, who ask the extra question, who read the trade press and attend the industry events - those are the lawyers who earn a permanent seat at the table.

That is what I would encourage Andersen's employment law teams to pursue, not just with Menzies Aviation, but with every client they serve.

And I would add one more thing: embrace the international dimension of your work. The world is not organized by jurisdiction. Companies like ours operate across borders every day. Lawyers who can move fluidly across legal systems, who can convene colleagues in Madrid or London around a common problem, and who can deliver a coherent, unified response - those are the lawyers of the future. Andersen has built an international network capable of doing that, and its value will depend on how effectively that network is used in practice.



Rui Gomes Vice President of Menzies Portugal, part of Menzies Aviation – the world’s leading provider of ground handling, fuel, and air cargo services, operating across 65 countries and 347 airports globally. He has more than two years of experience in the aviation services sector and has led Menzies Portugal’s operations since 2024. He holds a degree in Management from Lusíada University.

José Mota Soares is Managing Partner in Andersen Portugal. He co-coordinates the Iberian Employment Department. With over 25 years of experience advising companies in all aspects related to the development of labor relationship and sensitive matters such as collective bargaining, restructuring processes, international mobility and labor litigation.

Bosnia and Herzegovina

COURT
Time limit for termination of an employment contract due to a serious breach of work obligations

The Supreme Court of the Federation of Bosnia and Herzegovina has clarified how the 60-day time limit for terminating an employment contract due to employee misconduct should be calculated.

The case concerned an employee who was absent from work without justification for more than three consecutive days. Under the employer's internal rules, this constituted a serious breach of employment obligations. The employee did not contact the employer to explain the absence and did not respond when invited to provide a statement during the disciplinary proceedings.

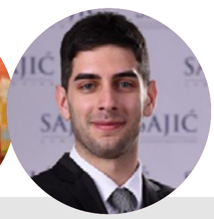
Following the disciplinary procedure, the employer's Disciplinary Commission concluded that the employee had committed a serious breach and recommended termination of employment. After obtaining the required opinion of the trade union, the employer issued and served the termination decision. The employee subsequently challenged the decision through the employer's internal procedure, but the request was dismissed.

The key issue before the Supreme Court was whether the employer had complied with the statutory 60-day deadline for termination. Under the Labor Law of the Federation of Bosnia and Herzegovina, an employer may terminate an employment contract without the statutory notice period in the event of serious misconduct or a serious breach of employment obligations where continuation of the employment relationship cannot reasonably be expected.

The Supreme Court confirmed that the 60-day period runs from the date on which the employer becomes aware of the facts justifying termination until the date on which the employer issues the termination decision. The subsequent date on which the employee's request for protection of rights is rejected is irrelevant for calculating this deadline.

For employers, the practical message is clear: once facts potentially justifying dismissal become known, the 60-day period starts running. Internal disciplinary procedures, consultations or other required steps should therefore be organized so that the termination decision itself can be issued within that period.

Decision of the Supreme Court of the Federation of Bosnia and Herzegovina, No. 65 0 Rs 1023392 25 Rev, dated February 3, 2026

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Croatia

Different job grades and pay levels must reflect genuine differences in the work performed, even when the employees concerned are of the same gender.

COURT

The principle of equal pay also applies to employees of the same gender

The principle of equal pay for women and men has long been established under the Croatian Labor Act. However, Croatian courts have taken a step further in their interpretation, holding that employees are entitled to equal pay for equal work or work of equal value not only where the comparison concerns employees of different genders, but also employees of the same gender.

In practice, employers often classify a particular position into several pay categories by prescribing different pay elements depending on factors such as knowledge, experience, level of responsibility, and similar criteria (e.g. Waiter 1, Waiter 2, and Waiter 3). However, such distinctions must be based on actual differences in the work performed that justify different pay elements and, consequently, different levels of remuneration. It is not sufficient for positions to differ only formally while employees perform the same duties in their everyday work

In its decision of July 15, 2025, concerning the positions of Ticket Inspector 1 and Ticket Inspector 2, the County Court in Osijek held that the right to equal pay is mandatory and cannot be derogated from by agreement between the parties. Accordingly, the fact that an employee accepted a lower pay element does not mean that the employee waived the statutory right to equal pay. The Court further held that any provision of an employment contract contrary to the principle of equal pay is null. An employee cannot waive this right, and an employer cannot justify discrimination by arguing that the employee "agreed" to it by entering into an employment contract containing such terms.

The organization of work whereby positions have formally identical titles but are assigned different pay elements is common in practice. In light of the emerging case law of the Croatian courts, it is evident that such job classification systems will require thorough reassessment.

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Cyprus

LAW
Key do's and don'ts under Directive (EU) 2023/970

Directive (EU) 2023/970 aims to ensure pay practices are made more transparent as well as improve enforcement of equal pay rights. This means greater transparency during recruitment as well as remuneration decisions based on objective and gender-neutral criteria applied consistently throughout the recruitment process. The key do's and don'ts per employment stage can be summarized as follows:

Recruitment and hiring

Do:
- Provide applicants with the initial salary or salary range before the interview or before salary negotiations commence.
- Determine remuneration using objective and gender-neutral criteria and apply recruitment and remuneration practices consistently across comparable positions.
- Use gender-neutral language in job advertisements as well as throughout the recruitment process.

Don't:
- Apply different pay to employees performing the same work or work of equal value without objective justification.
- Determine salary increases without objective and gender-neutral criteria.
- Refuse or delay responding to legitimate employee requests for pay information.
- Prevent employees from discussing or disclosing their own remuneration where permitted.

During employment

Do:
- Ensure that remuneration structures are capable of demonstrating equal pay for equal work or work of equal value.
- Ensure that employees have access to the objective and gender-neutral criteria used to determine pay levels and pay progression.
- Establish an internal procedure for responding to employee requests for pay information within the applicable legal timeframe (2 months).
- Maintain accurate records of remuneration decisions, salary reviews, promotions and performance evaluations.

Don't:
- Apply different pay to employees performing the same work or work of equal value without objective justification.
- Determine salary increases without objective and gender-neutral criteria.
- Refuse or delay responding to legitimate employee requests for pay information.
- Prevent employees from discussing or disclosing their own remuneration where permitted.

Dismissal, complaints and protection against retaliation

Do:
- Establish an internal procedure for employees to raise concerns relating to equal pay or pay transparency.

- Maintain comprehensive documentation supporting remuneration decisions, promotions, disciplinary action, and dismissal decisions.
- Ensure disciplinary action and dismissal are based on legitimate and objectively justifiable grounds supported by appropriate evidence.

Don't:

- Discourage employees from submitting complaints or exercising their statutory rights.
- Rely on undocumented or subjective reasons when making employment decisions.
- Dismiss, discipline, or disadvantage an employee because they requested pay information, disclosed their remuneration, or exercised rights under the Directive.

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Germany

Employers cannot simply correct works council remuneration retrospectively - they must be able to prove that the previous pay was incorrect.

COURT
Works council pay correction requires proper documentation of the comparison group

The Federal Labor Court (BAG) held that employers cannot unilaterally reduce the remuneration of a fully released works council member without properly showing that the previous pay was incorrect.

The plaintiff, employed by an automotive company, became a works council member in 2004 and was fully released from work. The employer increased his remuneration over time, expressly referring to the statutory pay guarantee for works council members. Following a criminal law decision concerning excessive works council remuneration, the employer reviewed and subsequently reduced his pay. The BAG upheld the plaintiff's claim for the withheld pay differences. Normally, the works council member bears the burden of proof when claiming a pay increase. However, where an employer later corrects a pay increase granted under Sec. 37 para. 4 of the German Works Constitution Act (Betriebsverfassungsgesetz), the BAG now held that the employer bears the burden of proving that the previous pay was wrong.

Employers should therefore carefully document works council compensation under Sec. 37 para. 4 of the German Works Constitution Act—not only to mitigate criminal liability risks, but also to support any later adjustments. The comparison group must generally be determined when the works council member assumes office, not when released from work. Later changes are possible only in exceptional cases, such as a transfer.

BAG, ruling from 20 March 2025, 7 AZR 179/24

COURT
No injunction against planned operational changes

The Saarland Labor Court held that a works council cannot obtain an injunction preventing an employer from implementing an allegedly unlawful operational change before completion of the consultation process.

The employer, a company with approximately 300 employees, planned restructuring measures affecting several business areas and the intended reduction of 114 positions. After an employee meeting, the works council alleged that employees had been encouraged to conclude termination agreements before proper negotiations on a reconciliation of interests and social plan. It therefore sought to prevent the operational change and staff reductions by injunction until it exercised its statutory participation rights.

The Saarland Labor Court rejected the works council's application. It emphasized that, under Secs. 111 et seq. of the German Works Constitution Act (Betriebsverfassungsgesetz), the works council has information and consultation rights, but no veto right over the employer's entrepreneurial decision. Unlike mandatory co-determination matters, operational changes cannot generally be blocked by injunction. Employees are sufficiently protected by potential compensation for disadvantages (Nachteilsausgleich) if the employer implements the operational change without having properly attempted a reconciliation of interests.

Employers should note that whether works councils can prevent planned operational changes by injunction remains controversial and is assessed inconsistently by German courts.

Saarland Labor Court, ruling from 4 September 2025, 2 BVGa 4/25

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Ireland

The Irish Government has published draft legislation that would introduce five days' paid leave for employees who experience pregnancy loss before 23 weeks' gestation.

LAW
Five days’ paid leave proposed for pregnancy loss

The Irish Government has approved the publication of the General Scheme of the Pregnancy Loss Leave Bill 2026, which would introduce a statutory entitlement to paid leave for employees who experience pregnancy loss before 23 weeks' gestation. The proposal seeks to address a gap in the current legislative framework, under which maternity leave protections apply in cases of stillbirth from 23 weeks onwards, but no specific statutory leave entitlement exists for earlier pregnancy.

Under the General Scheme, an employee who experiences a pregnancy loss before 23 weeks' gestation would be entitled to five days' paid leave per year. The entitlement to leave would arise from the commencement of employment, while entitlement to payment would require 13 weeks' service. The leave would be distinct from both statutory sick leave and maternity leave and would require medical certification. The Scheme also proposes employment protections for affected employees, including protection from penalization for exercising the entitlement.

While the legislation must still progress through the Oireachtas, its publication represents a significant development in Irish employment law and signals a move towards greater statutory recognition of pregnancy loss in the workplace.

LAW
Ireland updates employment permits system

Ireland has announced a range of changes to its employment permits system following a review of labor market and skills needs across a number of sectors. On 28 May 2026, the Department of Enterprise, Tourism and Employment confirmed that 32 changes to occupations eligible for employment permits had been approved following a review process that commenced in 2025. The changes are intended to address continuing recruitment and skills shortages in sectors including construction, healthcare, transport and agri-food.

The review resulted in six occupations becoming eligible for Critical Skills Employment Permits, nine occupations becoming eligible for General Employment Permits without quotas, and two occupations becoming eligible for General Employment Permits subject to newly established quotas. In addition, existing General Employment Permit quotas for a number of occupations have been renewed. The review followed a public consultation process during which more than 400 submissions were received from employers, representative bodies, government departments and permit users. Alongside these changes, the Government approved preparations to amend the Employment Permits Act 2024 in relation to the "50:50 Rule", which generally requires at least 50 per cent of an employer's workforce to be comprised of EEA, UK or Swiss nationals. According to the Department, the proposed amendment is intended to address workforce challenges identified in parts of the health and social care sector, including nursing homes, disability services and homecare.

The changes form part of the Irish Government's broader approach to economic migration policy and labor market planning, while continuing to provide employers with access to international talent where skills shortages persist.

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Italy

GUIDELINES
Employment law breaches may now block employer benefits

Statutory and social security reliefs for employers are subject to the absence of breaches to employment law, social security law and occupational safety. Such provision has been in force for many years but could not be enforced because the Ministry of labor had not yet passed a decree identifying the breaches that prevent benefits. On July 8th, 2026, the Ministry of Labor published decree of June 22nd, 2026, finally outlining a specific list of breaches of employment, social security and occupational safety law that prevent the granting of any employment and social security benefits in favor of employers.

GUIDELINES
INAIL guidelines on conventional remuneration amounts for expat employees

When EU nationals, whose employment agreements are subject to Italian social security law, are posted to work outside of Italy and in a non-EU jurisdiction, they remain entitled to the protection afforded by Italian social security law. This means that employers, except in case social security treaties provide otherwise, still need to pay social contribution. However, in that case the law provides that social contributions must be calculated on statutory conventional amounts, rather than on the actual remuneration. At the end of May the Ministry of Labor adopted the conventional remuneration amounts applicable in 2026. On June 26, 2026, INAIL, the Italian governmental institute providing insurance against occupational accidents and illnesses, issued guidelines No.32, specifically addressing the payment of social premia for occupational accident and illnesses in favor of EU expat employees posted to work outside the EU.

The Italian Data Protection Authority’s decision highlights the strict limits on accessing, monitoring and retaining corporate email accounts, even when investigating suspected employee misconduct.

GUIDELINES
€460,000 fine highlights risk of accessing employee emails

The Italian Data Protection Authority fined a company €460,000 for the unlawful processing of personal data contained in the corporate email accounts of two former employees who had been dismissed for gross misconduct.

As part of disciplinary proceedings concerning suspected employee misconduct, the company accessed the employees' email accounts through forensic activities and found evidence that was subsequently used in court proceedings. Following their dismissal, the employees requested that their former employer stop processing data from their email accounts and filed complaints with the Italian Data Protection Authority.

The Authority found that the company had breached data protection laws by failing to respond to and comply with the employees' requests to stop the processing of their email data. It rejected the company's argument that doing so would compromise its defense rights in the pending employment litigation, as the employees' requests did not concern emails that had already been submitted as evidence in court.

Moreover, the Authority found that the company's access to emails dating from before the circumstances giving rise to suspicions of employee misconduct had emerged was unlawful. The Authority also concluded that the processing activities the company had reserved the right to carry out on individual corporate email accounts amounted to unlawful remote monitoring of employees and therefore required a prior agreement with the trade unions or authorization from the labor inspectorate.

The company had relied instead on the statutory exemption from the requirement to obtain trade union agreement or labor inspectorate authorization for "working tools" – an exemption commonly relied upon by employers in relation to corporate email accounts.
The Authority also identified other violations, including the general retention of corporate emails for five years.

The decision is relevant not only to the ongoing debate over the limits of employers' defensive checks when investigating suspected employee misconduct, but also because it provides a broader overview of the Authority's strict approach to individually assigned corporate email accounts. Employers should therefore review their email, monitoring and retention policies, as well as the procedures used when accessing employee email accounts for internal investigations or disciplinary purposes.

GUIDELINES
Access to unemployment benefits in case of resignation due to gender-based violence

With Message No. 2540 of 3 August 2026, INPS (the Italian National Social Security Institute) clarified that stalking and other forms of gender-based violence suffered by employees may constitute grounds for resignation while preserving entitlement to unemployment benefits. According to the Ministry of Labor, such situations may make the continuation of the employment relationship impossible pursuant to Article 2119 of the Italian Civil Code. As a result, resignation may be treated as an involuntary termination of employment where it is necessary to protect the victim's safety. However, entitlement to unemployment benefits requires objective and documented circumstances capable of affecting an employee's psychological and physical well-being or making the performance of work unsafe, such as harassment or threats occurring along the employee's usual home-to-work route. INPS therefore specified that each case must be assessed individually, taking into account the link between the conduct suffered and the employment relationship.

COURT
Off-the-books salary payments count towards criminal liability threshold

With Decision No. 27123/2026 of 17 July 2026, the Italian Supreme Court clarified that undeclared amounts paid to employees "off the books" are relevant for the offence of failure to pay social security and welfare withholdings. When assessing whether the annual criminal threshold of EUR 10,000 in unpaid withholdings has been exceeded, all amounts actually paid to employees must be taken into account, not only those reported in the company's accounts. However, the Court specified that the actual payment of such amounts must be proven. The offence cannot be based solely on an employee's entitlement to certain payments, since the obligation to pay social security withholdings arises only where remuneration has actually been paid and the relevant withholdings have been levied but not paid to the authorities.

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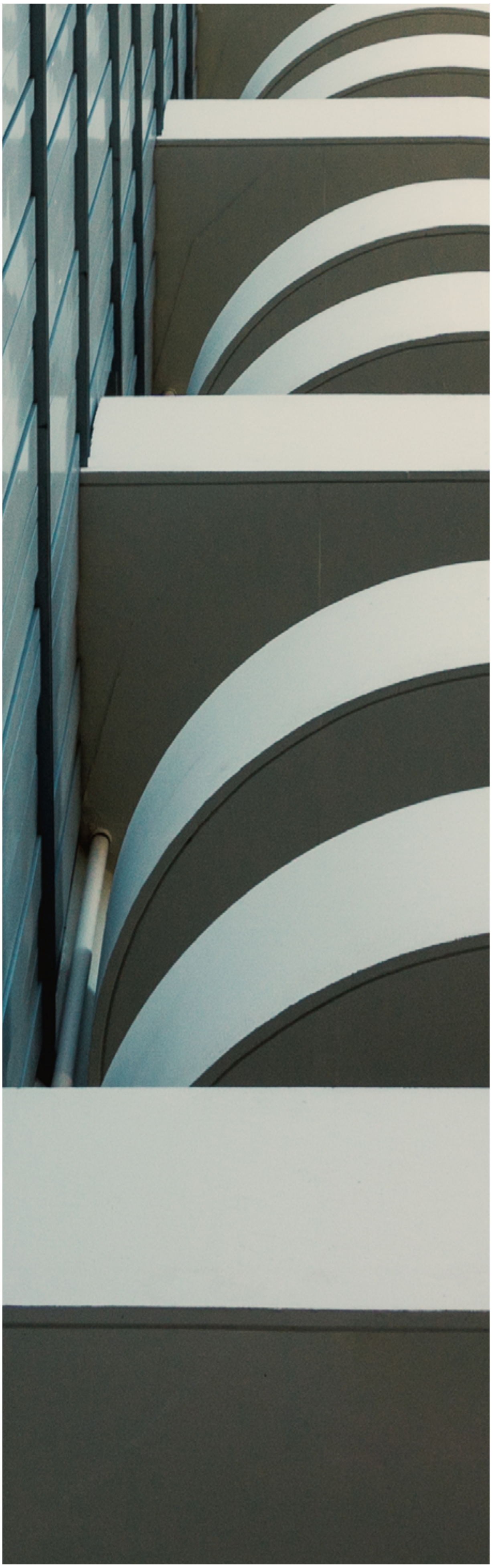
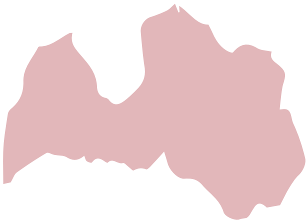


Latvia



LAW

Latvia is awaiting the new Immigration Law

On 11 June 2026, the Saeima adopted a new Immigration Law (the Law), which will introduce significant changes to the existing immigration system, including applicable procedures and time limits. The President of Latvia subsequently returned the Law to the Saeima for reconsideration. While the final wording of the Law may still change, the key provisions concerning the employment of third-country nationals are expected to remain largely unchanged.

In addition, on 10 July 2026, amendments to Cabinet Regulation No. 564 entered into force, implementing the EU single permit procedure under Directive (EU) 2024/1233. Companies employing or planning to employ third-country nationals will need to revisit their current practices, as the new framework changes residence permit terms and expands employers' responsibilities for ensuring ongoing compliance.

A key change is the transition from the current model, under which residence rights could be granted for a longer period while the ID card was issued for a shorter period and required periodic renewal, to a unified model under which the residence permit and the ID card have the same validity period. The new framework also shortens several residence permit terms: employment-based permits from 5 years to 1 year, permits for intra-corporate transferees from 3 years to 1 year, and permits based on business activities or investment from 5 years to 2 years.

Stricter requirements are introduced for labor-provision service providers and employers hiring foreigners in elementary occupations (ISCO group 9). An invitation will be refused where the relevant taxpayer is inactive, the entity was established within the previous six months, or certain tax compliance issues are identified based on the State Revenue Service's taxpayer rating system.

Residence permit application review timelines are clarified, including provisions allowing the review period to be extended for up to four months in certain cases.

Employer obligations and liability are strengthened. Employers must substantiate the need to employ a foreigner and ensure that the information provided to the authorities corresponds to the actual employment conditions. Compliance with these requirements may be monitored by the Office of Citizenship and Migration Affairs, the State Employment Agency, and the State Labor Inspectorate.

The employer-change procedure is simplified: a foreigner may start work with a new employer without obtaining a new residence permit, provided that the new employer submits an invitation and the planned employment conditions meet the applicable requirements, including any required approval from the State Employment Agency. Administrative liability provisions are also revised, including increased fines for certain violations relating to employment, residence, and reporting obligations.

A new chapter introduces integration requirements, effective from 31 December 2027, for foreigners whose residence permits exceed 18 months in aggregate. Non-compliance with these requirements may have consequences for the validity of the residence permit.

Changes are also expected to the rules governing temporary residence permits based on investment in Latvia. However, the proposed “golden visa” framework is likely to be subject to further debate when the Law is reconsidered by the Saeima, particularly regarding the investment requirements and the balance between attracting foreign investment and safeguarding national security. The final rules may change before the Law is adopted.

Overall, once the new Law enters into force, significant changes will be introduced to Latvia’s immigration and residence framework, including changes to residence permit terms, application procedures, and requirements applicable to foreign nationals, employers and investors. Companies and other stakeholders dealing with immigration matters should therefore review their current practices and prepare for the new requirements.

Read More

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Lithuania

LAW

New rules clarify when employers can reduce business trip per diems

The Lithuanian Government has amended the rules governing reductions of business trip per diems, with the changes taking effect on October 1, 2026.

Until now, employers could pay reduced per diems if a collective agreement, or in its absence a local regulation, set out lower rates "differentiated according to objective criteria," provided they were not below 50 percent of the maximum government rate. The undefined term "objective criteria" led to conflicting court rulings, particularly in international freight transport, where per diems make up a significant part of drivers' income.

The Vilnius Regional Court held that reductions must relate to actual travel costs, while the Kaunas Regional Court later ruled that criteria linked to job nature can also be valid.

The amendment removes the "objective criteria" requirement altogether. Instead, it introduces fixed limits: collective agreements may reduce per diems to no less than 50 percent, and local regulations to no less than 65 percent, but only for trips lasting seven days or longer. Employees must be notified in writing before departure, and rates cannot change during the trip.

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GUIDELINES

Labor inspectorate reminds employers of deadlines for paying vacation pay

With the summer holiday season underway, the State Labor Inspectorate has reminded employers of their obligation to pay vacation pay on time. As a rule, the Labor Code requires vacation pay to be disbursed no later than the last working day before annual leave begins.

There are two exceptions. First, an employee may request that vacation pay instead be paid on the regular payroll schedule, together with wages. Second, where an employee takes leave exceeding the statutory minimum (20 working days for a five-day week, 24 for a six-day week, or four weeks for other schedules), pay for the excess portion may be disbursed on the regular payroll schedule during the leave itself.

If an employer delays payment, the Labor Code provides a specific remedy: the delayed period is added to the employee's next annual leave, regardless of whether the delay affected the whole leave period or only part of it. The employee must request this within three working days after returning from leave. No additional late-payment interest applies, since the Code provides its own compensatory mechanism.

Read More

Lithuania is moving to regulate algorithmic management and platform work, with new rules on employment status, automated decision-making, data processing and platform liability.

LAW
Draft law sets out rules on algorithmic management and platform work

A draft law introducing new rules on algorithmic management and digital platform work has been registered in the Lithuanian Parliament. The proposed rules would apply to digital labor platforms operating in Lithuania and cover both platform employees and, in part, self-employed platform workers.

Key changes include a rebuttable presumption of employment where certain indicators of subordination are present, with the burden of proof placed on the platform. The draft also restricts the processing of sensitive personal data, including health data, information on emotional state, private communications, and biometric data, through automated monitoring or decision-making systems.

Platforms would also face new transparency obligations toward workers, employee representatives, and authorities regarding the operation of such systems. Workers would have the right to a human review of automated decisions affecting their account status or pay. The draft also introduces joint liability where platforms use intermediaries. The proposed changes would further clarify that instructions issued through automated systems may constitute subordination and would extend union representation to self-employed platform workers.

The law, apart from one provision, would enter into force on December 2, 2026.

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Moldova

LAW

Moldova introduces conflict of interest framework for employees

A draft law amending the Moldovan Labor Code introduces a dedicated framework on conflicts of interest in employment relationships, bringing Moldovan employment law closer to modern corporate compliance standards. A conflict of interest is defined as a situation where an employee's personal interests interfere, or may interfere, with the proper performance of their job duties.

Employers may include conflict of interest provisions in employment contracts or internal policies, requiring employees to disclose such situations. Accordingly, employees shall avoid actual or potential conflicts of interest and promptly inform the employer when they arise.

The proposed amendments also introduce specific conduct requirements. Employees must not participate in negotiations or decision-making relating to transactions or activities affected by a conflict of interest.

They are also prohibited from using, for their own benefit or that of affiliated persons, business opportunities identified through their employment where the employer has or had an interest, unless the employer has expressly declined the opportunity without the employee's influence.

They are also prohibited from using, for their own benefit or that of affiliated persons, business opportunities identified through their employment where the employer has or had an interest, unless the employer has expressly declined the opportunity without the employee's influence.

The proposed rules are intended to increase transparency, reduce compliance risks and provide employers with a clearer legal basis for addressing undisclosed conflicts of interest through disciplinary procedures.

LAW

Proposed changes aim to make private-sector employment more flexible

A draft law prepared by the Ministry of Economic Development and Digitization proposes significant amendments to the Labor Code aimed at increasing flexibility in employment relationships and reducing administrative burdens for private-sector employers.

Under the proposed rules, employers would be expressly entitled to approve and amend staffing schedules, with dismissals related to staff reductions carried out based on the approved staffing structure. Newly established micro and small enterprises would also be permitted to conclude fixed-term employment contracts during the first 36 months following their registration, without the standard statutory limitations.

The draft law would simplify certain administrative obligations for micro, small and medium-sized enterprises by removing general information and consultation requirements, unless otherwise provided by a collective bargaining agreement. Information on employment conditions, salary components and payroll deductions would be provided upon the employee's written request.

The proposed amendments would also increase flexibility in working time arrangements by raising the annual overtime limit to 416 hours, reducing the minimum weekly rest period to 35 consecutive hours and removing the mandatory meal break for employees working up to six hours per day.

They would also introduce new rules on remote work, disciplinary proceedings and the settlement of termination payments, further simplifying workforce management for private-sector employers.

LAW
Zero-hours employment contracts – a new instrument for flexible workforce management

The Government has proposed amendments to the Labor Code introducing zero-hours employment contracts, as part of broader reforms aimed at reducing administrative burdens and increasing labor market flexibility. Under the proposed rules, employers would be able to engage employees without guaranteeing a minimum number of working hours, with work assigned according to operational needs.

The contract must be concluded in writing and specify the procedure for notifying employees of their work schedule. Employees engaged under zero-hours contracts would enjoy the same statutory employment rights as other employees, including annual leave entitlement.

Employers would be required to provide at least 24 hours' prior notice before assigning work, while daily working time could not exceed 12 hours. Employees would be entitled to refuse work requested without the required notice and could work for other employers, subject to any applicable confidentiality or non-compete obligations.

The use of zero-hours contracts would be restricted to positions involving objectively justified fluctuations in workload and could not exceed 30% of the employer's workforce. Where an employee works a consistent number of hours for four consecutive months, the contract would have to be amended to provide a predetermined working schedule.

If adopted, these amendments would provide employers with greater flexibility in managing fluctuating workloads, while ensuring that employees remain protected by essential employment safeguards.

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Poland

LAW
Easier communication with trade unions

The government's draft amendment to the Trade Unions Act and the Act on Informing and Consulting Employees allows for communication between the employer, the workplace trade union organization and the works council to take place – in addition to paper form – also in electronic or document form (e.g. PDF, email), provided that the parties agree to this.

The draft was submitted to the Sejm on 10 July 2026 and on 15 July it was referred for its first reading to the Committee on Deregulation. On 30 July 2026, the committee presented its report, recommending that the attached draft be adopted. The new regulations form part of the government's deregulation measures and are intended to reduce the paperwork involved in the circulation of documents.

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COURT
Links between companies are not sufficient to call the contract of service into question

The Court of Appeal in Poznań pointed out that the mere existence of personal or capital links between companies does not provide grounds for applying Article 8(2a) of the Social Insurance System Act, which refers to the performance of work for an employer where a contract has been concluded with another entity. To conclude that a contractor was performing work for their employer, it is necessary to demonstrate the actual nature of the work performed and to identify its actual beneficiary.

The case concerned an employee employed under an employment contract with one company, who simultaneously performed separate duties under a contract for services concluded with another, affiliated company. Despite the companies having common owners, sharing some of the same infrastructure and cooperating with one another, the court ruled that the Polish Social Insurance Institution (ZUS) had failed to prove that the work carried out under the contract for services was performed for the benefit of the employer.

In practice, it is crucial to properly document the distinct nature of the scope of duties, the organization of work and the entity benefiting from the services provided.

Judgment of the Court of Appeal in Poznań of 3 June 2025, Case No. III AUa 974/24

LAW
Maximum hourly wages for healthcare workers

A draft bill amending the Act on healthcare services financed from public funds and certain other Acts has been published. The aim of introducing the new provisions is to set maximum rates and an upper limit on doctors' working hours. The restrictions are to apply both to employment under employment contracts and to contracts under civil law. It is planned to introduce a limit on the remuneration of medical personnel in the form of a maximum hourly rate of 1/20 of the minimum wage. The Act is due to come into force 14 days after its publication.

Read More

GUIDELINES

Data breaches: administrative fines are not the only financial risk

A recent judgment of the Warsaw Regional Court highlights that GDPR violations may expose data controllers not only to regulatory sanctions but also to significant civil claims from affected individuals.

The case concerned the accidental disclosure of an individual's personal data to more than 28,000 recipients due to an employee error when using a bulk correspondence function. Although the affected individual suffered no financial loss, the Court considered the resulting stress, discomfort and loss of control over personal data sufficient to constitute non-material damage and awarded PLN 40,000 in compensation. This is significantly more than the amounts typically awarded by Polish courts in similar cases. The judgment is not yet final.

The decision is an important reminder that data protection compliance should focus not only on responding to incidents but also on preventing them. Employers and other data controllers should review who has access to high-risk system functions, such as bulk mailing, and consider appropriate safeguards, including recipient limits, additional authorization or warning messages. Employee training alone may not be sufficient where technical measures could reasonably prevent or limit human error.

Prompt action after a breach – including notifying affected individuals, attempting to recover or delete disclosed data and implementing remedial measures – remains important but does not eliminate liability for inadequate safeguards existing before the incident. The case also shows that the absence of an administrative fine does not eliminate financial exposure: civil compensation claims should form part of the overall assessment of GDPR-related risk.

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Slovakia

LAW

New public health rules increase employers' compliance responsibilities in Slovakia

On July 1, 2026, Slovakia published amendments to its Public Health Act, effective July 15, 2026. The changes implement EU requirements, modernize public health processes and reduce certain administrative formalities. For employers, however, they also introduce new compliance responsibilities, particularly in relation to workplace risk assessments.

One of the key changes is the transition to an electronic health risk assessment and job classification system operated by the Public Health Authority. Employers must transition to the new system by December 31, 2029, while new employers will generally have four months from the start of their activities to comply.

The rules on physical workload, psychological workload and work with display screen equipment are now regulated separately. Employers are no longer required to maintain specific operating rules for physical workload and heat or cold stress, as the relevant protective measures will instead form part of the workplace risk assessment. The terminology relating to carcinogens, mutagens and reproductive toxicants has also been aligned with EU classification rules.

The amendment also changes the framework for occupational health services and occupational diseases. Occupational health services will have an expanded role, including proposing job classifications and assisting with investigations of suspected occupational diseases. A 90-day time limit will generally apply to expert opinions following investigations of working conditions, with a possible 30-day extension in complex cases. Employers will receive only the conclusion of the opinion rather than the full document.

Further changes affect professional competence requirements, including a new public register of qualified persons and stricter monitoring of refresher training requirements. Employers operating staff canteens will also need to comply with new requirements concerning hot water temperatures and food samples, while rules for accommodation facilities expressly cover temporary accommodation provided in connection with employment, including accommodation for seasonal or agency workers.

Public health authorities will also gain broader supervisory powers, including additional inspection and enforcement tools.

Overall, the reform replaces some approval procedures with notification requirements and expands electronic administration. For employers, this does not necessarily mean fewer compliance obligations, but rather greater responsibility for ensuring that workplace health risks are properly assessed, documented and managed.

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Spain

Spanish courts continue to rule on bonuses or premiums aimed to reduce the absence rate

COURT

The attendance bonus does not accrue during temporary disability leave

The Supreme Court ruled on 28 May 2026 on whether employees are entitled to receive the attendance bonus when they are absent on paid leave—for example, due to the death of a family member, hospitalization, the fulfillment of an unavoidable public or personal duty, prenatal examinations, or other similar circumstances — or when they are on temporary disability leave.

The judgment establishes two clear criteria. First, the attendance bonus is a salary item linked to ordinary work activity and must therefore be paid in full during any leave periods that the law treats as paid. Collective bargaining agreements may not provide otherwise. Second, during temporary disability leave, whether due to common illness or a workplace accident, the employment contract is suspended, and the bonus does not accrue.

In light of this judgment, companies should review their compensation policies for statutory leave periods to ensure that all salary items linked to ordinary work activity continue to be paid during these absences, regardless of what the applicable collective bargaining agreement provides.

Supreme Court (Labor Chamber) Judgment of 28 May 2026, case No. 155/2025 (Judgment No. 516/2026)

Employers should review contract templates following a Supreme Court ruling that clauses allowing unilateral changes to working hours for organizational reasons are invalid.

COURT

A contractual clause allowing working hours to be changed for organizational reasons is null and void

The Supreme Court has held that a clause commonly used in certain employment contract templates is null and void. The clause allowed the company to reserve the right to change working hours “for organizational reasons,” subject only to compliance with the maximum working hours established by law and the applicable collective bargaining agreement.

The judgment holds that the clause is null and void because it allows working hours, which are a substantial working condition, to be changed without following the procedure set out in Article 41 of the Workers' Statute. That procedure requires notice, a consultation period, and, where applicable, an agreement with the employees' legal representatives. Because the company reserved this power unilaterally and outside that procedure, the clause is not valid.

The Supreme Court notes that this doctrine had already been applied to similar wording referring to "service needs" and now extends it to clauses that use the term "organizational needs." As a result, companies should review their employment contract templates and remove any clause that allows working hours to be changed outside the legally established process.

Supreme Court (Labor Chamber) of 20 May 2026, case No. 124/2025 (Judgment No. 491/2026).

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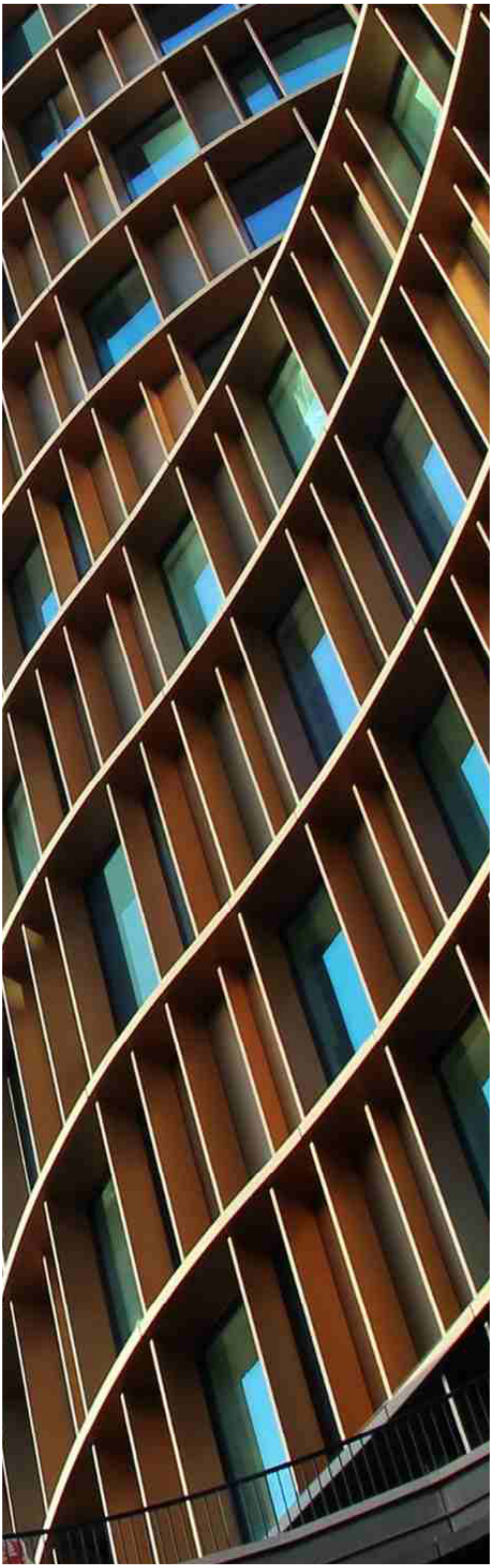

Switzerland

Starting August 3, 2026, Ticino will fully digitalize residence and work permit applications for foreign nationals, eliminating paper submissions.

GUIDELINES
Ticino completes digital transformation of foreign permit applications

Starting August 3, 2026, the Canton of Ticino will introduce a fully digital process for submitting residence and work permit applications for foreign nationals and employers. This strategic project, led by the Population Section and the Migration Office, completes a digitalization journey that began in 2017 with the online guided application system.

Under the new procedure, applicants or their legal representatives must provide an email address and submit applications through the online portal. Key supporting documents, including a valid passport or identity document and, in employment cases, a work contract or confirmation of employment, must be uploaded electronically. Applicants will have up to 60 days to upload all required documentation and will receive automatic reminders to ensure timely completion.

Once all mandatory documents have been submitted, the Migration Office will begin processing the application. No paper submission will be required.

The new system aims to simplify administrative procedures, improve application tracking, and increase efficiency, transparency, and responsiveness. Existing valid permits will remain effective until their expiration date, and applicants will be instructed to destroy old permits once new ones are received.

This initiative marks an important step toward modernizing public services and enhancing the user experience for both individuals and employers.

LAW
Switzerland–UK services mobility agreement

In July 2026, Switzerland and the United Kingdom concluded negotiations on a modernized Free Trade Agreement (FTA). Once signed and approved through the respective domestic procedures, the new agreement is expected to further strengthen cross-border trade in services and labor mobility.

The Services Mobility Agreement (SMA) continues to provide facilitated market access for service providers between Switzerland and the UK. For Swiss employers, the SMA preserves simplified access to the UK market for qualified professionals and independent service providers. Swiss service providers benefit from preferential conditions, including exemptions from economic needs tests and English-language requirements in covered sectors. Eligible professionals may obtain access to the UK market for assignments of up to 12 months.

On the Swiss side, UK service providers can continue to benefit from Switzerland's notification procedure for short-term assignments of up to 90 days per calendar year. The agreement offers important legal certainty for companies relying on international expertise, project-based work, and specialized services.

From an HR perspective, it facilitates workforce planning, talent mobility, and cross-border collaboration while reducing administrative barriers. The SMA is currently valid until December 31, 2029, ensuring continued support for business activities and service exchanges between Switzerland and the United Kingdom.

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