European Employment Insights

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Partner Spotlight

Managing employment in Moldova – from hiring to termination



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Our Moldovan partner, Iulia Furtuna, explains why global decisions still need local execution, why Moldova is not a "termination at will" jurisdiction and why approving remote work from another country takes more than an HR signature.

Q: When an international company enters the Moldovan market, what employment issue is most often underestimated?

IF: The first question is often "How quickly can we hire?" The better question is "What employment model are we creating?" A business may want one employee on the ground, a remote specialist, a local team, or a temporary project resource. Each model can raise different employment, payroll, tax, immigration, social security, and corporate considerations.

International employers sometimes assume that their existing employment contracts and regional HR policies will work in Moldova with only minor adjustments. Yet local requirements can affect both the initial setup and the flexibility available as the business develops. Employment contracts, working arrangements, working time, remuneration, and remote-working practices all need to be considered from the outset, alongside the rules governing subsequent changes and termination.

In Moldova, employment contracts are normally indefinite; a fixed term must have a statutory basis stated in the contract. Probation is not automatic and without an express contractual clause, the employee is treated as hired without it.

The practical lesson is simple: first map the business model, then select the legally workable employment structure. An early multidisciplinary review helps identify local obligations, anticipate costs, and adapt HR documentation to the intended operation.

Q: Remote and cross-border work have become normal. What should employers check before allowing an employee to work from another country?

IF: "Remote" does not mean "location-neutral." Before approving an overseas working arrangement, employers should look beyond their HR policy: where will the employee actually work, for how long, and what obligations could that create? The assessment should cover mandatory employment rules, payroll, social security, immigration, and potential tax or corporate-presence risks.

Remote work within Moldova and cross-border remote work are two different situations: the former requires compliant local arrangements covering supervision, working-time records, equipment and expenses. Working from another country may additionally trigger that country's employment, tax, social security or immigration rules, even if the employer has already approved remote work in Moldova.

The business-friendly approach is to establish a clear approval process that supports mobility while making the implications visible. Before HR says "yes" to working from Chisinau, Milan, or Madrid, the company should know who approves the move, for how long, and which legal, tax, payroll, data protection, information security, and immigration checks are needed.

Q: Why do cross-border restructurings become particularly challenging for multinational employers?

IF: Because the business decision may be global, but implementation is local. Headquarters may decide to centralize a function, reduce a regional team, or eliminate positions across several countries on the same date. Yet a common business objective does not necessarily translate into a common legal process or timeline.

In Moldova, employers need to assess the applicable redundancy requirements before committing to an implementation date. Under Moldova's statutory redundancy procedure, employees normally receive two months' notice and must be offered, in writing, any available role with the employer for which they meet the requirements. They are also entitled to at least one paid working day each week during notice to seek another job, a detail foreign HR teams may overlook. A clear business or legal rationale for the proposed measures is the starting point; the local process and supporting documentation also need to be planned carefully. For a multinational employer, the most effective approach is a coordinated project plan: shared objectives and a consistent communication strategy, supported by a legal checklist for each jurisdiction. Local review should take place before the global announcement, while there is still room to adjust the timetable and budget.

Q: What is the most important principle when preparing an employment termination in Moldova?

IF: Start with the legal ground, not with the termination letter. Employers should not approach Moldova as a "termination at will" jurisdiction. An employer-initiated dismissal must have a recognized legal ground and meet the substantive and procedural requirements applicable to it.

For example, the Moldovan Labor Code restricts dismissal for certain protected categories of employees and during protected periods, including sick leave and annual leave, subject to statutory exceptions. The employer must also issue a formal dismissal decision citing the precise statutory ground and communicate it to the employee in a way that allows receipt to be confirmed.

From a business perspective, this means establishing a clear and documented basis

for the decision before implementing it. Which legal ground applies? What evidence supports it? Have the required steps been followed? Are there employee protections or timing restrictions to consider? What payments are due?

At the same time, not every exit needs to become contentious. Where appropriate, a mutually negotiated separation can give both sides greater certainty over timing, payments, handover, and other departure arrangements. The key is to assess the available options early and follow a consistent approach, avoiding conflicting explanations or steps that undermine the chosen route.

Q: What mistakes do you most often see international employers make when implementing employment decisions in Moldova?

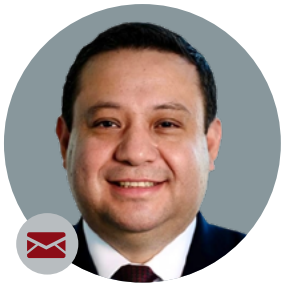
IF: One mistake is treating a headquarters decision as sufficient to change an employee's contractual role. For example, permanently moving an employee from an administrative role into sales in Moldova requires a contract amending agreement signed by both parties; unilaterally changing the job description or sending a management email is insufficient. Other mistakes include imposing disciplinary sanctions without giving the employee the required opportunity to provide written explanations, deducting debts from protected payments or exceeding statutory deduction limits, and failing to identify and compensate overtime correctly.

These examples reflect Moldova's formal labor law requirements and a fundamental rule: employment contracts and company policies cannot reduce employees' statutory rights and guarantees, even with their agreement.

Iulia Furtuna is the Employment and Litigation Partner at Turcan Cazac Law Firm in Moldova, with nearly two decades of legal experience. She advises international and local businesses on workforce restructuring, dismissals, workplace policies and immigration, and represents employers in employment disputes. Through AmCham Moldova's HR Committee, she has contributed to employment and immigration law reform. Her professional recognition includes a Band 2 ranking in Dispute Resolution by Chambers Europe in 2025 and recognition as a Next Generation Partner by The Legal 500 in 2021 and 2023.

LATAM Partner Spotlight

Entering Mexico - what European employers need to know before their first hire



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Q&A LATAM

Mexico is an increasingly important destination for European companies looking to establish, expand or relocate operations in Latin America. But from an employment perspective, entering Mexico requires more than simply transferring contracts, policies and HR practices used elsewhere.

In Mexico, employment and social security rules are highly regulated, and decisions made before the first employee is hired - including who will employ the workforce, how payroll will be structured and what activities employees will perform - can have a direct impact on compliance and operating costs.

In this interview, Andersen's Employment partners in Mexico share some of the practical issues European companies should consider when building or expanding a workforce in the country.

Q: What usually surprises European companies most about employing people in Mexico?

Probably the level of regulation surrounding the employment relationship.

Mexico has a highly protective employment framework and many employment rights and benefits are mandatory. Companies cannot simply agree with employees to waive or replace statutory entitlements through a contract.

Foreign employers are also sometimes surprised by the overall cost of employment. Salary is only part of the equation. Statutory benefits, profit sharing when and if generated, social security contributions and payroll taxes all need to be considered.

Another major difference is termination. Mexico does not have an employment-at-will system, so the approach of simply giving notice and ending the relationship does not generally work in the same way it may in other jurisdictions.

The practical lesson is simple: employment issues should be considered before hiring begins, not once the workforce is already in place.

Q: What should a European company consider before hiring its first employee in Mexico?

The first question we normally ask is: who is going to be the employer? It sounds straightforward, but it affects many other decisions.

For example, a European group may initially want to hire one or two employees in Mexico and pay them directly from Europe. That may appear simple commercially, but it can create employment, payroll, social security, tax and potentially corporate issues that need to be reviewed before the arrangement begins.

Companies should therefore define the employment structure before the first hire and consider matters such as the Mexican employing entity, local employment agreements, payroll administration, social security registration, statutory benefits, workplace policies and documentation, health and safety obligations, remote-work requirements and the social security classification of the business activity.

Our recommendation is to treat the workforce structure as part of the market-entry strategy itself. Employment should be designed together with the corporate, tax and operating structure from day one.

Q: Is the employee's salary the real employment cost in Mexico?

No, and this is an important point for companies preparing their initial business case. The real employment cost can include salary, mandatory benefits, social security contributions, housing fund contributions, state payroll taxes, projected profit sharing and occupational risk insurance, among other items.

Social security classification can be particularly important.

Imagine, for example, a company with administrative employees and another workforce performing industrial or operational activities. Even if salaries are comparable, the social security cost may differ significantly depending on the activities actually performed and the applicable occupational risk classification.

This is why we encourage companies to look beyond gross payroll. A workforce model that appears attractive based only on salaries may look very different once the full employment and social security cost is calculated.

Q: What are the most common mistakes foreign employers make in Mexico?

One of the most common is simply importing employment documentation from another jurisdiction, such as employment agreements, policies, protocols and employee manuals.

A global employment agreement may be an excellent starting point, but it should be adapted to Mexican law and local practice.

Another common mistake is assuming that using an independent contractor automatically removes employment risk. Mexican authorities and courts will generally look at how the relationship actually operates. If the individual works in practice

as an employee, calling the arrangement a consultancy does not necessarily change its legal nature. Outsourcing is another area where foreign companies need to be particularly careful. Mexico significantly restricted personnel outsourcing, and specialized services are permitted only within a specific legal framework.

We also frequently see companies that have very little documentation regarding performance, disciplinary measures or changes in employment conditions. Those issues often remain unnoticed while the relationship is going well. They become much more important when a dispute or termination arises.

The recurring theme is that good structuring and documentation at the beginning usually cost far less than correcting the problem later.

Q: What should European companies know about managing and terminating employees in Mexico?

Documentation matters throughout the employment relationship. Companies should carefully document significant changes involving compensation, responsibilities, work location, schedules or other material employment conditions. The same applies to performance management and disciplinary matters.

For example, if an employee has had performance issues for several months but the employer has never documented them, the company may find itself in a much weaker position when it eventually wants to take action.

Termination deserves particular attention because Mexico does not operate under an employment-at-will model. Before ending an employment relationship, companies should determine whether there is a legally supportable cause for termination or whether a negotiated separation is the more appropriate route.

Where appropriate, separation agreements may also be formalized before the competent labor authority to provide greater certainty.

The best termination strategy often starts months earlier, with proper management and documentation of the employment relationship.

Q: Why should social security be analyzed before operations begin?

Because social security is much more than a payroll registration exercise. It can directly affect how the business should be structured.

Employers must correctly register employees with the Mexican Social Security Institute and determine the applicable contribution base. But they must also consider the nature of the activities being performed and the corresponding occupational risk classification.

For example, a company may have corporate or administrative personnel as well as employees performing manufacturing, installation, construction or other higher-risk activities. The way those activities and employees are structured may materially affect social security costs.

Companies should therefore consider which entity will employ the personnel, what activities employees will perform, where those activities will take place, whether different categories of employees perform materially different functions and how third-party service providers fit into the operating

model.
Social security should be part of the business structure discussion, not an administrative issue left until payroll goes live.

Q: What should companies know about outsourcing and specialized services in Mexico?

The starting point is that personnel outsourcing is heavily restricted in Mexico.

A company cannot simply engage another entity to supply personnel who effectively form part of its own workforce.

Specialized services remain possible, but they are subject to specific requirements and the analysis depends on both the nature of the services and the activities of the company receiving them.

This is particularly relevant for multinational groups that use shared-service centers, related entities, staffing arrangements or third-party providers.

For example, the fact that two companies belong to the same corporate group does not by itself eliminate the need to analyze whether the personnel arrangement complies with Mexican outsourcing rules.

Companies therefore need to look beyond the service agreement itself. What matters is not only what the contract says, but what the personnel actually do, who directs their work and how the arrangement fits within the company's business activities.

Q: What should a European company consider when sending employees to Mexico?

International assignments need to be looked at as a single project rather than as several unrelated compliance exercises.
Immigration is obviously important, but it is only one part of the analysis.

Companies should also consider who will employ the individual, where the salary will be paid, whether Mexican payroll obligations arise, social security coverage, assignment or secondment documentation, employee benefits, tax consequences, work authorization, and the duration and purpose of the assignment.

A common example is an executive who remains employed and paid by the European parent company but moves to Mexico to manage the local operation. That arrangement may appear straightforward from an HR perspective, but it can raise Mexican immigration, employment, social security, payroll and tax questions simultaneously.

A visa may allow someone to work in Mexico, but it does not by itself resolve the employment, payroll, social security or tax consequences of the assignment.

In addition, another aspect to consider in international assignments is the potential coordination between social security systems. Mexico has a Bilateral Social Security Agreement with Spain (the only other agreement of this nature entered into by Mexico is with Canada).

Under the agreement, contribution periods completed in Mexico and Spain may be totalized for purposes of qualifying for certain contributory benefits, including retirement, disability and survivor pensions.

Each country is responsible for paying the portion of the benefit corresponding to the contribution periods completed under its own social security system. The agreement

does not extend to medical benefits.

Q: If you could give a European company three recommendations before entering Mexico, what would they be?

First, design the employment structure before hiring.

Decide who will employ the workforce, how payroll and social security will operate and how the employment structure fits into the broader business model.

Second, localize rather than simply replicate.

Global contracts, policies and HR practices are useful, but they should be adapted to Mexican law and local operating realities.

Third, understand the full employment cost.

Do not look only at salaries. Statutory benefits, profit share, social security, occupational risk classification, payroll taxes and the operating structure itself can all materially affect the economics of the workforce.

Ultimately, the key is coordination. Employment, social security, tax, immigration and corporate considerations should be analyzed together as part of one market-entry strategy rather than addressed separately after operations have already begun.

About the interviewees

Álvaro González, Alfredo Pérez and Claudia Sánchez are Employment & Labor Partners at Andersen in Mexico. Together, they share their perspectives on key employment law developments, practical challenges and considerations for international employers operating in Mexico.

About Andersen in Mexico

Andersen in Mexico provides legal and tax advisory services to domestic and international clients across various sectors. The firm advises on corporate, tax, regulatory and employment matters and is part of Andersen's international network. Its Employment & Labor practice covers individual and collective employment relations, labor compliance, social security, immigration, workforce restructuring and employment disputes. The team also advises companies entering the Mexican market, expanding their operations or undergoing restructuring in Mexico.

Belgium



LAW
Workplace investigations in Belgium

Workplace investigations are an important tool for employers addressing suspected misconduct, fraud or breaches of internal policies. However, Belgium's Private Investigation Act (PIA) introduces specific requirements that employers must consider before conducting such investigations.

With the transitional period ending on 16 December 2026, employers should ensure that the necessary internal regulations are in place.

The Act covers private investigations aimed at gathering information to protect an employer's interests in actual or potential disputes, including suspected theft, fraud or employee misconduct. However, not every routine HR inquiry falls within its scope.

Employers must establish internal regulations informing employees about potential investigations and outlining the applicable procedures. These should specify when investigations may be initiated, who may conduct them, permitted investigative methods, potential consequences and employee rights. The regulations may be incorporated into work regulations, a collective bargaining agreement or, arguably, a separate internal policy. Employees must be adequately informed.

Non-compliance may render evidence invalid, potentially affecting disciplinary measures or dismissals for serious causes.

Therefore, employers should review existing policies, including whistleblowing procedures, and ensure compliance with privacy and data protection requirements before the deadline. A possible legislative extension remains uncertain.

Belgium plans to make working time registration mandatory from 2027, prompting employers to review their existing systems and prepare for new compliance requirements.

LAW
Introduction of mandatory working time registration expected in 2027

The Belgian government is preparing to introduce a general obligation for employers to record employees' working hours as of 1 January 2027. Employers without an appropriate registration system would have until 1 April 2027 to comply.

This initiative follows European Court of Justice rulings requiring Member States to ensure that employers implement an objective, reliable and accessible system for measuring employees' daily working time.

Employers would remain free to choose the registration method best suited to their

organization. A traditional clock-in system would not be mandatory. Digital applications, existing HR systems or tools recording deviations from agreed working schedules could be sufficient, provided they accurately reflect the hours actually worked.

The obligation is expected to apply to employers in both the private and public sectors, although exemptions may be introduced for certain categories of employees.

Even before the new legislation enters into force, the absence of reliable working time records may create evidentiary difficulties for employers in disputes concerning overtime payments.

Employers are therefore advised to review their existing registration systems and assess whether adjustments to internal procedures, payroll processes or data protection policies may be necessary.

The final legislative framework remains to be adopted.



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Bosnia and Herzegovina

COURT
Can employers agree on severance pay below the statutory minimum?

The Supreme Court of the Federation of Bosnia and Herzegovina has confirmed that employers and employees cannot agree on severance pay below the amount prescribed by law, even where the employee expressly waives further claims.

The Court ruled on the legality of the termination of an employment contract and the employee's entitlement to severance pay, partially granting the revision (appeal on points of law) and ordering the employer to pay the difference in severance pay.

The employee was a long-term employee of a bank. Following a merger and subsequent organizational restructuring, the employer terminated her employment contract for economic and organizational reasons. On the same day, the parties entered into an agreement setting out the amount and payment terms of severance pay. The agreement also stipulated that the employee had no further claims against the employer and waived any potential further out-of-court and judicial claims.

The lower courts dismissed the employee's claims, including her claim for the payment of the severance pay difference, holding that the amount had been agreed between the parties and that the employer had fulfilled its obligation.

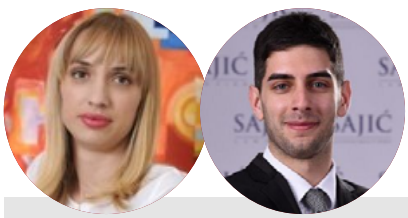
The Supreme Court upheld the conclusions regarding the legality of the termination but ruled differently on the severance pay entitlement.

Referring to Article 111 of the FBiH Labor Law, the Court held that although the manner, conditions, and timeframes for the payment of severance pay may be regulated by a written agreement, the employee's statutory entitlement to severance pay cannot be derogated from. The provision does not allow the parties to agree on a lower severance amount than that prescribed by law.

The Court also emphasized that the agreement had been signed before the employee's entitlement to severance pay became due and that employees cannot waive their statutory rights in advance. Consequently, provisions of an agreement stipulating severance pay below the legally required amount have no legal effect.

The Supreme Court therefore ordered the employer to pay the outstanding severance pay difference. For employers, the ruling confirms that severance agreements must respect statutory entitlements, regardless of any waiver of further claims signed by the employee.

Judgment of the Supreme Court of the Federation of Bosnia and Herzegovina, No. 65 0 Rs 955344 26 Rev, dated April 7, 2026.



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Croatia



LAW
Croatia adopts new Ordinance on Cross-Border Healthcare

The Governing Board of the Croatian Health Insurance Fund (HZZO), with the prior consent of the Minister of Health, adopted the Ordinance on Cross-Border Healthcare (Official Gazette No. 50/26), which entered into force in 2026.

The Ordinance regulates the rights, conditions and procedures governing healthcare services abroad for persons insured under the Croatian health insurance system. It also introduces detailed rules regarding the calculation and payment of a special contribution applicable when healthcare services are used in countries with which Croatia has not concluded a social security agreement, or where such an agreement does not regulate healthcare coverage.

The most significant novelty for employers concerns employees who are temporarily assigned abroad for work, professional training or education.

Under the Ordinance, an insured person sent to work, professional training or education in a contracting state or a third country for more than 30 days is entitled to cross-border healthcare coverage only if the employer submits a notification to the competent regional office of HZZO before the employee's departure.

The notification must be accompanied by:

- a copy of the employment agreement;
- the assignment decision specifying the duration of the assignment; and
- a medical certificate confirming the employee's fitness for the assignment, issued no more than 90 days before departure.

Importantly, failure to submit the required notification before departure may result in the employer bearing the costs of healthcare services provided abroad, rather than those costs being covered by the Croatian health insurance system.

The Ordinance also clarifies healthcare coverage in third countries. While healthcare costs incurred in EU Member States and contracting states are generally covered through the Croatian compulsory health insurance system, coverage in third countries is subject to additional conditions, including prior payment of a special contribution where applicable.

Employers may apply for exemption from this contribution if they can demonstrate that healthcare coverage has already been independently secured for the employee in the country of assignment.

For employers managing international assignments, the new rules highlight the importance of completing the necessary formalities before departure. Companies should review their mobility procedures to ensure that HZZO notifications, supporting documentation and any applicable contributions are handled in advance, thereby reducing the risk of unexpected healthcare costs.



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Cyprus



LAW
Potentially fair grounds for termination of employment

An employment relationship can be terminated, with or without cause, by the parties to same by mutual consent.

In cases of unilateral termination initiated by an employer, there is a statutory presumption that the dismissal is unfair unless the employer can, at the time of the employee's dismissal, substantively justify same on one (or more) of the following potentially fair grounds:

- failure of the employee to satisfactorily carry out work (other than by reason of temporary incapacity);
- statutory redundancy;
- force majeure (including act of war, civil insurgence, act of God or non-deliberate destruction of work premises from fire);
- lapse of fixed term contract or employee retirement occasioned by age (as retirement age may be fixed by custom, law, collective agreement, workplace regulations or otherwise);
- conduct that renders the employee liable to termination without notice.

Where a potentially fair ground for dismissal is alleged, supporting evidence should be adduced by the employer that a fair procedure was equally followed to objectively establish that the fair ground exists and also to afford the employee an opportunity to be heard in relation to same.

LAW
Automatically unfair grounds for termination of employment

Dismissal of an employee on one (or more) of the following grounds is considered automatically unfair by statute:

- trade union membership, participation in trade union activities outside working hours (or within working hours, if consented by the employer) or health and safety committee membership;
- candidacy or tenure as workplace representative or any acts done at any time in such capacity;
- filing of a complaint, or participation in civil, criminal, administrative or regulatory proceedings, against the employer;
- race, color, sex, marital status, religion, political opinion, national or social origin;
- pregnancy or maternity; and
- parental leave, carer leave or other leave on grounds of force majeure.

Moreover, it will be deemed automatically unfair to dismiss (or select for redundancy) an employee for asserting a statutory right (or an infringement of a statutory right) concerning health and safety, public interest disclosures (whistleblowing) or in the context of a transfer of undertakings.



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Finland



COURT

Helping a stranger during work-related travel may qualify as an occupational accident

The Finnish Supreme Court ruled that an injury sustained by a home-care nurse while assisting a person in need during travel between client visits qualifies as a compensable occupational accident under the Occupational Accidents, Injuries and Diseases Act (in Finnish: työtapaturma- ja ammattitautilaki).

A home-care nurse was walking from one client's home to another when she encountered an elderly person who appeared unwell and subsequently collapsed. While helping the person towards a building entrance, the nurse twisted and injured her knee when the person collapsed again.

The insurer denied compensation, arguing that assisting a third party was not an activity covered by occupational accident insurance. Both the Accident Appeal Board and the Insurance Court upheld this decision, considering the incident an exceptional interruption to the nurse's work-related journey.

The Supreme Court took a different view. While acknowledging that compensation generally covers accidents occurring during work-related travel or activities inherent in such travel, the Court emphasized that the nurse had a legal duty to assist a person in immediate danger under the Finnish Criminal Code.

The Court found that providing assistance was not a personal deviation from the journey but a necessary response to circumstances encountered during work-related travel. The nurse also had reasonable grounds to believe that the person required immediate assistance.

Consequently, the Supreme Court overturned the Insurance Court's decision and held that the knee injury was a compensable occupational accident under Section 21(2) of the Occupational Accidents, Injuries and Diseases Act.

Supreme Court of Finland, judgment of September 3, 2026, KKO:2026:58.

COURT

Criminal acquittal does not automatically invalidate an employee's dismissal

The Finnish Supreme Court ruled that an employee's acquittal in criminal proceedings does not automatically render their dismissal unjustified, as the grounds for dismissal must be assessed independently under employment law.

The employee worked as a branch manager selling and renting out earth-moving machinery. In one transaction, the

employee accepted a machine in part-exchange, knowing it belonged to a finance company rather than the customer, and recorded its identification details incorrectly and incompletely in the sales contract. The employee was subsequently charged with negligent money laundering and dismissed by the employer. The criminal charge was later dismissed by a final judgment.

The District Court found that the employer had proper and weighty grounds for dismissal, considering the employee's conduct a serious breach of their duties. The Court of Appeal disagreed, finding that the conduct was not sufficiently serious to justify dismissal without a prior warning.

The Supreme Court held that what matters is not how the conduct is assessed under criminal law, but whether it meets the employment law requirements for dismissal. An employer does not need to wait for criminal proceedings to conclude before dismissing an employee based on the underlying conduct. Similarly, an acquittal does not automatically make the dismissal unjustified, provided the employer can demonstrate a breach of employment duties.

In this case, the Court emphasized the employee's independent position and significant financial responsibility, the connection between the misconduct and their core duties, and the EUR 25,000 loss suffered by the employer. The incorrect and incomplete contract details had also prevented the ownership issue from being identified through the company's normal checks.

The Supreme Court concluded that the breach was sufficiently serious to justify dismissal without a prior warning or consideration of reassignment. It therefore overturned the Court of Appeal's judgment and rejected the employee's compensation claim.

Supreme Court of Finland, judgment of September 21, 2026, KKO:2026:65.

COURT

Working remotely from abroad without consent does not automatically justify dismissal

The Helsinki Court of Appeal ruled that an employee permitted to work remotely from home was not entitled to work indefinitely from another country without the employer's knowledge or consent. However, dismissal without a prior warning was found unlawful.

For more than a decade, the employee had worked remotely for a Finnish employer, primarily from a home office in Helsinki. The employment contract provided for flexible working hours and allowed the employee to work either from the employer's office or from home.

In January 2020, the employee travelled to Mexico for a holiday but remained there for several months due to the COVID-19 pandemic, continuing to work remotely without informing the employer. When the employer discovered this, it dismissed the employee, who challenged the decision, arguing that the employment contract imposed no geographical restrictions on remote work.

The Court of Appeal held that permission to work remotely from home in Finland did not give the employee an unrestricted right to work from anywhere in the world. Working from Mexico without the employer's knowledge or approval exposed the employer to potential employment, tax and regulatory risks.

The Court also found that the employer had neither expressly nor implicitly consented to the extended remote work from Mexico. Nevertheless, unlike the District Court, it concluded that the employer should have

issued a warning before terminating the employment, as the employee had not previously been warned that such conduct could lead to dismissal.

Consequently, although the employer had valid grounds to consider termination, the dismissal was unlawful due to the absence of a prior warning. The Court of Appeal therefore increased the compensation awarded to the employee.

Helsinki Court of Appeal, judgment of September 2, 2026, No. 1050 (case diary No. S 16/2024/142)

COURT
Employee's disloyal conduct justifies termination during probation

The Turku Court of Appeal refused leave to appeal in a case concerning the termination of an employee during the probationary period, leaving in place a District Court ruling that the termination was justified by the employee's disloyal conduct and loss of trust.

The employee was hired as an NGO coordinator under a fixed-term contract and also held supervisory responsibilities as deputy executive director. During the probationary period, the employee organized a vote of no confidence against the executive director, proposed taking over the position, secretly recorded conversations and shared internal grievances with outside parties.

The employer terminated the employment on the last day of the three-month probationary period, citing neglect of duties, inappropriate conduct and loss of trust. The employee challenged the termination, alleging discrimination and prohibited retaliation for raising concerns about workplace issues and the executive director's conduct.

The District Court examined whether the termination was based on legitimate reasons or constituted unlawful discrimination under the Finnish Non-Discrimination Act. It emphasized that a difficult relationship between a supervisor and an employee does not, in itself, establish discrimination.

The Court found that the employee had acted disloyally towards the employer by organizing a vote of no confidence shortly after joining the organization, proposing to replace the executive director and disclosing internal matters to outsiders. The employee had also been involved in preparing an apparently competing association, which further supported the employer's loss of trust.

The District Court concluded that the employee's conduct justified termination during the probationary period and that the dismissal was neither discriminatory nor an act of prohibited retaliation. The Turku Court of Appeal refused leave to appeal, leaving the District Court's decision in place.

Turku Court of Appeal, decision of September 3, 2026, No. 1065 (case diary No. S 18/2026/1195).



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France





LAW
Planned single cap would reduce exemptions on severance pay

The French government presented the 2027 Finance Bill (*in French: projet de loi de finances*) and the 2027 Social Security Financing Bill (*in French: projet de loi de financement de la sécurité sociale*), which would change the income tax and social security exemptions on severance payments.

The current rules, which vary depending on the type of termination, would be replaced by a single cap equal to one annual social security ceiling (*in French: plafond annuel de la sécurité sociale, PASS*), i.e., EUR 48,060 in 2026.

All severance payments (including those for economic dismissal, compulsory retirement, termination by mutual agreement, and conciliation settlements) would be exempt from income tax up to one PASS. This rule would apply to severance payments made as early as 2026.

All severance payments would also be exempt from social security contributions up to one PASS. This rule would apply to severance payments made from 2027.

The new exemptions are less favorable to employees than the current ones. For income tax purposes, employees who receive severance pay in 2026 would pay additional tax, when they file their 2026 tax return, on the portion above EUR 48,060.

Both bills still need to be adopted by Parliament and may change during the debates.

For reference, the current exemptions reach up to EUR 96,120 for social security contributions and EUR 288,360 for income tax.

Employers negotiating terminations should expect higher net costs for employees and factor this into severance discussions.



LAW
Pay transparency bill departs from the EU directive on key points

The bill transposing the Pay Transparency Directive (Directive (EU) 2023/970) was presented to the Council of Ministers on September 10, 2026. Parliamentary debate will begin in the Senate, but no date has been set yet.

The bill departs from the directive in the following respects:

- Employers with fewer than 50 employees are not subject to the pay transparency obligations;
- The right to information is limited: employers may not disclose information that would allow an individual employee to be identified;
- The pay range must be stated in every job offer. Where there is no job offer, the employer must give the candidate the pay range in writing before or during the interview.

Penalties include a fine of up to 1% of payroll for breaching the obligations to report pay gap indicators and to correct pay gaps. Employers may also be excluded from public procurement for up to one year.

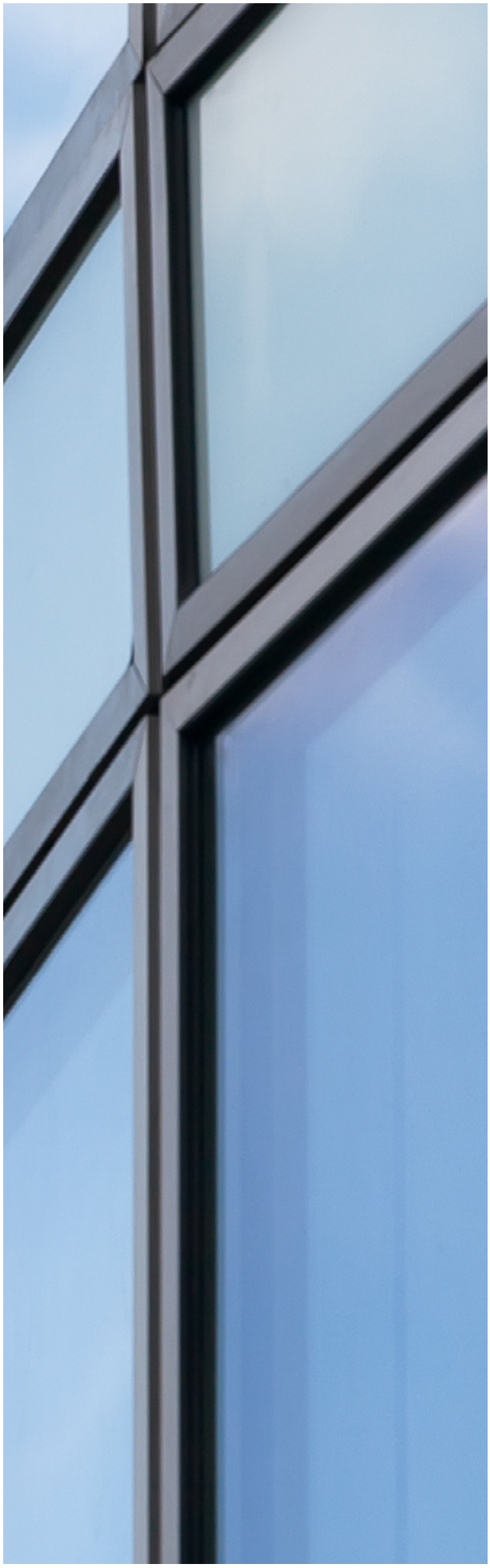
Once adopted, the law will not apply immediately. The right to information will have to be implemented through a collective bargaining agreement or a unilateral decision of the employer defining categories of workers. A decree will set the deadline for doing so.

The obligation to report gender pay gap data will enter into force no later than one year after the law is enacted. The exception is the seventh indicator, which will apply one, three, or six years after enactment, depending on company size.

Employers should use the transition period to review their pay structures, job classifications, and recruitment practices.



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Germany



COURT

Dismissal by supervisory board members without proof of authority can be rejected

The Federal Labor Court (BAG) held that a dismissal signed by only some members of a supervisory board is invalid if no proof of their authority is attached and the recipient rejects it without undue delay.

The plaintiff was managing director of a limited liability company (GmbH). Under the articles of association, the supervisory board as a whole was responsible for the dismissal. However, only its chair and one further member signed, and no authorization was enclosed. The plaintiff rejected the dismissal four days after receiving it. The BAG applied Sec. 174 of the German Civil Code (Bürgerliches Gesetzbuch) by analogy. Under this provision, a recipient can reject a unilateral declaration, such as a dismissal, made by a representative who does not present written proof of authority. The employer's reference to the plaintiff's knowledge of the management structure and its objection of abuse of rights under Sec. 242 of the German Civil Code did not change this.

Employers should ensure that the supervisory board resolution expressly authorizes specific members to sign and issue the dismissal. The original resolution should be enclosed with the dismissal letter to avoid rejection under Sec. 174 of the German Civil Code. Any applicable statutory or contractual form requirements must also be observed.

Federal Labor Court, judgment of May 7, 2026, 2 AZR 130/25

> **A recent German Federal Labor Court ruling confirms that employees may elect a works council even when key management decisions are made abroad.**

COURT

Foreign headquarters do not prevent works council elections at German airline bases

The Federal Labor Court (BAG) held that an operational unit (Betriebsteil) located in Germany may be eligible for works council elections even if the main establishment is abroad.

The employer, a foreign airline, operated a base at a German airport with around 320 cockpit and cabin crew members. Personnel decisions were made abroad, while a base captain and a base supervisor were appointed locally. After a trade union initiated works council elections, the employer challenged the base's eligibility, arguing that an operational unit requires a main establishment in Germany.

The BAG rejected this argument. Under the territoriality principle, the location of the operational unit matters, not that of the main establishment or its management.

Although the base was not an independent establishment, it qualified as an operational unit under Section 4(1), sentence 1, no. 1 of the German Works Constitution Act (Betriebsverfassungsgesetz).

The Court explained that this requires only a locally established management structure authorized to issue instructions, as was the case with the base captain and base supervisor. The main establishment was considered sufficiently distant because reaching it required crossing a national border. The Act applied because no collective agreement governing employee representation existed for the flight crew.

Employers with cross-border structures should therefore not assume that managing German operations from abroad prevents works council representation.

Federal Labor Court, decision of May 13, 2026, 7 ABR 7/25.



COURT

Mass redundancies - when do notification errors invalidate dismissals?

The Federal Labor Court (BAG) has clarified the consequences of errors in mass redundancy notifications. Employers planning redundancies exceeding the thresholds under Section 17 of the German Protection Against Dismissal Act (Kündigungsschutzgesetz) must first consult the works council and then notify the employment agency.

Following rulings of the Court of Justice of the European Union of October 30, 2025, the BAG held that dismissals are invalid if the employer fails to submit the required notification or submits it before completing the consultation process. Such defects cannot be remedied retrospectively.

By contrast, the BAG held that a notification may remain effective despite factual errors, provided these do not prevent the employment agency from performing its statutory tasks. In one case, an insolvency administrator reported 34 intended dismissals instead of 31. The Court considered this a minor deviation, particularly as the notification concerns intended rather than actual dismissals.

Employers should therefore ensure that works council consultations are completed before submitting mass redundancy notifications and carefully review the accuracy of the information provided.

Federal Labor Court, judgments of April 1, 2026, 6 AZR 157/22 and 6 AZR 152/22, and June 25, 2026, 6 AZR 7/26.



COURT

Foreign governing law cannot override German dismissal protection

The Federal Labor Court (BAG) held that claims for back pay following an invalid dismissal or a dismissal taking effect at a later date cannot be excluded in advance, even through a contractual choice of foreign governing law.

The employee, a flight attendant living in Germany and based in Frankfurt, worked for a U.S. airline under an employment contract governed by U.S. law. The airline dismissed

her by email with effect from October 1, 2020, but her employment did not actually end until April 30, 2021. Under U.S. law, she was not entitled to pay for the intervening period.

The BAG applied Section 615 of the German Civil Code (Bürgerliches Gesetzbuch), which would have applied in the absence of the choice-of-law clause and was more favorable to the employee.

The Court explained that although this provision can generally be waived, excluding back pay entirely in advance would shift the financial risk of an invalid dismissal to the employee and undermine statutory dismissal protection. A contractual choice of foreign law cannot be used to circumvent this protection.

Employers should therefore not assume that choosing foreign law to govern an employment contract will protect them from back pay claims by employees working in Germany.

Federal Labor Court, ruling of July 30, 2026, 2 AZR 91/24.



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Hungary

COLLECTIVE AGREEMENTS
2027 minimum wage negotiations underway

Hungary has entered a new round of negotiations on the statutory minimum wage for 2027. The current monthly gross wage is minimum HUF 322,800, while the guaranteed minimum wage is HUF 373,200.

Under the original multi-year wage agreement, the minimum wage was scheduled to increase by 14% in 2027. However, changing economic conditions have prompted the social partners to reconsider the planned increase. Employer representatives favor a more moderate, single-digit increase, while employee representatives continue to advocate for stronger wage growth. The National Federation of Workers' Councils has called for the minimum wage to reach 50% of Hungary's regular gross average wage.

At the September 2026 meeting of Hungary's tripartite consultation forum, the parties requested detailed wage and employment data to support further negotiations. No specific increase has yet been agreed upon. Employers preparing their 2027 budgets should therefore retain flexibility in their payroll cost assumptions pending the outcome of the negotiations.

LAW
December 24 may become a public holiday in Hungary

A bill proposing to make December 24 a statutory public holiday in Hungary has been submitted to Parliament. The proposal would amend the Labor Code and several other laws to add December 24 to Hungary's list of public holidays.

The bill would also introduce specific rules for the retail sector. As a rule, shops would be required to remain closed on December 24. However, hospitality establishments, accommodations, flower and confectionery shops, and gas stations could remain open. The same exception would apply to shops located at public railway and bus stations and airports.

The proposal was submitted on September 23, 2026, and has since been placed on Parliament's agenda by the competent committee. If adopted, it would enter into force on the day following its publication and could therefore apply as early as December 24, 2026.

Employers should monitor the legislative process and assess the potential impact on staffing, holiday work arrangements, and business operations.



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Ireland



LAW

Government approves drafting of Irish Nationality and Citizenship (Amendment) Bill 2026

The Government has approved the priority drafting of the Irish Nationality and Citizenship (Amendment) Bill 2026, a proposed reform of Ireland's naturalization framework that would introduce more stringent requirements for individuals seeking Irish citizenship. The measures form part of the Government's wider immigration and citizenship policy and are intended to align Ireland's approach more closely with that adopted in a number of other European jurisdictions.

According to the published General Scheme, the proposed legislation would increase the standard qualifying period of reckonable residence from five to eight years for most applicants. It would also introduce new language proficiency requirements, requiring applicants to demonstrate competence in English, Irish or Irish Sign Language, alongside a civics test covering Irish society, politics and civic institutions. In addition, applicants would be required to demonstrate economic self-sufficiency as part of the naturalization process.

Announcing the proposals, Jim O'Callaghan, Minister for Justice, Home Affairs and Migration, stated that the reforms are intended to strengthen the integrity of the naturalization system while ensuring that citizenship reflects a sustained connection to Ireland, civic participation and compliance with immigration law. The Government has described Irish citizenship by naturalization as the culmination of lawful residence, integration and commitment to Irish society rather than the mere passage of time.

The General Scheme will now proceed to pre-legislative scrutiny before the drafting and publication of the Bill. As the proposals progress through the legislative process, debate is likely to focus on how the State balances the Government's objective of strengthening the naturalization framework with concerns regarding integration, inclusion and access to citizenship.

Can AI-generated legal submissions be trusted? Updated Irish guidance emphasizes the importance of human oversight and verification in employment litigation.

GUIDELINES

Updated AI guidance for employment and workplace litigation

The Workplace Relations Commission (WRC), Labour Court and Court of Appeal have recently updated their guidance on the use of artificial intelligence tools in preparing written submissions and other materials for legal proceedings. The guidance reflects the growing use of generative AI in litigation

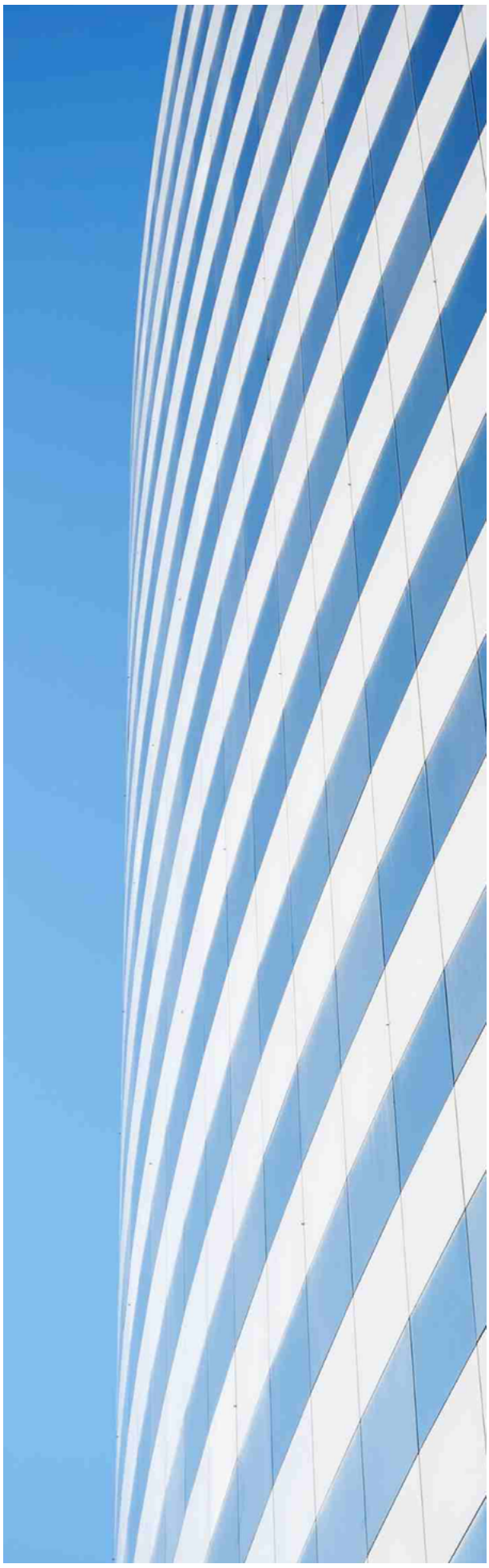
and seeks to address concerns regarding accuracy, reliability, and procedural fairness. The updated guidance recognizes that AI tools may assist parties in drafting and organizing documents. However, it emphasizes that responsibility for the content of submissions remains with the party submitting them. Users are expected to independently verify any legal authorities, factual assertions, and references generated by AI systems before relying on them in proceedings.

These developments follow the Court of Appeal's decision in Guerin v O'Doherty [2026] IECA 48, in which AI-generated submissions contained fictitious legal authorities. In response, the Court outlined several principles governing responsible AI use, including the need to verify authorities and avoid misleading the court. The Workplace Relations Commission's updated guidance similarly warns of the risks of inaccurate or fabricated legal information and highlights the importance of human oversight when using AI-assisted drafting tools.

These developments form part of a broader trend toward the regulated use of AI in dispute resolution and reinforce the importance of verification and accountability when AI tools are used to prepare materials for employment-related proceedings.



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Italy



New Italian guidance clarifies when employment documents can be delivered digitally and when electronic signatures are required, with important implications for employers' HR processes.

GUIDELINES
Italy clarifies rules for digital delivery and signing of employment documents

In Ruling No. 2 of September 30, 2026, the Ministry of Labor clarified that documents related to the conclusion of an employment agreement may be validly provided to an employee by making them available on secure company platforms, provided that user identification, document integrity, and the traceability of delivery and any acknowledgment of receipt are guaranteed.

For documents containing declarations of intent or acknowledgments by the employee, identification via an electronic identity card or the Italian Public Digital Identity System (SPID) is not sufficient. A qualified or advanced electronic signature, or another digital process compliant with the Digital Administration Code, is required.

GUIDELINES
Italy issues guidelines for 2027 work permit applications

On October 1, 2026, the Ministries of the Interior, Labor, Agriculture, and Tourism issued operational guidelines (No. 7185) for the admission of foreign workers in 2027.

The quotas allow up to 76,200 entries for non-seasonal salaried employment, 89,000 for seasonal work in agriculture and tourism, and 650 for self-employment.

From October 23 to December 7, 2026, applicants will be able to pre-fill work permit applications through the Ministry of the Interior's ALI Portal, ahead of the scheduled application submission dates (the so-called "click days") in January and February 2027.

GUIDELINES
Social security contribution relief for work-life balance certification

On September 11, 2026, an interministerial decree was signed establishing the procedures for accessing the social security contribution exemption available to companies that obtain work-life balance certification under the UNI/PdR 192:2026 standard. The decree implements Article 6 of Decree-Law No. 62 of April 30, 2026.

Eligible companies may benefit from an exemption of up to 1% of the employer's social security contributions, capped at EUR 50,000 per year. The exemption applies for the duration of the certification (36 months), but no later than December 31, 2028.

To obtain the benefit, certified companies must submit an online application to the Italian National Social Security Institute (INPS). If applications exceed the available funds, the benefit will be reduced proportionally.



COLLECTIVE AGREEMENTS

Italy renews collective agreement for the wood and furniture industry

On September 3, 2026, Federlegno and the FenealUil, Filca-Cisl, and Fillea-Cgil unions signed the renewal of the National Collective Agreement for the Wood and Furniture Industry for the period 2026–2028.

The agreement provides for a monthly minimum wage increase totaling EUR 134 for employees in the AS1 classification, in addition to adjustments linked to the expected IPCA inflation index, scheduled for January 2027 (approximately 2.4%) and January 2028 (approximately 2.6%). It also provides for a one-time payment covering the period since the previous agreement expired.

The renewal increases allowances for overtime, night shifts, and holiday work, and strengthens seniority increments and welfare benefits, including supplemental pension and health care plans.

Additional changes concern health and safety, leave, outsourcing, and labor relations. A working group has also been established to review job classifications.

The renewed agreement remains subject to approval by employees at workplace assemblies organized by companies covered by the agreement.



COURT

False employee testimony may justify disciplinary action

The Court of Cassation held that statements made by an employee while testifying in court may constitute grounds for disciplinary action if they are knowingly or negligently false and may damage the employer's reputation or image.

The Court emphasized that testifying is a statutory duty and that employees cannot face disciplinary consequences merely because their testimony is unfavorable to the employer. However, this protection does not extend to statements lacking a reasonable factual basis, which may justify disciplinary action.

Court of Cassation, decision of September 22, 2026, No. 25687.



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Lithuania



LAW
Platform workers - freedom on paper is no longer enough

The Lithuanian Ministry of Social Security and Labor has prepared amendments to the Labor Code, scheduled to take effect on December 2, 2026, aimed at clarifying the employment status of platform workers.

Until now, platform-based work, such as courier and ride-hailing services, has generally been treated as self-employment. However, where independence exists only on paper and, in practice, the platform imposes penalties, sets prices, or dictates how tasks are performed, workers may be considered employees regardless of the terms of their contracts.

The proposed amendments identify three key freedoms that genuinely self-employed platform workers must have:

- the freedom to decide whether and when to work;
- the ability to provide the same services to other companies; and
- the ability to negotiate prices and receive advance information about the nature of the work and its remuneration.

If any of these freedoms is absent, or exercising them leads to adverse consequences, an employment relationship will be presumed unless the platform proves otherwise. Existing indicators of subordination under the Labor Code will also be taken into account.

Read More

> **Employers can now rely on either relevant qualifications or professional experience when applying for work permits, with a fully digitalized procedure and shorter processing times.**



LAW
Lithuania simplifies work permit requirements for posted foreign workers

By an order dated September 7, 2026, the Minister of Social Security and Labor amended the rules governing the issuance of work permits to foreign nationals in Lithuania, introducing greater flexibility for employers and simplifying administrative procedures.

Under the amended rules, a work permit may be issued to a foreign national who has either a qualification related to the work to be performed or at least one year of relevant work experience within the previous three years. Employers can therefore rely on either qualifications or professional experience when applying for a work permit.

The procedure is now handled entirely through UŽTIS, the Employment Service's digital information system. Employers

can submit applications and supporting documents, pay the state fee, and receive work permits or refusal decisions electronically.

The Employment Service must issue a decision within seven working days of receiving the documents, although this period may be suspended if further verification is required. Work permits are issued for up to one year, with the possibility of extending permits initially granted for a shorter period.

The changes aim to reduce administrative burdens and make the work permit process more efficient and accessible for employers.

Read More



LAW

Key Labor Code amendments - new rules on dismissals and working conditions

Significant amendments to the Lithuanian Labor Code will take effect on November 1, 2026, introducing changes to termination procedures, working conditions, remote work, working time arrangements, and collective labor relations.

One of the most important changes concerns Article 59 of the Labor Code, which governs termination of employment at the employer's initiative. Under the amended provisions, employers entitled to use this ground for termination will be required to provide a justified reason for dismissal.

The existing requirement to give employees three working days' notice and pay severance of at least six times their average monthly wage will remain unchanged. However, the current restriction preventing employers from relying on reasons listed in Article 57(1) of the Labor Code will be removed. The amendments also introduce greater flexibility in agreeing on working conditions with higher-paid employees and modify the time limits for assessing breaches of employment duties and the rules governing final settlement upon termination.

The changes aim to provide greater flexibility for employers while maintaining employee protection, particularly through notice and severance pay requirements.

Read More



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Moldova



LAW
Proposed changes to fixed-term contracts and employment conditions

Moldova's draft Labor Code amendments would give employers additional flexibility in managing employment contracts and final payments. The draft sets December 31, 2026, as the effective date, subject to adoption.

During their first 48 months after state registration, micro and small enterprises could enter into successive fixed-term contracts with the same employee without the usual limit on their number. Their combined duration could not exceed 48 months. Eligibility restrictions would apply, including exclusions for certain reorganized or related employers and previous employment relationships. Contracts already concluded under this exception would remain effective until expiry if the employer subsequently loses its qualifying status.

The draft would also allow employers to amend employment contracts unilaterally to reflect increases in the national minimum wage or changes to job titles in Moldova's Classification of Occupations, provided the changes do not worsen the employee's position. Final payments would generally become due within five working days after termination. For employees absent on their termination date, the deadline could run from a later payment request.

Preparing and approving staffing schedules would become an employer's right rather than an obligation. Employers should review their contract templates, payroll procedures, and staffing documentation to prepare for these proposed changes.

Read More

Could an employee's unavailability during remote work justify dismissal? Moldova's proposed labor reforms introduce new rules on employee availability and disciplinary action.

LAW
Remote work, shifts, and discipline

Remote employee availability, shift scheduling, and disciplinary deadlines are among the rules targeted by Moldova's proposed labor reforms, with implementation envisaged for December 31, 2026, pending adoption.

Unjustified absence from work during agreed working hours could become a separate dismissal cause. Examples include failing to answer through agreed communication channels or missing meetings and work activities. For an eight-hour workday, the threshold would be four consecutive hours, excluding lunch. Other schedules would

require unavailability for half the daily working time; overlapping provisions for workdays exceeding eight hours need clarification.

Technical failures, power or communications outages, temporary incapacity, and other circumstances beyond the employee's control would be excluded. Verifiable notification that the employee cannot remain available would also prevent reliance on this ground.

Shift schedules would need to be communicated seven days ahead, replacing the current 14-day requirement. Changes could be agreed at least one day before implementation, with electronic consent being accepted. Contractually authorized paid time off could compensate overtime within 12 months, or precede it by up to 12 months, with written agreement. General disciplinary deadlines would extend to two months from discovery and 12 months from misconduct. For HR teams, clear availability expectations, documented schedule changes, and timely investigations would become priorities.

Read More



LAW
Moldova proposes more overtime flexibility

Moldova's proposed Labor Code amendments would give employers more flexibility to manage busy periods. The draft law would remove the 240-hour annual overtime cap and is scheduled to take effect on December 31, 2026, if adopted in its current form.

The 48-hour weekly limit, including overtime, would remain, generally averaged over four calendar months where weekly hours exceed that threshold. Other applicable safeguards would still need to be observed. Employers would gain an additional ground for requesting overtime: a temporary increase in production or services lasting up to one year. The employer would need to substantiate its temporary nature and obtain the employee's written consent.

The amendment would extend the deadline for paid compensatory time off from 30 days to 12 months after overtime is performed. Alternatively, time off could be granted upfront, with the corresponding overtime worked within the following 12 months. This arrangement would still require provision in the individual or collective employment contract and the parties' written agreement.

For businesses facing seasonal peaks, these proposals could make staffing and scheduling easier. Employers should review contractual arrangements, document temporary workload increases, and keep track of overtime and compensatory hours before using the new flexibility, once the legal amendment is adopted and takes effect.



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Poland



GUIDELINES

When is B2B cooperation genuine? A closer look at Poland's labor inspectorate interpretations

As reported in our September edition, Poland's Chief Labor Inspector has issued the first nine individual interpretations concerning the classification of civil-law arrangements. While five identified an employment relationship, four accepted the proposed civil-law models. This month, we take a closer look at the circumstances in which the Inspectorate considered such arrangements permissible.

The four interpretations accepting civil-law cooperation concerned:

- IT specialists working under B2B framework agreements and separate assignments, without fixed working hours or close supervision, with no guaranteed workload and the right to refuse assignments;
- Business development contractors sourcing contacts and potential clients independently, with freedom to determine when, where, and how they work, and without ongoing supervision;
- Drivers engaged under civil-law contracts who declare their availability and have assignments scheduled accordingly, without an obligation to remain continuously available;
- Self-employed service providers working on assignments specifying the expected result and deadline, with the right to engage subcontractors, equipment leased from the client, and their own liability insurance.

The interpretations highlight the importance of genuine operational independence in distinguishing civil-law arrangements from employment relationships. However, each interpretation relates to a specific set of circumstances, and similar contractual arrangements may be assessed differently depending on how the cooperation operates in practice.

Read More

> **A recent Polish labor inspectorate interpretation confirms that flexible scheduling and the right to refuse assignments do not necessarily rule out an employment relationship.**

GUIDELINES

Student contracts of mandate - is flexible scheduling enough to avoid employment status?

In an individual interpretation issued on August 17, 2026, the Chief Labor Inspector (GIP) concluded that students engaged under contracts of mandate (umowa zlecenia) to work as shop assistants and production workers in a bakery were, in fact, performing work under an employment relationship.

The students could declare their availability, choose when to accept assignments, and refuse work. Their schedules accommodated classes, examinations, and internships. However, the GIP considered that flexibility in choosing when to work does not necessarily mean independence in how the work is performed.

The decisive factor was the students' integration into the bakery's day-to-day operations. Their tasks formed part of the regular retail and production processes, were assigned according to the company's current needs, and were organized by the business rather than independently by the students.

The interpretation illustrates that even where workers have considerable scheduling flexibility, the actual organization and supervision of their work may indicate an employment relationship.

Chief Labor Inspector, individual interpretation of August 17, 2026, GIP-GPP.50.18.2026.2.



COURT
Refusing new employment terms does not automatically entitle employees to severance pay

The Polish Supreme Court has reaffirmed that employees who refuse to accept new employment terms proposed by their employer are generally not entitled to severance pay under the Collective Redundancies Act merely because their employment subsequently ends.

Severance pay may nevertheless be due in exceptional circumstances, particularly where the proposed terms were objectively unacceptable or the employer's offer was not genuine and was, in fact, intended to bring about the termination of employment.

The Court emphasized that employees remain free to reject new terms, even if they are objectively acceptable. However, where the offer is genuine and the proposed terms are objectively acceptable, the employee's refusal may be considered a contributing cause of the termination, excluding entitlement to severance pay.

Supreme Court of Poland, order of August 18, 2026, I PSK 447/26.



COURT
Employers remain responsible for data security when employees use private devices

The Polish Supreme Administrative Court upheld a decision of the President of the Personal Data Protection Office (UODO) finding that an employer had failed to implement adequate security measures for personal data processed by an employee working remotely on a private computer.

The case arose after a former employee's private computer was stolen. The device had been used for work and may still have contained personal data obtained during employment. Although the employer argued that the former employee had retained the data without its knowledge, the Court confirmed that responsibility for ensuring

appropriate data protection measures remained with the employer as the data controller.

The Court highlighted several shortcomings, including the lack of a documented risk assessment before the incident, insufficient security requirements for privately owned devices, and inadequate verification of data deletion following termination of employment.

The ruling emphasizes that allowing employees to use private devices for work does not transfer GDPR compliance obligations to them. Employers must assess the associated risks, implement appropriate technical and organizational safeguards, and be able to demonstrate their effectiveness.

Supreme Administrative Court of Poland, judgment of September 8, 2026, III OSK 533/24.





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Portugal



GUIDELINES

Portugal surpasses the European average in professional training

The latest Eurostat data, published in September 2026, show that Portugal reached, in 2025, an adult participation rate in education and training activities of 16.9%, above the European Union average of 13.7%. In 2015, the national indicator stood at 9.8%, meaning that Portugal recorded a significant increase in its participation rate in just over a decade.

A substantial part of this growth may be attributed to the legal framework governing continuous professional training, provided for in the Portuguese Labor Code, which lists, among the objectives of professional training, initial qualification and technological adaptation. In this context, employers are required to provide each employee with a minimum of forty hours of continuous training per year, while ensuring coverage of at least 10% of the workforce.

Non-compliance constitutes a serious administrative offense, giving the regime a meaningful deterrent effect. Moreover, training hours not provided within a two-year period are converted into training credits that employees may use at their own initiative, creating an additional incentive for employers to comply.

Mandatory training may be provided by the employer itself or by any person possessing "professional knowledge" in the relevant subject matter. The Portuguese Labor Code does not establish specific mechanisms for evaluating the quality or impact of training delivered; compliance with the legal obligation is assessed based on documented completion of forty hours of annual training per employee.

As regards the relevant content, training programs frequently cover cross-cutting areas such as information and communication technology, occupational health and safety, or foreign languages.

The evolution of the professional participation-in-training indicator reflects Portugal's trajectory over the past decade, in a context in which the current legal framework, encompassing the continuous training obligations set forth in the Labor Code, the training credit mechanism, and the associated penalty regime, constitutes the regulatory landscape within which this evolution has taken place.

The statistical leap demonstrates that a legal framework, when paired with effective penalty mechanisms, can change organizational behavior.



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Slovakia

Digital platforms operating in Slovakia will face new obligations on employment status, algorithmic management, and human oversight of automated decisions from December 2026.

LAW

Slovakia adopts new rules for digital labor platforms

On September 23, 2026, the Slovak Parliament approved a new Act on work performed through digital labor platforms, implementing Directive (EU) 2024/2831 on improving working conditions in platform work. The Act is scheduled to take effect on December 2, 2026, and introduces new obligations concerning employment status, algorithmic management, data protection, and worker rights.

Presumption of employment

The Act applies to platform work performed in Slovakia, regardless of where the platform is established. The actual nature of the working relationship will take precedence over its contractual designation. Where facts indicate subordination and work performed under the platform's instructions, an employment relationship may be presumed unless the platform or intermediary proves otherwise in court.

Algorithmic management and data protection

Platforms using automated monitoring or decision-making systems must inform workers about how these systems operate, including the data and parameters used and the decisions they affect. Restrictions apply to the processing of certain categories of personal data, and platforms must conduct data protection impact assessments and consult workers and their representatives.

Platforms must also ensure human oversight of automated systems and assess their impact at least every two years. Decisions such as suspending or terminating a worker's account or contractual relationship must be made by a natural person. Workers will have the right to request explanations and human review of automated decisions, as well as portability of certain personal data, including ratings and reviews.

Worker protection and consultation

For platform workers classified as employees, platforms must assess occupational health and safety risks associated with automated systems, including psychosocial and ergonomic risks, and establish reporting channels for violence and harassment.

Platform employees or their representatives must also be informed and consulted before automated monitoring or decision-making systems are introduced or substantially modified, including where external service providers operate those systems. Platforms must provide secure communication channels for workers and their representatives.

Reporting obligations and enforcement

Platforms and intermediaries must notify the National Labor Inspectorate of their activities in Slovakia and provide prescribed information on workers, contractual arrangements, working time, and income. Certain information must be updated every six months.

Platforms and intermediaries may be jointly and severally liable for certain breaches, while violations of specified reporting and information obligations may result in fines of up to EUR 50,000.

The new framework will require platforms operating in Slovakia to review their contractual arrangements, automated systems, data protection practices, and internal compliance procedures before the new rules take effect.



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Spain



Employers in Spain must now disclose how algorithmic and automated decision-making systems affect working conditions, from task allocation and pay to career development and termination.

LAW

Spain expands employers' information obligations under new transparency rules

Royal Decree 723/2026, which entered into force on October 5, 2026, implements Directive (EU) 2019/1152 on transparent and predictable working conditions and introduces broader information obligations for employers.

Employers must provide employees whose contracts exceed four weeks with written information on essential employment terms, including contract duration, workplace and remote work arrangements, duties, remuneration (including variable pay), working hours, shifts, overtime, leave, and applicable collective agreements.

Importantly, employers must also disclose the use of algorithmic or automated decision-making systems affecting employment conditions, including working hours, task allocation, remuneration, career development, and termination. The information must cover the relevant criteria and operating rules of these systems.

Additional disclosure requirements concern equality plans, work-life balance policies, harassment prevention measures, LGBTQI+ equality measures, termination procedures, and certain social security and pension arrangements.

The required information must generally be provided before employment begins, unless already included in the written contract. It may be delivered electronically, provided employees can access, store, and print it and the employer retains proof of transmission.

For existing employees, employers must provide any missing information within 30 working days of a request. The State Public Employment Service is expected to publish a standard information template, but the new obligations apply regardless of its availability.

COURT

Social media activity during sick leave does not automatically justify dismissal

The High Court of Justice of Galicia ruled that an employee's social media activity during sick leave does not, in itself, justify disciplinary dismissal.

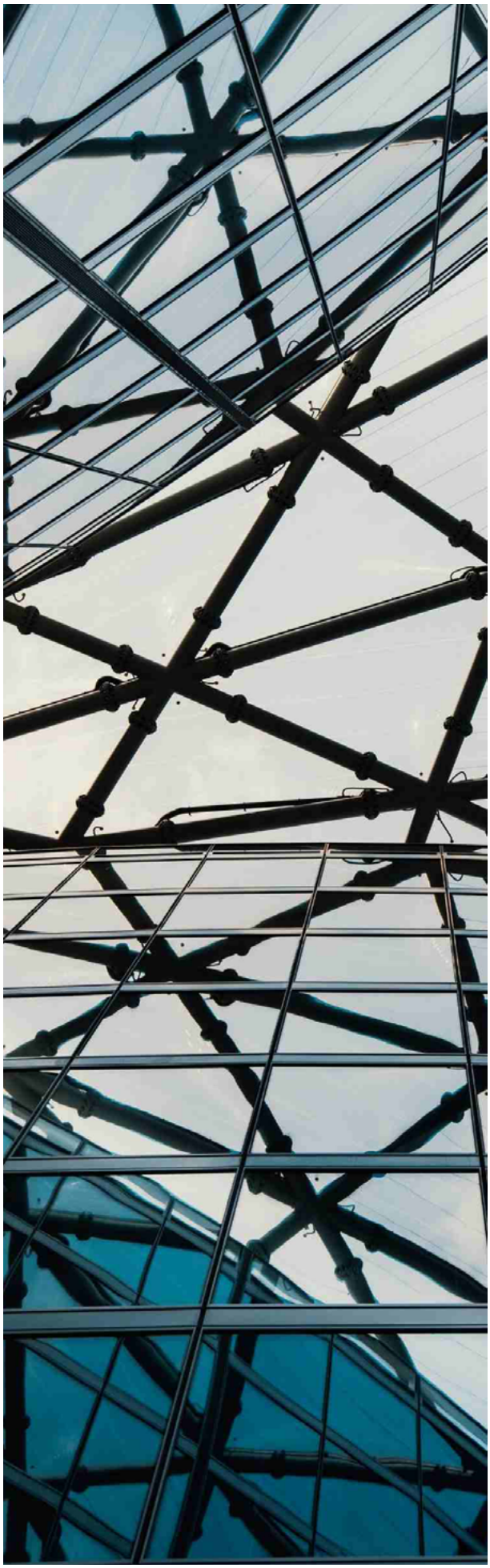
The case concerned an employee on sick leave due to neck pain who posted videos showing him dancing and assisting a person

with a disability. The employer considered these activities incompatible with his medical condition and dismissed him for misconduct.

The Court emphasized that activities undertaken during sick leave must be assessed individually, taking into account the employee's medical condition, functional limitations, and potential impact on recovery. In this case, the employer failed to demonstrate that the activities were incompatible with the employee's condition, hindered recovery, or indicated fraudulent use of sick leave. The dismissal was therefore ruled unfair.

However, the Court rejected the employee's claim that the dismissal was discriminatory and therefore null. It found that the dismissal was motivated by the employer's assessment of the employee's conduct, rather than by the illness itself. The mere fact that the employee was on sick leave was insufficient to establish discrimination.

High Court of Justice of Galicia (Labor Chamber), judgment of July 2, 2026, No. 3066/2026, Case No. 1119/2026.





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Switzerland



LAW
Switzerland introduces automatic exchange of salary data from 2027

On August 19, 2026, the Swiss Federal Council decided that the Federal Act on the International Automatic Exchange of Information on Salary Data, together with its implementing ordinance, will enter into force on January 1, 2027.

The new legislation establishes the Swiss legal framework required to implement the information-exchange arrangements with Italy and France. Switzerland and Italy agreed in December 2020 on new rules for cross-border commuters. The agreement has applied since January 1, 2024, and provides for the automatic and reciprocal exchange of information needed to tax cross-border commuters in their country of residence.

Switzerland and France signed an additional agreement to their double taxation treaty in June 2023. Effective January 1, 2026, it regulates the taxation of remote work and provides for the automatic and reciprocal exchange of information concerning employees who reside in one country and work for an employer in the other.

The new Federal Act regulates how salary information is exchanged within Switzerland, particularly between cantonal tax authorities and the Federal Tax Administration. The implementing ordinance establishes how cantonal authorities must authenticate themselves when accessing salary data held by the FTA.

The Federal Assembly adopted the Act on December 19, 2025, and the referendum deadline expired without a referendum. For employers, payroll professionals, and tax advisers handling cross-border employees, the new framework represents a further step toward more systematic and automated international tax reporting.



COURT
Retroactive medical certificates can invalidate a dismissal

The Swiss Federal Supreme Court ruled that a retroactive medical certificate may retain full evidentiary value in dismissal proceedings. Its credibility must be assessed in light of the individual circumstances rather than rejected solely because it was issued after the beginning of the employee's incapacity.

In the case concerned, an employee reported sick shortly after her employer had given notice of termination. The medical certificate, issued several days later, confirmed incapacity from the date on which the employee had first reported her illness. The incapacity was subsequently recognized for several months.

The court found that the retroactive period of four days did not, by itself, undermine the certificate's reliability. Relevant factors included the treating physician's long-standing relationship with the patient, the

physician's knowledge of her medical history, and the fact that the employee had promptly reported a deterioration in her condition.

The broader context was also significant. The employee had experienced prolonged workplace tensions, excessive demands, offensive communication, and considerable psychological distress. These circumstances supported the conclusion that the illness had genuinely begun before the medical certificate was issued.

Because the termination reached the employee while she was medically incapacitated, it was issued during a protected period under Article 336c para. 1 let. b and para. 2 of the Swiss Code of Obligations and was therefore null and void.

The decision confirms that employers should not automatically disregard a retroactive medical certificate. Its evidentiary value must be assessed based on the medical relationship, the surrounding events, the timing of the notification, and the available evidence as a whole.

Swiss Federal Supreme Court, decision 4A_344/2025 of January 9, 2026.



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Ukraine



COURT

The Constitutional Court of Ukraine has issued a ruling on vacation restrictions during martial law

The Constitutional Court of Ukraine has issued a controversial ruling regarding the constitutionality of provisions of the Law of Ukraine "On Organization of Labor Relations During Martial Law" stating that unused days of annual basic vacation, as well as any other type of vacation exceeding 24 calendar days, may be granted without pay at the employer's discretion, that granting of unused days of such vacation may be deferred to the period following the termination or cancelation of martial law and that these provisions of the law cease to be in effect as soon as vacation days that were carried over to the period following the termination or cancellation of martial law are used (unlike the entire law, which ceases to be in effect on the day martial law is terminated or cancelled).

Substance of the ruling

Although the applicant, the Ukrainian Parliament Ombudsman, questioned in his petition the constitutionality of the employer's exclusive right to limit the granting of annual basic vacation to 24 calendar days for the current work year, to carry over unused vacation days from the period of martial law to the period after the termination or cancellation of martial law, and to grant unused vacation days exceeding 24 calendar days without pay, the Constitutional Court concluded that, in general, such restrictions during martial law do not contradict the Constitution, since they do not violate the essence of the right to rest, are proportionate, have a clearly defined duration, and ensure minimum guarantees of rest.

Only those provisions which limit vacation time to 24 calendar days for persons under the age of 18 and persons with disabilities were declared unconstitutional, since these categories of employees are entitled to the increased minimum duration of basic annual vacation as compared to regular employees. The same conclusion was made regarding provisions which validity is extended until utilization of unused days of vacation carried forward to the period after the termination or cancellation of martial law, as they violate the principle of legal certainty due to the individualized duration of the restriction, which depends on the actual use of vacation days by a particular employee.

Dissenting opinions

This ruling compelled four judges of the Constitutional Court to issue several dissenting opinions highlighting the following issues.

First, the Court failed to consider the actual substance of the provisions of the Law under review, namely, the employer's right not to pay for unused days of annual basic vacation that were carried over to the period following the termination or cancellation of martial law.

Second, the Court decided to protect the paid annual vacation of those categories of employees (minors and persons with disabilities) whom the contested legal provisions do not affect at all. One of the

judges expressed concerns about the constitutional authority of the Ukrainian Parliament to impose restrictions on constitutional rights and freedoms under martial law.

Lastly, the ruling addressed several doctrinal issues, including the correlation between the essence and content of a right, the concept of work-life balance, however, it did not provide sufficient substance and clarity for their full application in court cases.

Provisions of the Law that were declared unconstitutional shall cease to be in effect as of the date of the Constitutional Court's adoption of this ruling, that is as of 19 May 2026.

Constitutional Court of Ukraine, decision of May 19, 2026, No. 3-p/2026 (Case No. 1-4/2024(219/24)).





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This newsletter provides an overview of recent employment law developments, compiled by the member firms and collaborating firms of Andersen Global.

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