European Employment Insights

INTRODUCING

Mobility Matters

Where employment law meets global mobility

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Partner Spotlight

Employment law in Hungary - pay transparency and immigration challenges



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Q&A

European employers face growing uncertainty around pay transparency and increasingly restrictive immigration rules. In this edition of Partner Spotlight, we speak with Szilvia Fehérvári of Andersen Legal in Hungary about common misconceptions surrounding the EU Pay Transparency Directive, practical challenges for employers, and what the latest immigration restrictions mean for businesses operating in Hungary.

Q: What are the hot topics in employment law and global mobility in Hungary at the moment?

SF: I would particularly highlight the preparations for and uncertainties surrounding the EU Pay Transparency Directive, the ongoing negotiations on the minimum wage increase (without result at the moment), and the tightening of immigration rules. The transposition and implementation of EU Pay Transparency rules have become a key issue, introducing new requirements for equal pay and transparency of pay data for employers. The use of AI in the workplace has also raised new legal challenges, particularly around data protection and liability.

Q: You mentioned the EU Pay Transparency Directive. Where does Hungary stand with its implementation?

SF: Although it features in the government's autumn legislative program, unfortunately there is still no draft legislation publicly available for the implementation of the Pay Transparency Directive. The EU deadline for transposition expired on June 7, 2026. This uncertainty is a concern for Hungarian employers – for now, we can only advise clients on the basis of the Directive itself.

One of the main challenges for multinational companies is that the Directive does not create a single set of rules, but

rather multiple national frameworks. While the Directive sets minimum standards, each EU member state may add stricter national obligations, resulting in a complex regulatory framework that multinationals must navigate if they operate in several EU countries. Obviously, this is not only a challenge for European companies, but also for global companies with subsidiaries or employees in EU countries. This is where Andersen, through its European network, can provide coordinated support to multinational companies, helping them implement a global strategy while ensuring compliance with local requirements.

Also, one of the key challenges in the implementation process for employers is determining which data to include, and how to balance practical feasibility with comprehensiveness while also meeting the strictest national requirements. We see that in multinational groups, group HR becomes the driving force for general reporting and technology systems, while local HR departments may apply local legal requirements to reach compliance..

Q: What are the most common misconceptions you hear from clients about the Directive?

SF: One of the most common misconceptions is that "All salaries will be made public." The Directive does not require this – individual wages will not be published. Rather, data broken down by pay bands, averages, and categories must be made transparent.

There is also a misinterpretation of "Equal pay for equal work" – that everyone doing the same job must be paid the same. The Directive does not stipulate this: in certain cases, an employer is not in breach of the law if, for example, it pays a higher wage to an engineer who has been working for the company for over 20 years and a lower wage to a colleague who has only been there for two months. However, the reasons for paying different wages must be justified in a non-discriminatory manner (for example, the longer-serving employee is more familiar with the work processes and therefore completes the same task more quickly).

Some believe that this is just another simple compliance exercise. In reality, pay transparency requires a broader strategic approach and may involve a comprehensive review of HR and remuneration policies.

Some clients believe that the Directive does not apply to them because they are not large companies. Although the Directive does indeed impose additional obligations on companies with a larger workforce, even the smallest company is obliged to comply with certain fundamental principles: the principle of equal pay, the establishment of an objective, gender-neutral pay system, and the provision of annual information to employees on pay conditions and pay rises. Other clients think that it applies only to employees, not to job applicants. This is also incorrect, as the Directive imposes certain obligations in relation to job applicants as well: the starting salary or salary band must be specified, and it is prohibited to ask applicants about their current or previous salary.

Q: What are the main challenges Hungarian employers face when preparing for the Directive?

SF: In general, how difficult preparation and implementation will be depends to a significant extent on the employer's current HR, payroll, and data management practices, as well as on the extent to which the necessary information is available in HR

or enterprise management systems. When we assist clients, we first need to assess what HR and pay data are already available and to what extent these are suitable for analyzing pay for the same or equivalent roles, as well as for analyzing the gender pay gap; how many job categories or job descriptions exist; whether a formalized pay policy or remuneration policy is in place; and how pay setting and pay decisions are documented (including the establishment of a criteria framework). As part of this process, employers should also review their existing policies and HR procedures (recruitment policy, job advertisement templates, pay policy, ensuring compliance with the principle of equal pay – handling requests for pay information, documentation of pay decisions, etc.).

Q: You also mentioned stricter immigration rules. What is the most important recent change?

SF: Since June 6, 2026, it has no longer been possible to submit new applications for "guest worker" type residence permits in Hungary, as the government does not currently classify nationals of any third country under this permit category. (Separate transitional rules apply to applications submitted previously and currently being processed, as well as to the renewal of valid permits.) The government's stated aim was for Hungarian employers to give preference to domestic workers and to pay them fair wages. For the full picture, it is worth mentioning that the previous government had already tightened the conditions for employing guest workers. The legislation adopted at the end of 2024 significantly narrowed the range of countries from which new guest workers could come to Hungary from 2025 onwards. In practice, this was limited to nationals of Georgia, Armenia, and the Philippines. Now, guest workers cannot be recruited even from these countries. However, this does not mean that the employment of all foreign nationals is prohibited. In certain cases, it remains possible to recruit workers holding other types of residence permits, such as those issued for "employment purposes." Given the complexity of immigration law, hiring third-country nationals always requires careful planning.

Szilvia Fehérvári is a Partner and heads the Employment and Global Mobility practice at Andersen in Hungary. With over 28 years of experience, she specializes in labor law, focusing on equal treatment, GDPR compliance, executive contracts, terminations, whistleblowing, anti-corruption policies, collective bargaining matters, workforce hiring, outsourcing, global mobility, mergers, and employment law mediation and litigation.

Mobility Matters

Introducing a new perspective on cross-border work

We are pleased to introduce Mobility Matters, a new regular section of Andersen European Employment Insights, developed through collaboration between our Employment & Labor and Global Mobility Service Lines.

As international working arrangements become increasingly diverse and complex, employment law, tax, immigration and global mobility considerations are more interconnected than ever. Through this new series, we aim to explore these challenges from a practical, multidisciplinary perspective, helping employers navigate the legal and operational implications of cross-border work.

In our inaugural interview, **Robbie Wigley-Jones** and **Rehana Earle** from Andersen's Global Mobility team discuss how mobility is evolving from managing traditional expatriate assignments to overseeing an increasingly mobile workforce. They explore emerging risks, the growing importance of strategic mobility management and what employers should be preparing for in 2027.

In future editions, Mobility Matters will focus on specific cross-border working arrangements, combining practical insights, country perspectives and actionable guidance from across the Andersen network.



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Mobility Matters

Mobility goes mainstream – why cross-border work now needs a strategy, not just a process



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In the first Mobility Matters, **Robbie Wigley-Jones** and **Rehana Earle** explain why mobility is no longer about a small population of expatriates, why "remote" never means "location-neutral," and why mobility functions are being asked to act as governors of where work happens rather than administrators of moves.

Q: Robbie, you have spent 40 years in global mobility. What has changed most over that time?

RWJ: When I started, global mobility largely meant one thing: sending a senior or highly skilled person on a two-to-five-year expatriate assignment, with a generous package of support under a tax equalization policy with an eye watering cost!!

That world has not completely disappeared yet, but it is reducing and is now one of at least 12 mobility types organisations are managing. The focus initially moved to managing a portfolio of assignment types – short-term assignees, local hires, and project workers.

The pandemic then made remote and virtual work happen at scale almost overnight. Although business travel stopped in the pandemic it returned rapidly and scaled as borders and regulation enforcement tightened. Today the question is no longer "how do we move this person?" but "how do we govern work that can happen anywhere?" The biggest change is that mobility has moved from relocation to governance. In my early career, the mobility team usually knew about every move because it organized every move. Now much of the cross-border activity in an organization – a remote worker spending the winter abroad, a project team flown in for six weeks, a contractor in a third country – may never touch the mobility function at all. The risk sits where the function cannot see it.

The reality is that the population you need to manage is much larger than the population you are currently managing.

> **Mobility has moved from relocation to governance. The risk can sit where the function cannot see it.**
>
> *- Robbie Wigley-Jones*

Q: Rehana, why launch a mobility section in an employment law publication – and why now?

RE: Because almost every cross-border work question ends up as an employment law question – and this publication shows it every month. The October edition alone included a Finnish court considering an employee who worked remotely from Mexico for months without telling his employer; a German Federal Labor Court ruling that

a US-law contract could not exclude back pay for a flight attendant based in Frankfurt; and new Croatian rules under which an employer may bear an assignee's overseas healthcare costs if it fails to notify the health insurance fund before departure.

None of these is a "mobility department" issue in the traditional sense, yet each started with someone working across a border. Readers – HR directors, in-house employment lawyers, and reward and mobility leads – are seeing these issues land on their desks without a framework to manage them.

The timing matters too. Employers are being asked to cut costs, support flexible working, and manage rising regulatory scrutiny simultaneously. *Mobility Matters* is designed to connect those dots: strategic context, operational practice, and technical **detail, with employment law at the center.**

> **Every cross-border work question ends up as an employment law question.**
>
> *- Rehana Earle*

Q: You talk about 12 types of mobility. What are they, and why does the distinction matter?

RWJ: We map 12 ways people now work across borders: traditional long-term assignments, short-term assignments, commuters, local foreign national hires, business travelers, project workers, rotational workers, pop-up or event mobility, remote working, workcations, contingent workers, and crisis mobility.

The distinction matters because each type triggers different rules. A business traveler raises day-count, withholding, and posted-worker questions. A remote worker raises permanent establishment, local employment law, and data protection questions.

A French non-executive director attending board meetings in London raises very different questions from a rotational engineer or a freelancer working from Lisbon for a French company. A contingent worker raises classification questions – and this edition shows how live that is, with Poland's labor inspectorate testing B2B arrangements and Lithuania introducing a presumption of employment for platform workers where independence exists "only on paper."

The practical lesson: start with who is moving and how, then apply the right level of control. Light-touch tracking for low-risk **movement; formal controls as exposure rises.**

THE 12 TYPES OF MOBILITY


Long-term assignments


Short-term assignments


Commuters


Local foreign national


Business travelers


Project workers


Rotational workers


Pop-up / event mobility


Remote working


Workcations


Contingent workers


Crisis mobility

Q: How are geopolitical pressures changing mobility?

RWJ: Geopolitics now decides where work can happen, not just where companies would like it to happen. We see regional blocs, tighter borders, sanctions, and conflict all shaping talent decisions. In practice that shows up in three ways. First, immigration is tightening and becoming more managed – Italy has just published its 2027 work permit quotas with "click days" in January and February, and Ireland is proposing to lengthen the residence period for naturalization from five to eight years. Long-term workforce plans built on yesterday's immigration rules need revisiting.

Second, crisis mobility has become a standing capability rather than a one-off. Organizations that had to move people out of conflict zones at short notice learned that the employment, tax, and immigration consequences of an emergency move do not pause because the move was urgent.

Third, authorities are sharing more data. From January 2027, Switzerland will exchange salary data automatically with Italy and France for cross-border commuters and remote workers. Assumptions that a small cross-border footprint would go unnoticed are becoming harder to sustain.

Build scenario planning for talent corridors in the same way you would for supply chains.

- Robbie Wigley-Jones

Q: Where does AI fit in – for mobility teams?

RE: There are two sides. On the delivery side, AI and digital platforms are transforming how mobility is run – tracking where people work, automating routine compliance checks, and predicting where risk is building. That frees mobility teams from administration and lets them focus on judgment.

There is also a caution. Irish courts and the Workplace Relations Commission have updated their guidance after AI-generated submissions cited legal authorities that did not exist.

The same principle applies to mobility: AI can tell you that someone has spent 140 days in a country; it cannot tell you what that means for the company's tax position, the employee's contract, or the board's risk appetite unless you build it to do that.

The practical lesson: automate the routine, but keep expert judgment where the consequences are significant.

Rethink your model don't just automate the current one.

- Rehana Earle

Q: Rehana, clients increasingly say they want mobility to be "strategic, not transactional." What does that mean in practice?

RE: It means mobility leaders are being asked different questions. Not "can you get this person a visa by Monday?" but "what is our exposure across the whole workforce, what is it costing us, and how quickly can we put people in place when the business needs them?"

Research reflects the shift: in recent industry surveys, around seven in ten organizations say cross-border risk has risen, two-thirds expect the mobility function's scope to grow, and almost all face pressure to reduce cost. Those three pressures pull in different directions – more scope, more risk, less money – and that cannot be solved transactionally.

A strategic function does three things. It identifies mobility wherever it happens, including the travel and remote work it never approved. It automates routine tracking and data flows. And it intervenes intelligently where the risk or the talent value is highest. That is how mobility earns a seat at the table with the CFO, the General Counsel, and the board.

Q: What are the bear traps you see most often?

RWJ: Three come up again and again.

The first is assuming "remote" means "location-neutral." Approving home working does not approve working from another country. The Finnish case in this issue is a good illustration: the court found the employee had no right to work indefinitely from Mexico – but also that the employer should have warned him before dismissing him. Both sides needed a clear policy.

The second is assuming the contract controls the outcome. Choosing a foreign governing law, calling someone a consultant, or keeping a director on the home payroll does not override mandatory local protections. Germany's Federal Labor Court has shown that a works council can be elected at a German airline base even where decisions are made abroad.

The third is treating a global decision as a single process. Headquarters may decide on a reorganization affecting mobile employees in 10 countries on one date – but notice periods, consultation requirements, and protected periods differ in each.

The practical lesson: the paperwork should reflect where and how people actually work – because that is what courts and authorities will look at.

> **Approving home working does not approve working from another country.**
>
> *- Robbie Wigley-Jones*

Q: What is different about how Andersen approaches global mobility?

RE: Three things. First, independence. We are not tied to an audit relationship or to a single technology platform, so our advice is driven by what is right for the client. That lets us bring in the best specialist partners for immigration, payroll, or relocation where needed, while one accountable lead advisor owns the relationship and the program.

Second, integration. Mobility questions rarely sit in one discipline. Andersen brings tax, legal, and employment specialists together across a global network – the breadth of countries in this publication every month is a reflection of that. A question about a remote worker in Spain becomes one joined-up answer, not four separate opinions.

Third, a simple framework. We help mobility functions with three things: Value – finding and closing the gaps in how each worker type is managed; Risk – giving the board assurance on employment risk across workforce segments; and Navigate – getting people in place at pace for market entry, projects, pop-up events, deals, and crises.

Q: What can readers expect from Mobility Matters?

RE: Each edition will take one of the 12 mobility types – or a live business event – and look at it through three lenses: strategic (why it matters to the business), operational (how to run it well), and technical (the legal, tax, and employment law detail).

Coming up in Mobility Matters

- Cross-border remote working and workcations – the policy, the permanent establishment risk, and the employment contract
- Business travelers – day counts, posted worker notifications, and why the "short trip" is often the biggest blind spot
- Contingent and platform workers – classification as the EU platform work rules come into force
- Crisis mobility – moving people at pace without creating long-term exposure
- Directors and non-executive directors – the often-forgotten mobile population

We will pair that with country deep dives from Andersen colleagues: the tips, the bear traps, and what good looks like. Expect practical checklists, real-world examples, and a clear point of view.

Q: If a mobility or HR leader could do three things before 2027, what should they be?

RWJ: First, find your real mobile population. Look beyond your assignment list to business travel data, remote work requests, contractor arrangements, and board travel. Most organizations find it is several times larger than they thought.

Second, match control to exposure. Not every trip needs a full review, but every type of movement needs a rule. Set clear approval processes for working abroad – who signs off, for how long, and which tax, employment, immigration, and data checks apply.

Third, connect the disciplines. Mobility, HR, legal, tax, payroll, and security should work from one view of who is working where. The issues in this publication rarely fall into one team's lap – they fall between them.

The interview features Robbie Wigley-Jones and Rehana Earle, Managing Directors at Andersen in the UK.

Rehana advises organizations across sectors, from major multinationals to fast-growing businesses entering new territories for the first time, on cross-border working arrangements. She leads global and regional delivery across the full scope of global mobility: cross-border tax and social security, mobility policies, reward, business travel and remote working. Her focus is on practical, tailored solutions that manage risk while supporting the employee experience. She also appears on tax podcasts, discussing UK tax developments. Before joining Andersen, Rehana spent much of her career at PwC and later led the global mobility practice at a mid-tier firm.

Robbie before joining Andersen, Robbie was a Big Four partner. He worked with multinational groups across many industries to design and implement global mobility programmes that support their growth. His expertise covers international tax and social security, global HR policies, international reward and pensions, global employment companies, flexible and remote working, business traveller management, mobility operating models and new country entry strategies. Robbie also understands the employee perspective first-hand, having been seconded to the USA and Asia himself.

Austria



A second termination during an ongoing dismissal dispute is not necessarily retaliatory. The employer's actual reasons are decisive.

COURT

Austrian Supreme Court confirms the validity of conditional terminations

The Austrian Supreme Court (OGH) reaffirmed that employers may issue a conditional termination (*Eventualkündigung*) while proceedings challenging an earlier termination are pending.

The case concerned an employee whose initial termination had been declared invalid. During the proceedings, the employer issued a second termination, conditional upon the invalidity of the first. The employee challenged this termination, claiming unlawful retaliation for contesting the initial dismissal.

The OGH rejected this argument. It clarified that protection against retaliatory dismissal under Section 105(3)(1)(i) of the Austrian Labor Constitution Act (ArbVG) concerns employees asserting rights arising from an existing employment relationship. However, given the general freedom of termination under Austrian employment law, an employee's interest in avoiding dismissal does not constitute such a protected right.

The court further emphasized that the employer's actual motive is a question of fact. In this case, the decisive reason was the lack of demand for the employee's services, as his business area had been discontinued and he had not worked for almost four years. Practical takeaway: Conditional terminations are generally permissible and do not automatically constitute unlawful retaliation. Their validity depends on the actual reasons for termination and compliance with applicable statutory requirements.

Supreme Court of Austria, decision of June 24, 2026, 8 ObA 16/26z.

COURT

Withdrawal of a dismissal challenge does not restore the right to claim compensation for discrimination

The Austrian Supreme Court (OGH) clarified whether employees may claim compensation for discriminatory dismissal after withdrawing an earlier dismissal challenge.

The case concerned an employee who alleged that his dismissal was motivated by complaints about racist remarks made by a colleague. He initially challenged the dismissal under Section 105 of the Austrian Labor Constitution Act (ArbVG), but subsequently withdrew his claim, waiving his rights. Several months later, he sought compensation for discrimination under the Austrian Equal Treatment Act (GlBG).

The OGH rejected the compensation claim. Under the GlBG, compensation for personal distress resulting from discriminatory

termination requires the employee to accept the termination rather than challenge its validity.

The OGH clarified that filing and serving any dismissal challenge constitutes a binding decision not to accept the termination, regardless of the legal grounds invoked. This choice remains binding even if the proceedings are subsequently discontinued or the claim is withdrawn.

Practical takeaway: Employees must carefully consider whether to challenge a dismissal or accept its validity and seek compensation for discrimination. Once a dismissal challenge has been filed and served, withdrawing it does not restore the option of claiming compensation under the GlBG for the discriminatory termination.

Supreme Court of Austria, decision of September 24, 2026, 8 ObA 33/26z.



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Belgium



Belgium's next social elections are planned for May 2028, but the workforce reference period has already begun.

GUIDELINES

Belgian social elections 2028 - porposed dates and reference periods

The next Belgian social elections are approaching, and the preparations are gradually taking shape.

On 27 October 2026, the National Labor Council issued Opinion No. 2,502, proposing that the next social elections take place between 15 and 28 May 2028. The opinion also includes recommendations to improve the electoral procedure. These proposals will now be translated into draft legislation.

During the social elections, employees elect their representatives to the Works Council (WC) and the Committee for Prevention and Protection at Work (CPPW).

These bodies must be established in companies employing at least 100 employees for a WC and 50 employees for a CPPW, assessed at the level of the technical business unit.

Although the elections are still some time away, the first reference period has already started.

Unless legislative changes are introduced, the average workforce will be calculated over a one-year reference period running from 1 October 2026 to 30 September 2027. For temporary agency workers, a separate reference period applies, from 1 April to 30 June 2027.

Employers should therefore already monitor their workforce levels and assess their obligations ahead of the 2028 elections.

COURT

Belgian Supreme Court clarifies the rules on cumulating dismissal compensation

On 12 October 2026, the Belgian Supreme Court (Court of Cassation) delivered three judgments clarifying the conditions under which different types of dismissal compensation can be combined. The judgments address three situations:

- The combination of the special protection indemnity granted to employee representatives with compensation for discrimination based on trade union beliefs.
- The combination of compensation for manifestly unreasonable dismissal under Collective Bargaining Agreement No. 109 with compensation for discrimination.
- The combination of compensation for manifestly unreasonable dismissal with damages for abuse of rights.

In all three cases, the Court ruled against the cumulative payment of the compensation concerned, as the different indemnities covered the same damage.

The judgments confirm an important principle: an employee cannot receive compensation twice for the same damage, even where different legal grounds are invoked.

However, this does not mean that the combination of dismissal indemnities is systematically excluded. The possibility of cumulation must be assessed in light of the applicable legal provisions and the nature of the damage compensated.

For employers, these judgments highlight the importance of carefully documenting dismissal reasons and assessing potential compensation claims. Where employees invoke multiple legal grounds, employers should examine whether the claims concern the same facts and damage, and whether statutory restrictions on cumulation apply.

This assessment may help employers better evaluate their financial exposure and formulate their defense in dismissal disputes.



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Bosnia and Herzegovina

COURT
Dismissal for repeated criticism on LinkedIn upheld despite incorrect legal classification

The Supreme Court of the Federation of Bosnia and Herzegovina upheld the dismissal of an employee who repeatedly criticized his employer on LinkedIn, confirming that an incorrect legal classification of misconduct does not automatically render a dismissal unlawful.

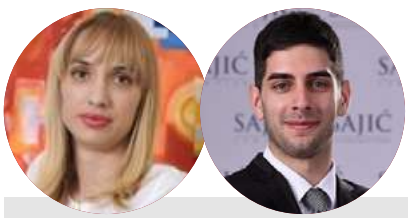
The employee posted a comment on the employer's official LinkedIn profile criticizing its management structure, nepotism, limited career development opportunities, and the departure of skilled employees. He had previously received a written warning for similar conduct but continued to publish such comments. The employer subsequently dismissed him without notice for a serious breach of work duties.

The employee challenged the dismissal, arguing that he had merely expressed his personal opinion and that the court could not change the legal classification of the alleged breach.

The Supreme Court rejected these arguments. It held that courts reviewing disciplinary measures are bound by the factual description of the employee's conduct, but not by the employer's legal classification of that conduct. The Court also emphasized that freedom of expression is not absolute. In this case, the potentially damaging nature of the comments, their publication on the employer's official profile, and the employee's previous warning justified the dismissal.

The judgment confirms that incorrect legal classification does not necessarily invalidate a dismissal, provided the factual basis remains unchanged. It also highlights the importance of considering repeated misconduct and previous warnings when assessing whether termination is justified.

Supreme Court of the Federation of Bosnia and Herzegovina, judgment of January 6, 2026, No. 65 0 Rs 895539 25 Rev.



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Croatia



LAW

Croatia raises minimum wage and wage garnishment thresholds

Croatia's minimum monthly wage will increase to EUR 1,130 gross from January 1, 2027, up from EUR 1,050 in 2026.

For employers processing wage garnishments, a higher minimum wage does not simply mean that the entire increase remains available to the employee. Depending on the applicable enforcement rules, part of the higher net salary may also become available to creditors.

Croatian enforcement law limits the portion of salary that may be seized to satisfy an employee's debts. For ordinary monetary claims, where an employee earns less than the Croatian average net salary, three quarters of the employee's net salary is generally exempt from enforcement, subject to a statutory cap linked to the average net salary.

This is particularly relevant for employees earning the minimum wage, whose net salary remains below the national average. The increase in the statutory minimum wage therefore has a dual effect. As the employee's net salary increases, the amount protected from enforcement also increases. However, the remaining portion that may be transferred to the creditor increases at the same time.

Different statutory limits apply to certain claims, including claims for legal maintenance and specified compensation for damages. Employers should therefore identify the type of claim before determining the amount that may be withheld.

Employers implementing enforcement against an employee's salary are responsible for correctly determining the protected part of the employee's earnings and the amount that may be transferred under the enforcement order.

The 2027 minimum wage increase therefore makes it particularly important for payroll teams to review existing wage garnishments from the first payroll calculation in 2027 rather than continuing to deduct the same fixed amount applied in 2026.

Employers should also distinguish wage garnishment administered through payroll from enforcement against funds held in an employee's bank account. The latter is administered separately and may involve a protected account for income exempt from enforcement.



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Cyprus

LAW
Restrictive covenants - validity, duration, and scope

The fundamental right of any person to exercise or engage in any profession, trade or business is safeguarded by article 25 of the Constitution (save to the extent that such right is not qualified or restricted by statute and justified on the protection of public interest). Section 27 Contracts Law bolsters that constitutional right further by expressly declaring any agreement that purports to restrain one's freedom in engaging in a lawful profession, trade or business of any kind, as void outright. A statutory relaxation to the general rule is afforded to non-compete clauses solely in the context of agreements:

- whose subject matter is the sale of goodwill; or
- between partners and strictly upon, or in anticipation of, dissolution of the partnership; or
- between partners during the currency of, and for a term not exceeding the duration of, the partnership.

Even in such circumstances, however, the validity of a non-compete clause is subject to geographical limits and duration, whose reasonableness and proportionality is assessed by the Court on a case-by-case basis. The validity of any other post termination covenant will be assessed through the application of ordinary contractual principles, with enforceability being pegged on certainty, scope, reasonableness and the need to protect a legitimate business interest.

The scope of the restrictive covenant should be specific and limited enough to be construed as reasonable as well as justify the employer's need in protecting a legitimate business interest. Restrictive covenants that are overly broad or vague are likely to be found invalid under both Article 25 of the Constitution and Section 27 of the Contracts Law.

Invariably, ordinary contractual principles will become relevant in the assessment of validity and enforceability of any restrictive covenant. In the absence of consideration, any term is demoted to a mere promise. Adequate payment, that is clearly and unambiguously provided as consideration or compensation for the undertaking of a covenant during a certain period, increases the chances of a restrictive covenant being enforced.

Neither legislation nor case law provides clear guidance on how long restrictive covenants may last. The reasonableness and proportionality of the duration of a restrictive covenant will be assessed by the court on a case-by-case basis, in an attempt to balance both the employer's need to protect a legitimate business interest as well as the employee's right to seek employment. In the context of non-compete clauses, practice suggests that such duration is no more than six months for key management executives.



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Finland



Recruiting a permanent replacement during an employee's sick leave, without sufficient grounds for redundancy, may expose employers to discrimination claims.

COURT
Unjustified and constituted discrimination on grounds of health

The Court of Appeal of Turku issued a decision on 26 October 2026, not granting leave to appeal in a case in which the District Court had found that the termination of the employee's employment was due to their state of health.

The employee had been on sick leave due to burnout for several months. After the sick leave had end-ed, the employer terminated employment on financial and production-related grounds and due to re-organization of the employer's operations, following co-operation negotiations held at the company. During the employee's sick leave, the employer had recruited a new permanent employee to perform similar supervisory duties. The District Court found that the employer had failed to demonstrate that the work available had decreased substantially and permanently. Although the company had been loss-making and the unit's turnover had declined, the court considered that two months of weaker financial and production-related figures were insufficient to establish a permanent reduction in work in an industry characterized by fluctuations in demand.

The District Court also accepted witness testimony describing statements by company representatives indicating that the employee would not return to a supervisory position following their burnout and that a replacement would be recruited instead. Together with the recruitment of a permanent replacement and the absence of demonstrated grounds for redundancy, this evidence supported the conclusion that the employee had been dismissed because of their state of health.

The court therefore found that the termination was unjustified and constituted discrimination on grounds of health. It also considered the fact that the employee had not even been given an opportunity to demonstrate their ability to work after recovering particularly significant.

The employer was ordered to pay compensation to the employee under both Employment Contracts Act (In Finnish: *työsopimuslaki*) as well as Non-Discrimination Act (In Finnish: *yhdenvertaisuuslaki*).

COURT
Employer's failure to fulfil its obligation to offer alternative work before terminating the employment

The Court of Appeal of Helsinki issued a decision on 29 October 2026, concerning

an employer's obligation to offer alternative work under Chapter 7 Section 4 of Employment Contracts Act.

The case concerned an employee whose employment was terminated on financial and production-related grounds. The Court of Appeal accepted that the employee's work had substantially and permanently diminished. However, the employer had failed to fulfil its obligation to offer alternative work before terminating the employment. During a termination meeting, the employee completed two forms indicating their interest in supervisory positions. The employer interpreted these selections, together with the discussions during the meeting, as a refusal to accept other available positions. The District Court accepted this interpretation and dismissed the employee's claims.

The Court of Appeal reached a different conclusion. It held that the forms did not clearly indicate that failing to select a role would be treated as a refusal to accept it. Furthermore, the requirement to commit to accepting a selected position could reasonably have led the employee to select only the positions they preferred. The Court therefore considered that the employer should have offered other suitable positions once the employee had not indicated an interest in other available positions or otherwise clarified whether the employee was willing to accept other available work.

As the employer had failed to fulfil its obligation to offer alternative work, the termination was deemed unjustified.

The court emphasized that the obligation to offer alternative work requires proactive steps by the employer and that this responsibility cannot be transferred to the employee. The decision highlights the importance of making clear individual offers of suitable work rather than relying on employees' expressions of interest or assumptions about their willingness to accept other positions.



LAW
Amendments to the Cooperation Act

The Finnish Government has proposed amendments to the Cooperation Act (In Finnish: *yhteistoimintalaki*) concerning personnel representation in company decision-making bodies. The proposal was submitted to Parliament on 15 October 2026 and the amended legislation is proposed to enter into force on 1 January 2027.

Personnel representation gives staff the right to elect their own representatives to sit on the employer's decision-making bodies. Currently, the law applies only to companies with at least 150 employees, and personnel representation must be introduced if at least two staff groups together representing a majority of employees request it.

Under the proposal, this right would extend to companies with at least 100 employees. Personnel representation should be arranged through a seat on the board of directors, in a management group, or on a comparable body. However, the employer and the personnel could, at the personnel's proposal, agree on an alternative arrangement.

As before, representation of personnel would not be mandatory. However, it would have to be arranged if majority of the personnel, through a representative or otherwise, demands it. In addition, the request could be made either through an elected representative or by other means, rather than only through staff groups, as currently.

The aim of the proposal is to improve employees' opportunities to participate in

the employer's decision-making and in the handling of matters concerning the position of staff.

The amendments are intended to enter into force on 1 January 2027.



LAW
Changes to the taxation of employee stock options

Finland is preparing amendments to taxation legislation covering taxation of employee stock options. The Government proposal was submitted to Parliament on 21 September 2026 and is currently under consideration.

According to the proposal, the aim of the amendment is to improve the ability of Finnish growth companies to attract skilled labor by eliminating timing issues in the taxation of employee share options.

Currently, the benefit arising from an employee stock option is taxed as earned income in the year the option is exercised, regardless of whether the employee is able to sell the shares. The key element of the proposed amendment is that payment of the tax on the stock option benefit could be deferred until the year in which the shares are sold. The proposed deferral would be subject to specific eligibility conditions and procedural requirements and would not apply automatically.

Under current rules, if the subscription price of the share is lower than the share's value, earned income arises at the time the option is exercised. Under the amendment, employees will be able to exercise their options without having to pay tax on illiquid shares and without having to finance the tax payment by other means.

The new rules will only be applicable to unlisted companies, whereas the stock options in publicly listed companies will remain subject to the current regime.

The amendments are intended to enter into force on 1 January 2027. The deferral mechanism would also apply to options granted before the amendments enter into force. This is subject to the options being exercised after the entry into force and all other conditions being met.



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Germany



LAW
Electronic certificate of incapacity for work – what employers need to know

The electronic certificate of incapacity for work (elektronische Arbeitsunfähigkeitsbescheinigung, eAU) has fundamentally changed the way incapacity for work data is transmitted. Since January 1, 2023, employers have generally been required to retrieve the relevant data electronically from the health insurance provider for employees covered by statutory health insurance.

However, the obligation of employees to report on their incapacity for work in a timely manner remains in effect. It is therefore important for employers to distinguish between a notification of incapacity for work and proof of incapacity for work. Employees must continue to inform their employer immediately of their inability to work and its expected duration. Electronic transmission merely replaces the previous obligation to submit the medical certificate to the employer. Employers must then retrieve the eAU from the health insurance provider. A prerequisite for retrieval is that an employment relationship exists during the requested period and that the inability to work was previously reported.

The health insurance provider makes the relevant data on incapacity for work available via a secure and encrypted data connection. The diagnosis is not disclosed to the employer in this process. At the same time, the eAU enables more reliable documentation of periods of illness.

The eAU does not apply in all cases. Exceptions apply to privately insured individuals, cases involving a child's illness, certificates of incapacity for work from abroad, prohibitions on employment, rehabilitation and vocational reintegration, as well as mini-jobs in private households. In these cases, proof is still provided in paper form. Technical malfunctions may also necessitate an alternative procedure.

Employers should ensure that sick leave notifications are reliably received and that eAU data is properly retrieved. Internal procedures should clearly distinguish between employees' obligation to notify the employer of their incapacity for work and the employer's electronic retrieval of the data. In the event of exceptions or technical malfunctions, it must be determined whether paper documentation is required. This helps avoid information gaps and ensures that the documentation of absences is reliably organized.

LAW
Strikes and remote work

All employees are entitled to take part in lawful strikes, i.e., strikes organized by a union in compliance with the formal requirements. Not only employees working on site may strike, but also employees who work remotely, from their homes, or in field sales. They, too, have the right to participate in a strike. If they visibly take part in a demonstration, it is clear to their employer

that they are on strike. Practical problems arise, however, if they simply stop working and do not perform their duties. Since an employer is not permitted to verify whether an employee is on strike, the employee bears the risk of not receiving pay for the duration of the strike if the employer cannot determine that the employee is on strike.

Therefore, it is advisable for the employee to indicate in some other way that he or she is on strike, for example, by email or an out-of-office message. From the employer's perspective, if there is any doubt about whether an employee participated in a strike, it is advisable to assume that an employee working from home also went on strike and to withhold pay.



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Greece



GUIDELINES

Greece clarifies specific aspects of the new pay transparency framework

On October 7, 2026, the Greek Ministry of Labor and Social Security issued an interpretative circular providing detailed guidance on the implementation of Law 5316/2026, which transposes Directive (EU) 2023/970 on pay transparency and equal pay between women and men. The circular provides further clarification on several aspects of the new regulatory framework.

Determining employee headcount for gender pay gap reporting

The circular clarifies that, for the purpose of determining whether an employer is subject to gender pay gap reporting obligations, employee headcount must be calculated based on the average number of employees during the preceding calendar year. This calculation must include all employees, including part-time and temporary workers, as well as employees whose employment relationships were terminated during the year. Employees temporarily absent on maternity, parental, sick or other statutory leave must also be counted, provided their employment relationship remains in force.

As the gender pay gap reporting obligations entered into force on 1 November 2026, the reporting reference period for 2027 covers only the period from 1 November to 31 December 2026.

Temporary agency employees and gender pay gap reporting

The circular clarifies that employers using temporary agency employees must include these employees in their gender pay gap reports. Temporary employment agencies are required to provide the relevant remuneration data to the user employers. During periods when employees are not assigned to a user employer, they must be included in the temporary employment agency's own report. In all cases, employers must ensure that temporary agency employees are neither double-counted nor excluded from reporting.

Cross-border employment and pay transparency obligations

The circular clarifies that, in cases of cross-border employment, the identification of the legal entity acting as the employer is essential. Where employees are temporarily assigned abroad, the sending employer remains, in principle, responsible for compliance with pay transparency obligations. Accordingly, Greek-based employers remain subject to these obligations even when their employees temporarily perform work abroad. This also applies where employees provide services to multiple entities within the same corporate group, provided that one of their employing entities is established in Greece.

Pay transparency in corporate groups: job classification, remuneration structures and reporting obligations

The circular clarifies that the possibility of using common job classifications and remuneration structures across companies within the same corporate group depends on how remuneration decisions are actually made. Centralized salary ranges, job evaluation systems, pay progression criteria and bonus policies may indicate the existence of a single entity, whereas

a shared corporate identity or centralized HR coordination alone is insufficient. Where a genuinely unified remuneration system exists, group companies may apply common job categories and objective, gender-neutral criteria for assessing work of equal value.

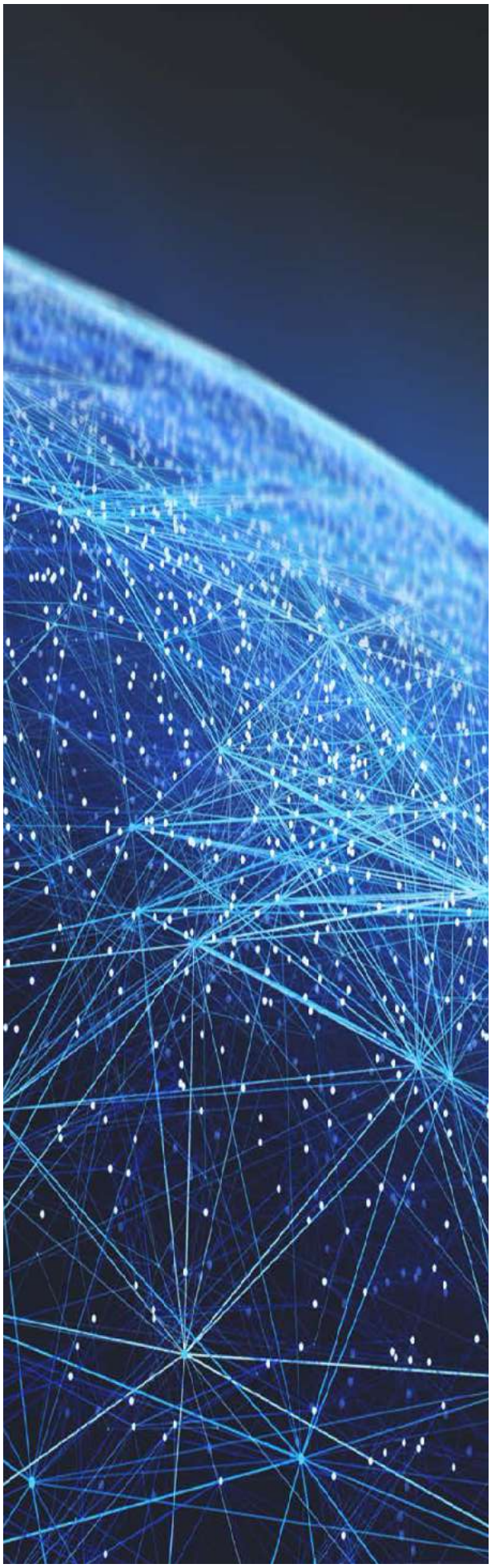
As regards gender pay gap reporting, data collection and processing may be centralized at group level. However, this does not change which employer bears the reporting obligation or justify combining data from different legal entities into a single report where each employer is required to report separately.

Protection of personal data in pay transparency disclosures

The circular clarifies that, where the disclosure of pay information could directly or indirectly reveal the remuneration of an identifiable employee, access to such information must be restricted to employee representatives, the Labor Inspectorate or the Greek Ombudsman. Whether such a risk exists must be assessed on a case-by-case basis, taking into account the size of the relevant employee group and other factors that could enable the identification of individual employees. Employee representatives, the Labor Inspectorate and the Greek Ombudsman may advise employees on potential equal pay claims without disclosing individual remuneration levels.



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Hungary



National security concerns cannot entirely override the right to an effective defense in expulsion proceedings.



COURT

Foreign nationals facing expulsion must have access to the substance of classified evidence

The Hungarian Constitutional Court annulled several administrative and judicial decisions issued in immigration and data access proceedings, finding that they violated the right to a fair trial and to legal remedy.

The Constitutional Court received five constitutional complaints requesting a constitutional review of administrative and judicial decisions rendered partly in the context of immigration proceedings and partly in the context of data access proceedings based on the provisions of the Act on the Protection of Classified Information. The immigration proceedings were based on decisions by the Office for the Protection of the Constitution ("AH") determining a national security risk.

The foreign complainants alleged that they were not allowed to review the information established by the AH – that is, the facts cited against them as grounds for their expulsion from Hungary – either in detail or in summary form, in either the immigration proceedings or the administrative court proceedings. This lack of information, in turn, led to a violation of their right to a fair trial and to legal remedy – rights recognized in the Constitution and to which everyone is entitled – in the administrative and judicial proceedings pending against them.

In its decision, the Constitutional Court held that the Hungarian state (in this case, the AH) may decide to keep confidential the classified information that serves as the basis for the immigration proceeding and that was requested during the data disclosure proceeding, in the interest of protecting national security.

At the same time, the client involved in the immigration proceedings – who will later become a party to the litigation – must be provided with procedural safeguards that adequately compensate for the complete withholding of information (e.g., "access to the substance of the case," "participation of an independent representative" in the proceedings) to ensure that, as a client and a party to the litigation, they can exercise the rights to which they are entitled in the proceedings (express an opinion, make substantive comments, submit motions for evidence, present a defense, etc.).

The Constitutional Court emphasized that a proceeding is one-sided if the party involved has no information whatsoever regarding the content of the objections raised against them and thus cannot challenge their factual basis or conclusions.

It is inconsistent with the Constitution's concept of the human person for an authority to operate in a manner in which the party is merely a "victim" of the authority's protection of the public interest, or in which the protection of individual rights is unduly

sidelined. Therefore, the Constitutional Court found that the administrative and judicial decisions rendered in immigration proceedings were unconstitutional and annulled them.

Constitutional Court of Hungary, decision of October 8, 2026, 10/2026.





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Ireland



GUIDELINES
Updated Code of Practice on Longer Working

The Workplace Relations Commission (WRC) published a revised Code of Practice on Longer Working, which came into effect in June 2026 and replaces the 2017 Code. The updated Code reflects the introduction of the Employment (Contractual Retirement Ages) Act 2025, which commenced on the same date and introduces new rights for certain employees whose contractual retirement age falls below the State pension age of 66.

The revised Code provides practical guidance on the operation of the new statutory framework, including the process by which eligible employees may notify their employer that they do not consent to retire at the contractual retirement age. It also addresses employer obligations following such notifications, protection from penalization, and the review of retirement policies and contractual retirement age provisions.

In addition, the Code continues to provide guidance on requests from employees who wish to continue working beyond retirement age, emphasizing engagement, objective decision making, and the benefits of retaining experienced employees within the workforce.

Although the Code does not create enforceable legal rights, it is admissible in evidence before the WRC, Labour Court, and courts and is likely to be influential in disputes concerning retirement and longer working arrangements.

COURT
Employment status: a contractor's own tax conduct outweighs signs of employment

A recent Tax Appeals Commission (TAC) determination provides further guidance on how Irish tribunals will approach employment status disputes following the Supreme Court's decision in Revenue Commissioners v Karshan (Midlands) Ltd t/a Domino's Pizza [2023] IESC 24.

The case concerned a software developer who argued that, despite invoicing for his services and treating himself as self-employed for tax purposes, he had in reality been an employee throughout a long-running engagement with two related technology companies.

The taxpayer pointed to factors commonly associated with employment, including a continuous engagement over almost nine years, management responsibilities, reporting lines within the business, company-provided equipment and training, reimbursement of certain expenses, and a high level of integration into the companies' operations.

The TAC accepted that the first three stages of the Karshan test were satisfied: there was remuneration for work, personal service, and a sufficient degree of control.

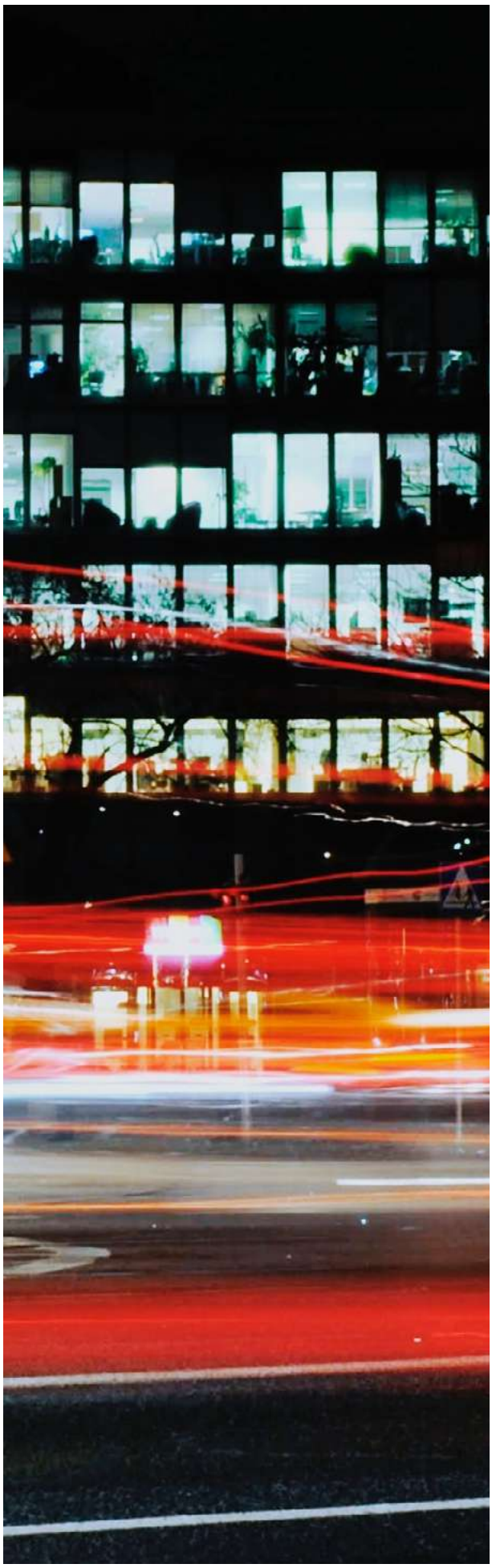
However, applying the fourth stage of the Karshan analysis (i.e., the real arrangement on a day-to-day basis), the Appeal Commissioner concluded that the overall relationship was more consistent with self-employment. Significant weight was placed on the taxpayer's own conduct throughout the engagement, including monthly invoicing, charging VAT, claiming business expenses and capital allowances, and consistently returning the income as self-employed income in his tax returns. The Appeal Commissioner also noted the absence of corroborating evidence from colleagues or company representatives to support the taxpayer's assertion that he was, in substance, an employee.

The determination shows that no single factor determines employment status. While integration into a business, managerial responsibilities, and long-term engagement may indicate employment, the assessment considers the contractual terms, the practical reality, and how the parties characterized and conducted their relationship over time.

Tax Appeals Commission, determination of June 23, 2026, 94TACD2026.



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Italy



Italy has introduced new rules on the use of AI in employment decisions, drawing a distinction between search and selection processes and decisions affecting existing employees.

LAW
AI may not be used for final employment decisions, but may be used for search and selection of candidates

On October 8, 2026, the Italian Official Gazette published Legislative Decree No. 179 of October 7, 2026, aligning Italian employment legislation with certain provisions of the EU AI Act (Regulation (EU) 2024/1689). Under the new rules, final decisions concerning the commencement, modification or termination of employment, including disciplinary measures and performance assessments, cannot be based solely on automated processes, regardless of employee consent. Such decisions must remain subject to human decision-making.

However, the restriction does not apply to the search and selection of candidates, where automated systems may be used even to exclude candidates from the selection process.

LAW
New occupational safety obligations for employers using AI

Legislative Decree No. 179 of October 7, 2026, also introduced obligations for employers to assess occupational health and safety risks associated with AI systems affecting work organization, production schedules, working methods and safety-related decision-making.

Employers have to properly inform and train employees regarding the risks related to the use of AI systems.

The decree also requires the Ministry of Labor to promote responsible use of AI to help prevent occupational accidents and diseases.

COURT
Constitutional Court increases compensation limits for unfair dismissal in smaller companies

Traditionally, Italian law has differentiated compensatory remedies in case of unfair dismissal. Generally, employees of companies neither exceeding 15 employees in the same business unit, nor 60 employees overall, were entitled to compensation capped at six months' wages.

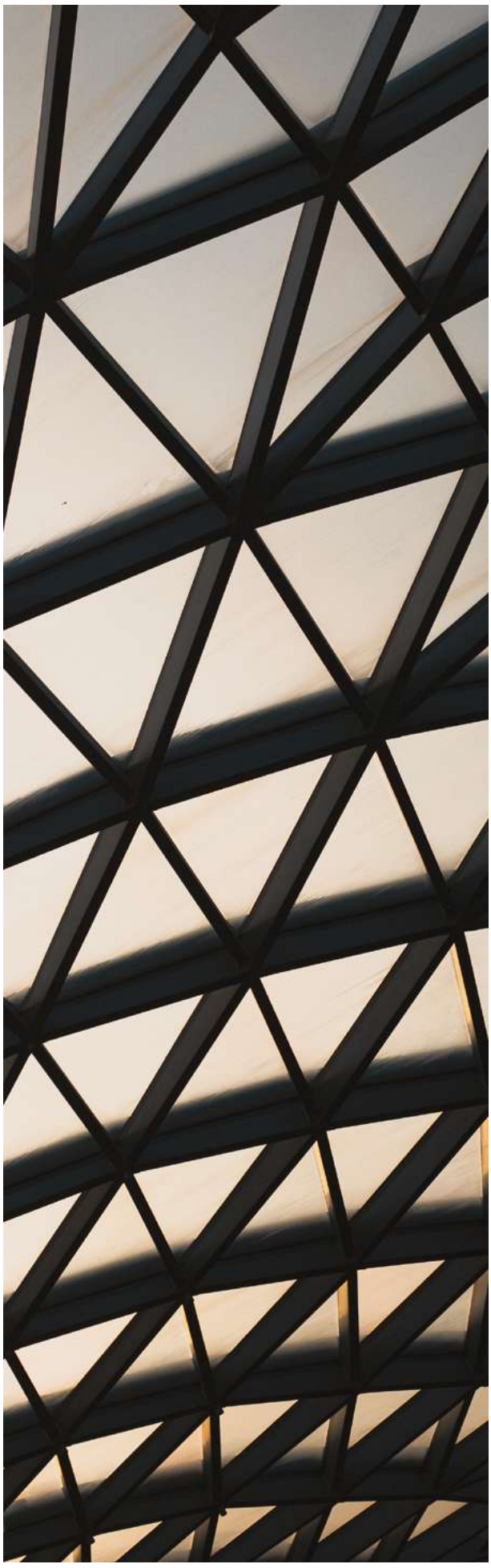
This differentiation was challenged in front of the Italian Constitutional Court, arguing that it breached Constitutional equality principles, as well as prevented courts from adequately

weighing all factors of a specific case, when making an award.

The Constitutional Court, with decision 174, published on October 22, 2026, surgically declared unconstitutional some wording in the relevant provisions, with the result that today, the cap of indemnification for unfair dismissal is 10 or 14 months' wages, depending on the employee's length of service.



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Latvia

COURT
Employer's obligations before terminating employment due to workforce reduction

The Senate of the Republic of Latvia has clarified what an employer must do before terminating employment due to workforce reduction. The employee in the case challenged a notice of termination issued on that ground.

Under Latvian labor law, employees with better work performance and higher qualifications have priority in retaining their employment in the event of workforce reduction. The Senate reiterated that employers must first identify employees performing the same or equivalent work before comparing their performance and qualifications. The decisive factors are the actual duties and responsibilities, rather than job titles.

Latvian labor law also requires employers to consider alternative employment opportunities before terminating an employment contract due to workforce reduction. Employers must assess whether another position suitable for the employee's qualifications, abilities, and experience is available within the same or another undertaking.

In the case examined, the employer had informed the employee about vacant positions and invited the employee to apply for a position in another department by submitting a CV and application letter. However, the Senate held that such an invitation does not constitute an offer of alternative employment within the meaning of the Labor Law. An opportunity to participate in a recruitment process is not equivalent to a specific offer from the employer to continue the employment relationship in another position.

The Senate emphasized that the employer fulfills its obligation if, before termination, it has assessed the possibility of employing the employee in another position and concluded that no suitable vacancies exist or, where such an opportunity is available, has made a specific offer of alternative employment. It is sufficient for such an offer to specify the essential terms of the new employment contract.

Each of the above procedural violations may constitute sufficient grounds for declaring the termination invalid. In such cases, the employer is generally required to reinstate the employee in the position held prior to dismissal and pay average earnings for the entire period of enforced absence from work, including the duration of court proceedings. Therefore, when terminating an employment relationship, it is essential to comply with the procedures and requirements laid down in the Latvian Labor Law.

Senate of the Republic of Latvia, judgment of June 30, 2026, C771654624, SKC-122/2026.

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Lithuania

From December 2, 2026, Lithuania plans to introduce new protections for platform workers and stricter rules on the use of algorithms in employment decisions.

LAW
New protections for digital platform workers

Draft amendments to the Lithuanian Labor Code, with a proposed effective date of December 2, 2026, introduce a presumption of employment for platform workers. It applies where a worker cannot freely decide whether, when, and how much to work, provide services to others, or negotiate the price. A platform disputing the employment status will bear the burden of proof.

Platforms must also explain how their algorithmic management works, respect limits on personal data processing, and ensure human oversight of automated decisions. Account suspension or deactivation must be decided by a person. Workers gain the right to an explanation of automated decisions and to request their review.

Platforms operating in Lithuania should review their workers' status, contracts, and algorithmic tools. Other employers using algorithmic management will need to meet similar transparency and oversight rules.

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LAW
Paid leave after pregnancy loss

Draft amendments to the Lithuanian Labor Code, with a proposed effective date of March 1, 2027, introduce a new type of leave for pregnancy loss. An employee whose pregnancy ends up to and including the 21st week, as well as her spouse or registered partner, would be entitled to three calendar days of leave. The leave must be requested within one week of the loss and supported by a medical certificate. It would be paid by social insurance through a sickness and maternity benefit, not by the employer.

Employees could not be dismissed at the employer's will while on this leave, and the leave would count toward annual leave entitlement. Employers would also have to grant annual leave immediately after it upon request and postpone annual leave that overlaps with it. Employers should update their leave policies and HR procedures accordingly.

GUIDELINES
Updated pay system recommendations for public institutions

On November 4, 2026, the Lithuanian Government amended its recommendations

on setting pay systems in public sector institutions. The criteria for comparing positions and setting salary coefficients have been refined and include communication, collaboration, and conflict resolution skills, effort, and working conditions. In all cases, job evaluation must be based on objective, gender-neutral criteria related to skills, effort, responsibility, and working conditions.

Where the supply of specialists with exceptional competences is very limited, institutions may set a maximum salary coefficient up to 100% higher than calculated under the criteria. As a rule, it may not exceed the coefficient of the head of the institution, with limited exceptions.

Pay systems must also be published on the institution's website. Public institutions should review their job evaluation methods and pay system documents accordingly.

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Moldova



A one-day delay in dismissing an employee during probation can lead to reinstatement and compensation.

LAW
Work and family balance

Effective October 28, 2026, Moldova's Labor Code strengthens protections for employees with family responsibilities. These protections extend to employees whose responsibilities for caring for or supporting family members affect or may affect their work.

For employers, the immediate changes concern recruitment and night shifts. Family responsibilities are now expressly protected against discrimination in hiring. Single parents with children under 16 may work at night only with their written consent. Employers must also inform them in writing of their right to refuse night work.

Employers should review recruitment practices, shift scheduling, and HR procedures. Managers should know when written consent is required and how to handle flexible working requests. Accurate leave records and timely social insurance reporting also remain important.

Updating internal policies and training managers can help businesses comply with the rules, plan staffing, and retain experienced employees.

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COURT
Missing a probation deadline invalidates dismissal

Moldova's Supreme Court of Justice confirmed that an express probation end date in an employment contract must be respected. It rejected further appeal, leaving the employee's reinstatement and compensation awards in place.

The employment contract provided for three months of probation ending on June 22, 2022. The employer issued the dismissal order on June 23, 2022. That was one day too late. The agreed end date included June 22. Recalculating the three months could not override that express deadline.

The courts have also emphasized that a probation period must be included in the employment contract. A dismissal order based on unsatisfactory probation results must be issued before the period expires. If employment continues beyond probation, any subsequent dismissal requires another applicable legal ground for employment termination.

Employers should therefore check probation clauses carefully, record the agreed deadline, and complete performance reviews early enough to act within it. Missing the deadline

can result in the employee's reinstatement to their previous position and oblige the employer to pay lost wages for the entire period of absence from work, together with compensation for moral damage.

Supreme Court of Justice of Moldova, order of September 23, 2026, 2ra-714/24.

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Poland



From January 1, 2027, Poland may require paid internships under employment contracts, with minimum pay set at 65% of the minimum wage.

LAW

Poland plans to require employment contracts for all paid internships

Poland plans to require that internships be carried out under fixed-term employment contracts from January 1, 2027. The latest version of the draft Internship Act, prepared by the Ministry of Family, Labor and Social Policy, aims to end unpaid internships.

Interns would be covered by most Labor Code rules, including those on employee records and annual leave, although some rules would not apply. An internship with the same employer could last no longer than six months. Monthly pay could not be lower than 65% of the minimum wage. Employers using internships for purposes other than training and gaining experience would face fines from PLN 2,000 to PLN 60,000.

The draft has drawn criticism from employers, several ministries, and the Government Legislation Center (RCL). Critics say mandatory employment contracts will raise costs and reduce the number of internships offered. They also question the pay level, the legal nature of the internship agreement, and its tax treatment. Some ministries want to allow civil-law contracts as well.

The draft may still change. Employers running internship programs in Poland should monitor the process and prepare for higher costs from 2027.

GUIDELINES

Labor Inspectorate says universities must employ practitioners who teach classes

Poland's Chief Labor Inspector (GIP) has ruled that external experts who teach university classes should work under employment contracts, not civil-law contracts. Since July 2026, employers can request such binding interpretations.

The university wanted to hire practicing judges, attorneys, and physicians only to teach and grade students. The GIP found that employment is the default form of work at a university. Every lecturer is subject to the university's hierarchy, and it is enough that the university has tools to supervise lecturers, even if it does not use them day to day. Other indicators were the duty to follow the syllabus and university rules, and work on a schedule and in rooms set by the university.

The GIP rejected arguments that lecturers could state scheduling preferences, worked for other clients, used their own equipment, held their own liability insurance, were paid by the hour, and could send a substitute.

A small teaching load, it noted, can be covered by a part-time employment contract.

The interpretation binds the inspectorate only toward the applicant, but it signals a strict approach. Employers engaging experts on civil-law terms within a structured organization should review those arrangements.



GUIDELINES

Polish labor inspectorate urges companies to convert contractor agreements into employment

Polish regional labor inspectorates have started sending letters to businesses that engage workers under civil-law and B2B contracts. The letters urge companies to review these contracts and voluntarily convert those that are in substance employment.

Since the reform took effect on July 8, 2026, the National Labor Inspectorate (PIP) can reclassify civil-law contracts as employment contracts by administrative decision. The letters say the addressees were selected using data from the Social Insurance Institution (ZUS) and the National Revenue Administration (KAS). Companies are asked to report on their self-review and on how many contracts they have converted.

The letters have caused concern among businesses and experts. The selection criteria are unclear, and the letters do not say whether any irregularities were found at the specific company. It is also uncertain whether a reply is mandatory. Experts stress that using civil-law contracts is not unlawful, while voluntary conversion may bring extra costs, including possible social security and tax claims for past periods.

Employers using contractors in Poland should review these arrangements now, focusing on how the work is performed rather than on the contract wording. Any reply to the inspectorate should be prepared carefully.



COURT

Polish Supreme Court: dismissal for "loss of trust" must be specific

Poland's Supreme Court (SN) has upheld the reinstatement of an employee dismissed for "loss of trust" linked to COVID-19 vaccination.

The employee worked in the HR department of a regional blood donation center. During the pandemic, a government regulation required vaccination for people working at healthcare providers. The employer gave notice of termination, citing loss of trust because the employee had not provided proof of vaccination or a medical certificate of contraindications. The lower courts found the dismissal unjustified and ordered reinstatement.

The Supreme Court had referred wider questions to an enlarged panel, including whether employers could demand vaccination data, but no resolution was adopted. The Court then dismissed the employer's appeal without deciding whether lack of vaccination could justify dismissal. According to reports from the announcement of the judgment, the decisive factor was that

loss of trust was the only reason given and it was not explained in sufficient detail.

For employers, the ruling confirms that the reason for dismissal must be specific, true, and linked to the employee's duties. A general reference to loss of trust carries a high risk of reinstatement or compensation claims.

Supreme Court of Poland, judgment of October 6, 2026, II PSKP 25/26.



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Portugal



COURT

Redundancy pay does not waive employees' business transfer rights

On September 8, 2026, the Court of Justice of the European Union (CJEU) held that winding up a company does not prevent a business transfer where another company continues its activity using key assets. It is also ruled that employees who accept redundancy pay cannot be treated as having accepted their dismissal if this deprives them of their transfer rights. The case was referred by the Portuguese Supreme Court (STJ).

In 1993, the charter airline Air Atlantis (AIA) was wound up and its staff were collectively dismissed with effect from April 30. The next day, its main shareholder TAP began operating some of AIA's contracted charter flights, using four of AIA's eight aircraft and some of its equipment. In 2009, STJ ruled that no business transfer had taken place. The employees then sued the Portuguese State for damages, and the STJ asked the CJEU for guidance.

Under the EU Transfer of Undertakings Directive (now Directive 2001/23/EC), the key question is whether the business keeps its identity after the change.

In asset-intensive sectors, taking over the essential tangible assets may be decisive. Civil aviation is clearly such a sector, as it relies on substantial equipment rather than manpower, so the Court criticized the STJ for downplaying TAP's use of four of AIA's eight aircraft.

The Court also rejected two other arguments relied on by Portuguese courts: first, the transferred business does not need to operate as a separate unit within the new employer; second, the test is objective: the transferee's commercial motives, such as avoiding penalties under AIA's contracts, and the liquidation context are irrelevant if the activity was in fact continued or resumed. The second question concerned a Portuguese rule under which it is presumed that an employee has accepted the termination of their contract – whether due to the elimination of their position or as part of a collective layoff – if they do not return the severance pay received.

The CJEU held that Directives 77/187/EEC and 2001/23/EC – on the protection of workers against dismissal resulting from a business transfer – prohibit such a rule where it prevents employees from challenging their dismissal and enforcing their transfer rights. These rights are mandatory and cannot be waived to the employee's detriment.

Court of Justice of the European Union, judgment of September 8, 2026, C-293/24.



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Slovakia

COURT
Statutory duties cannot be covered by an employment contract

The Supreme Court of the Slovak Republic upheld the rejection of a claim challenging dismissal because no valid employment relationship had been established. The purported employment contract covered duties belonging to the company's statutory representative. The claimant's original contract required him to represent and manage the company and support the development of its hockey activities. These responsibilities fell within his role as the company's statutory representative and could not validly form the subject of an employment contract.

A later agreement changed his position to "director and statutory representative" but referred back to the invalid contract. It did not independently specify essential employment terms, including the place of work, starting date, and remuneration. The amendment therefore failed to establish a valid employment relationship or cure the original contract's invalidity.

For employers, the decision highlights the importance of separating corporate office from employment. A director's job title alone does not establish an employment relationship. Companies should review the substance of executives' duties, distinguish statutory responsibilities from any separate employee role, and ensure that employment documentation independently contains the required terms. Simply amending or renaming an invalid arrangement may leave the underlying problem unresolved.

Supreme Court of the Slovak Republic, judgment of February 28, 2024, 8CdoPr/3/2023.

COURT
A supervisor's silence does not delay the dismissal deadline

The Supreme Court of the Slovak Republic clarified that a supervisor's knowledge of serious employee misconduct can trigger the two-month deadline for immediate dismissal. Mere silence or failure to escalate the matter does not prevent the deadline from starting. Active participation in the misconduct must be proven for the exception to apply.

The dispute concerned a bank employee who became a shareholder and statutory representative of a company providing HR services. The employer also alleged that she used working time and company equipment for that business. The employee challenged her immediate dismissal.

The court emphasized that knowing about an employee's activities is not the same as actively participating in them. A supervisor's failure to report the conduct may instead indicate employer tolerance. Shared ownership of another company is insufficient

by itself to establish participation in the specific misconduct. The court set aside the appellate judgment and returned the case for further proceedings. It also required scrutiny of the lawfulness of email monitoring and a fresh assessment of the seriousness of the alleged misconduct. It did not finally determine whether the dismissal was valid.

Employers should document when supervisors first learn of suspected misconduct, require prompt escalation, and verify that supporting evidence was obtained lawfully. They should not assume that the dismissal deadline starts only when HR or senior management becomes involved.

Supreme Court of the Slovak Republic, order of September 30, 2025, 9CdoPr/5/2025.

Read More



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Spain



LAW

Spain extends caregivers' rights to reduced working hours and workplace adaptation

Law 4/2026 of October 1, 2026, (Official State Gazette of October 3, in force since October 23, 2026) introduces several changes in the fields of employment law and social security.

Regarding work-life balance, the new wording of Article 37.6 of the Workers' Statute broadens the right to reduced working hours for the care of children with cancer or other serious illnesses. In situations of severe disability or severe dependency requiring continuous care, the reduction may be maintained beyond the prescribed age limits, provided the certified need for care persists and cohabitation is maintained. In addition, both parents may simultaneously share the reduction, without jointly exceeding 100%. The employer's power to restrict simultaneous exercise of this right on organizational grounds is abolished.

The new Article 190.5 of the General Social Security Act clarifies that a child's attendance at an educational institution – whether ordinary, partial, adapted, therapeutic, or intermittent – does not in itself constitute grounds for refusal, suspension, or termination of the benefit for the care of children with cancer or other serious illnesses. School attendance is compatible with the need for direct, continuous, and permanent care where the medical report certifies that clinical circumstances requiring the effective availability of the caregiver persist.

Finally, the amendment to Article 40.2 of the Consolidated Text of the General Act on the Rights of Persons with Disabilities broadens employer obligations regarding workplace adaptation and accessibility. Protection is extended to spouses or de facto partners of persons with disabilities and to relatives up to the second degree of consanguinity who perform caregiving duties, facilitating their access to employment, professional performance, promotion, and training. The excessive burden threshold for the employer is maintained, taking into account the cost of the measures, available public subsidies, and the size and turnover of the organization.

COURT

Six-month probation for a sales assistant is disproportionate under EU law

The High Court of Justice of the Basque Country examines the proportionality of a 180-day probationary period in a substitution contract, in accordance with the Collective Bargaining Agreement for Department Stores. The employee worked as a sales assistant in a large retail establishment, with duties including customer service, sales, restocking, order management, and coordination with installers, without managerial tasks or any technical qualification. The employer notified the non-completion of the probationary period after 177 days, barely three days before its expiry.

The Court recalls that Article 8.2 of Directive (EU) 2019/1152 requires that, in fixed-term

contracts, the length of the probationary period be proportionate to the expected duration of the contract and to the nature of the work. Although collective bargaining enjoys a margin of discretion in setting the duration of such period, that power does not permit the establishment of disproportionate limits nor the protection of an abusive exercise of the employer's right to withdraw from the contract. In this case, the Court considers that a six-month probationary period is excessive having regard to the characteristics of the position held, which falls within the basic staff category, without special responsibilities or a significant degree of autonomy.

The High Court of Justice of the Basque Country concludes that the length of the probationary period was not proportionate to the duties performed by the employee and declares the contractual termination unfair. The ruling highlights that the inclusion of a probationary period in the contract at the maximum permitted by the collective bargaining agreement does not, in itself, guarantee its validity; regard must also be had to the specific circumstances of the employment and to the proportionality requirements arising from European Union law.

Judgment of the High Court of Justice of the Basque Country (Labor Chamber) No. 1929/2026, dated September 8, 2026 (Appeal No. 1705/2026).



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Switzerland



LAW
Swiss social security - key changes effective January 1, 2027

The Swiss Federal Council has approved an adjustment to old-age and survivors' insurance and disability insurance (OASI/DI) pensions and several social security thresholds, effective January 1, 2027. The changes reflect a 1.59% increase based on the statutory mixed index, which considers both wage and price developments.

The minimum monthly OASI/DI pension will increase from CHF 1,260 to CHF 1,280, while the maximum pension will rise from CHF 2,520 to CHF 2,560.

Important changes will also affect occupational pensions. The coordination deduction will increase from CHF 26,460 to CHF 26,880, while the entry threshold for mandatory occupational pension coverage will rise from CHF 22,680 to CHF 23,040.

The maximum Pillar 3a tax-deductible contribution will increase to CHF 7,373 for individuals affiliated with an occupational pension plan and to CHF 36,864 for those without one.

Minimum OASI/DI/IC contributions for self-employed individuals and persons without gainful employment will also increase, from CHF 530 to CHF 541 per year.

Employers should update their payroll and pension plan parameters before the first payroll run in 2027.

Starting in 2027, Ticino will introduce progressively higher minimum wages and revised rules for collective bargaining agreements.

LAW
Minimum wage increases in Ticino starting in 2027

Starting January 1, 2027, employers in Ticino will face new minimum wage requirements following amendments to the cantonal Minimum Wage Act approved by the Cantonal Parliament in April 2026.

The revised legislation introduces a gradual increase in statutory minimum hourly wages over a three-year period, with further adjustments scheduled for 2028 and 2029. From 2030 onward, minimum wages are expected to be adjusted based on inflation.
An important change concerns the relationship between statutory minimum wages and collective bargaining agreements (CBAs). Under the revised framework, collectively agreed wages must generally comply with the statutory minimum. However, transitional provisions allow certain CBAs concluded before January 1, 2026, to maintain different wage levels until the end of 2029. Additional exceptions may be granted in cases of demonstrated economic hardship.

The legislation also clarifies which compensation components may be considered when assessing compliance. Certain employee benefits may count toward the minimum wage, while vacation pay, public holiday compensation, and allowances for particularly demanding working conditions are excluded.

Employers should review existing employment contracts, applicable CBAs, and payroll structures ahead of implementation. Particular attention should be given to hourly-paid employees, compensation components, and transitional arrangements to ensure compliance with the revised requirements.







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Ukraine



Ukraine is considering legislative changes aimed at expanding employment opportunities for young people under 18.



LAW
Employment rules for minors may change

The Committee of the Ukrainian Parliament on Social Policy and Protection of Veterans' Rights will be considering a draft law aiming at facilitation of the employment rules for young people under the age of 18. The relevant Draft Law No. 16114 "On Amendments to the Labor Code of Ukraine Regarding Expansion of Employment Opportunities for Young People" was submitted to the parliament on 28 September 2026.

According to the explanatory note to the draft law, the adoption of these amendments is necessary to establish modern and accessible mechanisms for the lawful employment of young people, as well as to bring certain provisions of labor laws in line with current labor market conditions. Military and demographic challenges have led to significant changes in the labor market and exacerbated the problem of labor shortages. In such circumstances, the creation of additional opportunities for young people to find lawful employment is a way of expanding the country's labor force and providing employers with the necessary staff.

Proposed amendments

The draft law provides for a review of a number of limitations on the employment of individuals under the age of 18, in particular, the restrictive provisions on probation, working hours, weekend work, keeping records of young employees, medical examinations and termination of employment.

In particular, the draft law removes the prohibitions to establish probation period to employees under the age of 18, to require them to work over weekends and to dismiss them at the employer's initiative without approval of the local children's welfare service and subsequent employment.

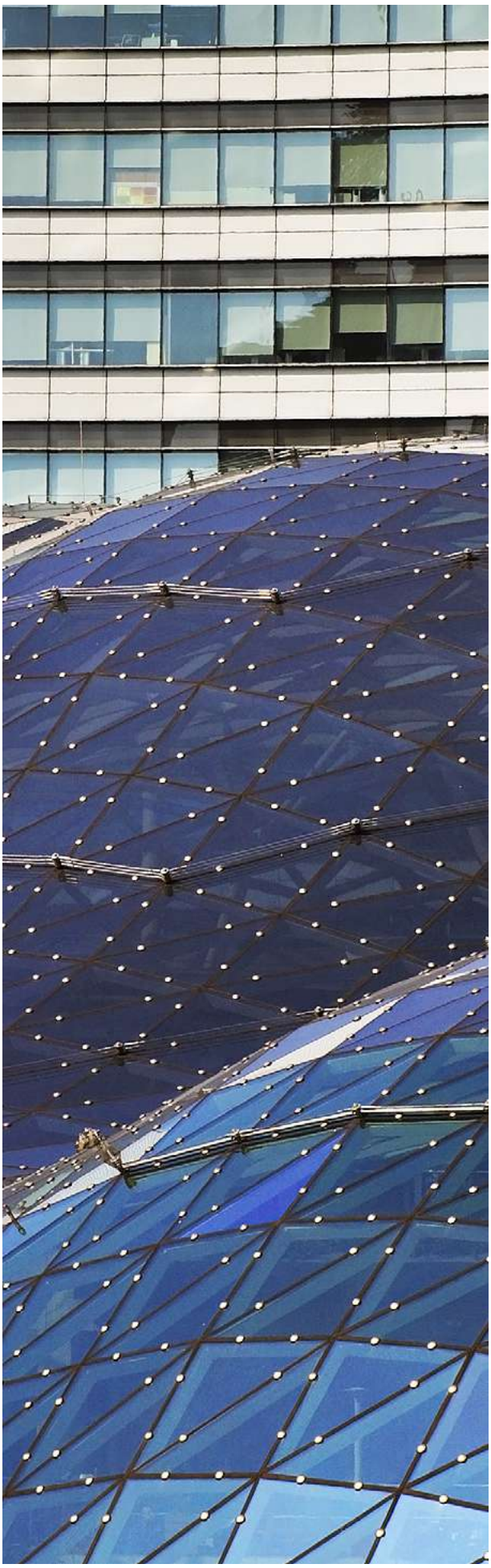
The maximum duration of the workweek for employees aged 16-18 years will be increased from 36 to 38 hours, and for those aged 14-15 years - from 24 to 26 hours. Mandatory preliminary and periodic medical examinations will be required for employees aged under 18, thus exempting from this requirement employees of 18-21 years old.

The draft law also changes the approach to the payment of salary to employees under the age of 18. Currently, young employees who work reduced hours shall receive the same salary rate as employees in corresponding categories who work full-time. However, once the draft law is adopted, the payment will be made in proportion to the time actually worked, subject to the statutory minimum salary requirement.

What else may change

However, the most important amendment will concern all employees and employers in Ukraine. The draft law will introduce the

option to execute employment agreements in electronic form using qualified or advanced electronic signatures. It will be explicitly stated that an employment agreement entered into in electronic form upon mutual agreement between the parties is considered concluded in a written form. At present, the Labor Code of Ukraine permits the use of qualified or advanced electronic signatures for the sole purpose of acknowledging employees with orders, notifications and other documents issued by the employer.





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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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