



JOKSOVIĆ, STOJANOVIĆ & PARTNERI
ADVOKATSKA KANCELARIJA

LEGAL NEWS

Considering recent changes and amendments of legislation in the Republic of Serbia, in this edition of JSP Legal News we are presenting the most important novelties in legislation which could influence your business and which pertain to the following laws:

- Labor Law;
- Law on Pension and Disability Insurance.

The information provided in this Legal News is intended for informational purposes only. Nothing set forth within this document should be construed as providing legal advice regarding an individual situation or as creating an attorneys-client relationship. All readers of this document should not assume that this information is applicable to their specific situation without consulting qualified and competent counsel.



July 2014

LABOR LAW



Amendments to the Labor Law

The Parliament of the Republic of Serbia adopted amendments to the Labor Law (the “**Law**”) on 18 July 2014. The Law is published in the Official Journal no. 75/2014 of 21 July 2014 and it came into force on 29 July 2014. The Law has been adopted with the aim to create a more favorable business environment for foreign investments and increment of employment rate, as well as for harmonization with ratified ILO conventions and EU regulations. The Law introduces a number of changes which, in general, govern conditions of employment in a more flexible manner and in a manner that is more favorable for an employer than under the previously valid Labor Law, since many employees’ rights have been decreased and certain rights of employer have been increased.



In that sense, some of the novelties introduced by the Law include the following:

- maximum term of definite term employment has been prolonged from 12 to 24 months, while in certain cases the definite term employment can last even longer than 24 months;
- an employee acquires the right to use annual leave upon one month of work at the employer as of the date of commencement with work. The first part of annual leave amounts to a minimum of two weeks without interruption. Procedure of deciding on the use of annual leave has been facilitated by introducing the possibility to adopt one decision on use of annual leave for a number of employees in case of collective use of annual leave; delivery of decision on use of annual leave via email; and shortening of the term for delivery of the decision;
- maximum duration of paid leave per year has been decreased from seven to five working days, not including the leave on the ground of blood donation and in case of immediate family member death;
- an employer is obliged to pay increased salary only for previous years of employment service realized at the specific employer (and related parties). Payment of increased salary for work in shifts is no longer mandatory;
- basis for calculation of salary compensation during the employee's absence from work (holiday, sick leave, annual leave, paid leave and interruption of work) has been changed in the manner that an employee has the right to compensation of salary in the afore mentioned cases in the amount of the average salary during the preceding 12 months, instead of three months as was prescribed earlier;



- salary slip is considered as an enforceable document, which an employee can submit to a court and on that basis request enforcement of his/her salary or salary compensation;
- the amount of severance due in case of employee's retirement has been decreased from three to two average salaries in the Republic of Serbia;
- in case of employment termination due to redundancy, employer is obliged to pay severance to an employee only for the years of employment service realized with the specific employer (and related parties) in the amount of one third of employee's salary for each full year of employment service;
- the Law prescribes new measures for violation of work discipline and breach of work duties, as follows:
 - temporary suspension from work without compensation of salary in duration from 1-15 working days;
 - monetary fine of up to 20% of basic salary in duration of up to three months;
 - warning letter with announcement of employment termination in case that employee repeats the same breach of work duty or work discipline within the next six months.



- the Law prescribes certain breaches of work duties and work discipline for which employer can terminate the employment relation. Periods of the statute of limitations for the termination of employment on these grounds, have been extended from three to six months as of the knowledge of the facts which represent a basis for termination, and from six months to one year as of the occurrence of such facts;
- an employer can terminate the employment contract of an employee on the grounds of failure to achieve work results or lack of knowledge and skills only if he has previously issued a written notification in relation to deficiencies in employee's work, with instructions and adequate deadline for improvement, and the employee fails to improve his work in the given deadline. The duration of the notice period in case of termination on this basis has been decreased and the notice period now cannot be shorter than 8 days, nor exceed 30 days;
- if the employment termination proves to be justified in a court procedure, but the employer has breached rules of termination procedure, the court shall reject the employee's claim for reinstatement and shall award compensation of damage in the amount of up to employee's six salaries;
- the time period for initiation of court procedure against a decision breaching an employee's right has been shortened from 90 to 60 days as of delivery of the decision;
- the Government can adopt a decision of extension of applicability of a branch collective agreement to all employers in the branch provided that the respective branch collective bargaining agreement applies to employers, which employ more than 50% of employees in a specific industry branch;
- misdemeanor fines have been increased, so that their maximum amount is now set to RSD 2 million (app. EUR 17,250) for legal entity;
- working booklets shall be cancelled as of 1 January 2016.

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LABOR LAW



Employers are obliged to harmonize their general enactments and employment contracts, with the Law, within the specific deadlines following the date the Law coming into effect, i.e.:

- Rules on Organization and Systematization of Work – 60 days, i.e. until 27 September 2014;
- Employment contracts – 60 days, i.e. until 27 September 2014;
- Collective Bargaining Agreement and Employment Rules – 6 months, i.e. until 29 January 2015.



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LAW ON PENSION AND DISABILITY INSURANCE

Amendments to the Law on Pension and Disability Insurance

The Parliament of the Republic of Serbia adopted amendments to the Law on Pension and Disability Insurance (the “**Law**”) on 18 July 2014. The Law is published in the Official Journal no. 75/2014 of 21 July 2014 and came into force on 29 July 2014, whereby the majority of its provisions shall start to apply as of 1 January 2015.

The Law tightens requirements for acquiring the right to old-age pension and prescribes equal requirements for men and women. Thus, insured person acquires the right to old-age pension: 1) upon reaching 65 years of age and at least 15 years of service; or 2) upon reaching 45 years of pensionable service, whereby the respective old-age limit for insured women shall gradually increase from 60 years and six months of age to 65 years of age, starting from 2015 until 2032. The Law introduces early old-age pension to which an insured person becomes eligible once he/she reaches at least 40 years of pensionable service and at least 60 years of age (man and woman), whereby the respective requirements shall be achieved gradually over the period from 2015 until 2023. The amount of early old-age pension shall be determined in the same manner as the regular old-age pension, whereby the amount in question shall be permanently decreased for 0.34% for each month missing up to 65 years of age, but the total decrease cannot exceed 20.4%. The respective age limit of 65 years of age shall be achieved gradually over the period from 2015 until 2032. According to the Law, as of 1 January 2032 special pensionable service of insured woman shall entail term of: 1) six months, in case she gave birth to a child; 2) a year, in case she gave birth to two children.

Should you need additional information or clarifications in relation to the laws or assistance with aligning of internal acts with the amendments to the Labor Law, feel free to contact us.

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