

# LABOUR AND EMPLOYMENT IN SERBIA

## GENERAL PROVISIONS

### *Labour legislation*

Labour law, in effect, as well as all relevant labour legislation in Serbia, is compliant with the standards set out by international labour conventions and it largely incorporates the EU *acquis*. Besides Labour Law, Law on employment of the foreigners, labour relations are governed by other laws, nonexclusively, in the areas of safety and fire protection, provisions of special collective agreements as well as by internal enactments, employer regulations and individual agreements entered between the employers and employees.

### *Eligibility of employees*

Labour relations can be entered into with persons who are above the age of 15, are of good general health and who meet the requirements for work under specific duties.

Foreign citizens, are able to be employed under the same conditions set out by laws, internal enactments and collective agreements (if appropriate), applicable to Serbian nationals, only if they possess valid temporary or permanent residence authorisation and after they have acquired a work permit issued by the National Employment Service (NES), with only a few notable exceptions (public administration, defence industry etc.), which are generally reserved for Serbian nationals.

## LABOUR AGREEMENTS

### *Types of labour agreements*

Labour agreements may be entered into for a definite or an indefinite time period, however, whereby an employment agreement for definite period of time can be concluded for the establishment of an employment relationship whose duration is determined in advance by objective reasons justified by the deadline or execution of a certain job or occurrence of a certain event, and it may not exceed a 24 month overall duration for a single position. In addition, the foreigner citizens can conclude only the agreements for definite period of time on the basis of issued work permit in accordance with the law, for the period of such issued permit.

Serbian Labour Law also provides for labour agreements for temporary and intermittent work. Temporary or intermittent work is defined as work that does not exceed 120 days during a calendar year and an employee employed under the terms of such an agreement is entitled to pension, disability and health insurance. Furthermore, legal entities may enter into part-time labour agreements as well as particular service agreements for work that falls outside the company's line of business, especially if such work involves physical or intellectual work. Such agreements are always short term agreements.

Part-time labour agreements may be entered into for a definite or an indefinite time period and employee benefits proportional to actual working hours include mandatory pension, disability and health insurance as well as most of the rights that are provided by a regular full-time labour agreement.

### *Working Hours*

The standard working hours in Serbia are 40 hours per week, whereas overtime work is permitted in event of *force majeure*, sudden increase in the volume of work and when an unplanned task must be completed within a specified time limit. However, overtime work may not exceed 8 hours per week.

### *Work recess, annual leave and absence*

Daily work brake may last from 15 to 30 minutes and the time length depends on whether the employee works full-time or part-time. The regulations that govern recesses entitle an employee to a 12-hour recess at the least between two consecutive work days, as well as to a weekly recess that may not be shorter than 24 hours.

The employee acquires the right to use the annual leave in a calendar year after a month of uninterrupted work from the day of establishing employment with the employer.

In each calendar year, the employee has the right to annual leave for the duration determined by the general act and the employment agreement at least 20 working days.

Maternity leave may last up to 3 months, starting from the date of delivery. Upon the expiry of the maternity leave, the mother or father of the infant may use paid leave for infant care for a total of 365 days, which includes the maternity leave.

### *Termination of Employment*

The employment may be terminated by the initiative of the employee or employer, due to the expiration of the term of the labour agreement or due to the fulfilment of the conditions for retirement of the employee.

The cancellation of an individual labour agreement may occur based on the employee's ability to perform her/his work duties, qualifications, behaviour, and/or the employer's needs under the following conditions:

- if the employee negligently performs work duties;
- if the employee abuses his position or exceeds his authority;
- if the employee uses the means of work inexpediently and irresponsibly;
- if the employee does not use or misuses the provided means or equipment for personal protection at work;
- if the employee does not return to work with the employer within 15 days from the expiration of the period for unpaid leave;
- if the employee does not submit a certificate of temporary incapacity for work;
- if the employee abuses the right to leave due to temporary incapacity for work;
- if the employee refuses to conclude an annex to the employment agreement;
- due to coming to work under the influence of alcohol or other intoxicants, or the use of alcohol or other intoxicants during working hours, which has or may have an impact on the performance of work;
- if the employee provided incorrect information that was decisive for the establishment of the employment relationship;
- if the employee who works on jobs with increased risk, where a special health ability has been determined as a special condition for work, refuses to be subjected to the assessment of health ability;
- if the employee does not respect the work discipline prescribed by the act of the employer, i.e. if his behaviour is such that he cannot continue working for the employer;
- if due to technological, economic or organizational changes the need to perform a certain job ceases or there is a reduction in the volume of work, whereby the employee is entitled to severance pay.

Termination of multiple employment agreements by the employer (employee surplus) may occur when the employer terminates within 30 days employment agreements of at least 10 employees out of a minimum of 20 employees or within 90 days of at least 20 employees. In the event of termination of multiple employment agreements, the employer is obligated to devise and present to the authorities and labor unions a management plan to deal with the employee surplus.

Labour law obligates the employee to give a written 15-day advance notice to the employer in the event she/he intends to terminate the labour agreement

Finally, the statutory retirement age for insured persons is 65 years and at least 15 years of insurance period or when they reach 45 years of insurance period. Exceptionally, an insured woman who has completed at least 15 years of insurance period is entitled to a statutory retirement when she reaches:

- 1) in 2015, 60 years and six months of age;
- 2) in 2016, 61 years of age;
- 3) in 2017, 61 years and six months of age;
- 4) in 2018, 62 years of age;
- 5) in 2019, 62 years and six months of age;
- 6) in 2020, 63 years of age;
- 7) in 2021, 63 years and two months of age;
- 8) in 2022, 63 years and four months of age;
- 9) in 2023, 63 years and six months of age;
- 10) in 2024, 63 years and eight months of age;

- 11) in 2025, 63 years and ten months of age;
- 12) in 2026, 64 years of age;
- 13) in 2027, 64 years and two months of age;
- 14) in 2028, 64 years and four months of age;
- 15) in 2029, 64 years and six months of age;
- 16) in 2030, 64 years and eight months of age;
- 17) in 2031, 64 years and ten months of age.

## SALARIES AND REMUNERATIONS

Minimum wage is established on monthly basis by the Social and Economic Council consisting of the government, labour unions and the employer association representatives. Presently, the minimum wage is set to approximately 1,57 (one) euro per hour, however, the overall salary may be increased by way of transportation, work meal and holiday allowances. The employees are also entitled to receive 100% of their salary during sick leave for occupational disease or injury, as well as 100% of their salary during annual leave, public holidays, and paid leave. Lastly, the employee's wage will be increased for overtime, work during public holidays, night work, and work in shifts.

## TAXES AND CONTRIBUTIONS

The tax base applied to salaries and used for taxation and insurance contribution (pension, health and unemployment) purposes is gross salary less 18.300,00 dinars (approximately 156 Euros), the later being the nontaxable income limit. Both the employer and the employee are under the obligation to pay salary related taxes and insurance contributions.

Taxes and insurance contributions owed by the employer are calculated as follows:

- income tax - 10%;
- mandatory retirement insurance contribution – 11.5%;
- mandatory health insurance contribution – 5.15%;
- unemployment insurance contribution - 0 %.

Taxes and insurance contributions owed by the employee are calculated by applying the same rates as above with the exception of mandatory retirement insurance where the rate is 14% and unemployment insurance contribution – 0.75% additionally. These taxes and contributions are directly deducted by the employer from employee's gross salary.

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