

Newsletter

Slovak Investment and Trade Development Agency

August/ 2011

***What will bring
new labor code?***

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WHAT WILL BRING NEW LABOR CODE?

Key changes to selected employment regulations

PROBATION PERIOD

To allow a better assessment of the skills and overall suitability of new managing employees¹ for their new positions, employers will be able to increase the standard three-month probation period to up to six months.

¹ This term is redefined, and theoretically may include board members provided their functions are clearly distinguishable from the executive function of a board member (which executive function should be governed by the provisions of the Commercial Code). Otherwise the term is intended to cover employees who report directly to the board or their immediate subordinates.

FIXED-TERM EMPLOYMENT

Fixed-term employment contracts can now be entered into for up to three years instead of the previous two-year maximum term. Within these three years, a fixed-term employment contract can be extended or renewed a maximum of three times.

WORKING TIME AND OVERTIME

With the aim of promoting the employment of parents with young children, students and to help a

smooth retirement, new regulation introduces "shared working positions" (in Slovak *delené pracovné miesto*).

The "flexi account" (in Slovak *flexi konto*²) becomes a standard instrument, which can be used for serious operational reasons and the related decreased ability of the employer to assign work to the employees (defined as an obstacle to performing the work attributable to the employer).

In the relevant circumstances, the employer is allowed to grant employees paid time off, which is recorded on the employees' flexi-account as negative time. Once the obstacle ceases to exist, however, not later than within the next 12 months, the employees are obliged to work more hours without extra payment until the negative time on their flexi account balances.

NON-COMPETE UNDERTAKINGS AND CONFIDENTIALITY

For the first time under Slovak labour law, employers can expressly restrict their employees' competitive activities following the termination of employment. The restriction

² New section 142a (previously section 252c of the Labour Code).



prevents ex-employees not only from being employed by a competitor, but also covers competing with the employer as sole traders or executives of another company.

HOLIDAY

Previously, employees' holiday entitlement was either four or five weeks, depending on a set of multiple conditions. The amendment simplifies the conditions by providing that all employees over the age of 33 shall be entitled to five weeks of holiday per calendar year. The effectiveness of this change has been delayed till 1 January 2012 in order not to complicate calculating holiday entitlements during 2011.

TERMINATION

Terminating employment undergoes several important changes, most but not all of which make terminating employment more flexible (faster) and less costly for the employer.

The main changes include:

- *eliminating the employer's duty to consult termination notices and immediate employment termination with employees' representatives;*
- *when terminating an employment contract for unsatisfactory work, the employer must prove that it previously informed the employee about his/her unsatisfactory work during the previous two months (previously such "second-chance" information might have been given at any time*

during the previous six months);

- *reducing the overall compensation to be provided to the employee in the case of invalid employment termination from 12 to 9 times the employee's average monthly earnings;*

- *either notice period or severance payment, but not both.*

As a general rule, an employee is entitled to severance payment only if his/her employment is terminated by agreement due to:

- *the employer or its part being wound up or relocated;*
- *the employee's redundancy being triggered by organisational or operational changes;*
- *the employee being unable to perform the work, given his/her health status (to be proved by submitting the respective medical certificate).*

NOTICE PERIOD

In accordance with the new regulation, the following notice period applies:

Duration of employment less than 1 year:
notice period of 1 month

Duration of employment over 1 year:
notice period of 2 months

Duration of employment

over 5 years/Liquidation or relocation of the employer, Redundancies, Poor health: notice period of 3 months

GROUP LAYOFFS

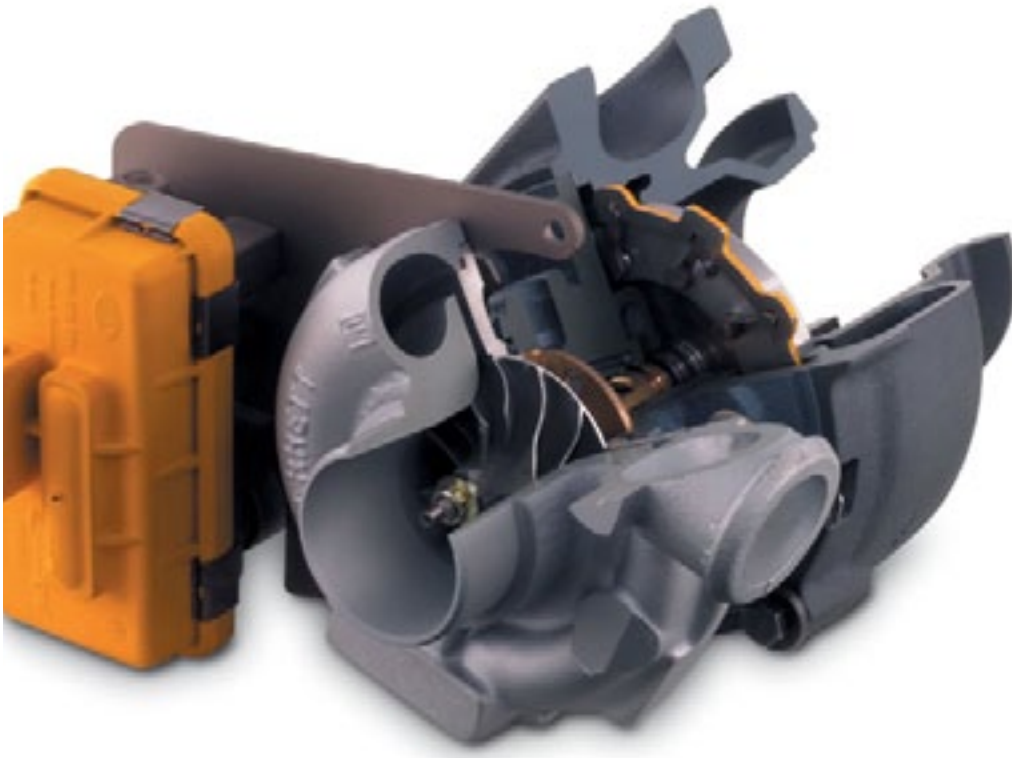
The definition of group layoffs becomes more connected to the actual size of the employing entity. Under the new regulation, a group layoff can take place only in an employer with 20 or more employees and if the employment is within the time period of 30 days terminated by notice or otherwise for reasons not attributable to the employees, with:

- *at least 10 employees if the employer's total number of employees is between 20 and 99;*
- *at least 10% of the total work force if the employer's total number of employees is between 100 and 299;*
- *at least 30 employees if the employer's total number of employees exceeds 300.*

ALLEN & OVERY



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HONEYWELL LAUNCHED CONSTRUCTION



Honeywell launched construction of a factory in which 446 jobs are to be created in the first phase in the IPZ Presov-Zaborske industrial zone. The investment will be worth EUR 38.3 million. Honeywell Turbo will be producing turbochargers for passenger and cargo vehicles from spring 2012 there.





NEW JOBS IN FIĽAKOVO

Swedish company Dometic plans to create 350 new jobs in Filakovo or its surroundings. Dometic has been operating in Filakovo since 1995 and currently

employs 200 people. It produces components and accessories for caravans. The company intends to increase its staff to 550 thanks to increasing production.

WINE IN KOŠICE

Kosice-based Caste will launch wine production.

The company will invest EUR 300,000 into the reconstruction of the obsolete manufacturing hall in the industrial zone David. The company's investments will exceed EUR 1.5 million after including the price of technologies and other

items. The company will employ 30 people. Caste plans to produce fruit wines and refill table wines. The company will also make its own PET bottles. The production launch is scheduled for this autumn.



INVESTMENTS IN LEVOČA

The new industrial zone in Levoca found its first investor.

The Czech-German-French consortium Shalter Company will invest EUR 7,8 million in the town. The company will employ 150 people by 2017. The consortium plans to produce little special components for aircrafts

and helicopters and later to expand its production by components for ships.



YES TO NUCLEAR ENERGY

Slovakia is unable to be without nuclear energy, announced minister of economy Juraj Miskov.

He says that this is one of few issues that coalition and opposition agree to. "We are convinced that Slovakia with its current energy mix cannot work without nuclear energy," said Miskov. Nuclear energy accounts for 53 percent of the total

energy and this share will be over 60 percent once two blocks in Mochovce NPP are completed.

UPCOMING SARIO EVENTS

BUSINESS FRIENDLY SLOVAKIA

INVESTMENT SEMINARS IN GERMANY

Date:

Monday, 19.09.2011, Düsseldorf
Tuesday, 20.09.2011, Düsseldorf
Friday, 23.09.2011, Mníchov
Organizer: SARIO

SARIO has the pleasure to invite you to join and experience business opportunities of Slovakia at the Roadshow of Investment Seminars, which is to be held between 19th - 23rd September 2011 in cities of Düsseldorf and Munich, Germany. Investment Seminars will be organized in cooperation with respected members of the Investment Support Association (ISA) including representatives of established German and Japanese companies in Slovakia.

Seminars in Germany offer unique opportunity for international companies when getting to know the leading country for doing business in Central and Eastern Europe, getting to know Slovakia.

Seats are LIMITED, don't hesitate to **REGISTER** now!

BUSINESS FRIENDLY SLOVAKIA

INVESTMENT SEMINAR IN BRNO, CZECH REPUBLIC

Date: Thursday, 6.10.2011

Time: 10 -12 a.m.

Venue: Brno Exhibition Centre, Czech republic

Organizer: SARIO

Are you interested to expand your business activities abroad? Do you have potential to become a supplier of already established investors? Slovakia is probably familiar to you, despite the Slovak business environment offers opportunities which you may not be aware of. Would you like to learn more? Let's follow the stories of those who have succeed - companies operating in Slovakia - KIA, Mobis, PWC and UniCredit Bank.

Investment seminar Business Friendly Slovakia is organized by SARIO as an accompanying event of the International Engineering Fair in Brno.

Seat are LIMITED, don't hesitate to **REGISTER** now!

CONFERENCE

KOŠICE / PREŠOV INVEST

Date: Tuesday, 18.10. 2011

Time: 8:30 a.m. – 4:30 p.m.

Venue: Hotel Doubletree by Hilton, Košice

Organizer: The American Chamber of Commerce in the SR (AmCham) in cooperation with SARIO

The main purpose of the conference is a presentation of the Košice and Prešov Regions as the ideal investment destinations for potential foreign and domestic investors. The program of the event will be divided into six panel discussions, covering the following main areas:

1. FDI Strategies of Košice and Prešov Municipalities
2. Investment Incentives
3. SARIO – Closer to Investors
4. Recent Human Resources Trends in the Labor Market
5. Investments Bringing High Added Value
6. Attractiveness of Eastern Slovakia in International Framework

For more information, please contact Amcham at kosice@amcham.sk



S A R I O

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Upozornenie:

Tento Newsletter neposkytuje záväzné právne stanoviská. SARIO nenesie zodpovednosť za škodu spôsobenú nesprávnym použitím informácií na nej uvedených.

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