

Croatian Labour Law Revised: Major Changes Explained

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The Croatian Labour Law has undergone significant changes, including the maximum duration of fixed-term employment agreement, new components of the employment agreement, remote work regulations, and changes to paid and unpaid leave. The revised law also introduces a new definition of salary and new regulations for other salary supplements. The duration of trial work is now limited, and workers can work additional hours with another employer. The article highlights the key changes in the labour law, including provisions on sending workers abroad, absence from work, and determination of salary, among others.

Fixed-term Employment Agreement

The revised law limits the maximum duration of fixed-term employment agreements to three years (from the previous five years). This reflects a change in the legislator's stance on fixed-term work - recognizing it only as an exception. Employers are required to have an objective reason for concluding a fixed-term agreement. The maximum number of consecutive agreements is three, with a total duration of three years. However, an exception can be made if the need for a fixed-term agreement is due to some other objective reasons allowed by a special law or a collective agreement. Employers must also respond to the employee's request for an indefinite agreement and avoid silence, which could be considered as an acceptance.

Content of the Employment Agreement

The employment agreement now has several new or amended components. It must contain OIB (PIN), the date of conclusion of the agreement, and the date of commencement of work. The procedure in case of cancellation and the cancellation periods must be defined. The agreement must also specify the gross salary, basic salary, allowances and other supplements, and payment periods. Additionally, it must contain the duration of a working day or week in hours and whether the employee works full or part-time.

Work at a Separate Workplace and Remote Work

The Croatian Labour Act now introduces remote work as an option for the employee. This represents a novelty, it's recognized as employee's right agreed with the employer, while the place of work is depending entirely on the will of the employee. It can be seen as the legislator's recognition of the changes that have taken place in the last three years and the significant growth of 'digital nomads' and increase in remote work in general. Remote work can also be contracted in a more flexible way than work at a separate workplace, in terms of securing work resources and reimbursement of expenses.

There were also some changes made for working at a separate workplace. An agreement between the employee and the employer is necessary, and an agreement for work at a separate location must be concluded with the content prescribed by the law. The employer's obligations include reimbursement of expenses, entry into the worker's home, and protection of privacy. The provisions of the Labour Act apply to the agreement for work at a separate workplace and to the contract for remote work, unless otherwise is agreed or prescribed by law.

Sending Workers Abroad

The Croatian Labour Act prescribes certain elements for supplementing the written employment agreement for the temporary and

occasional cross-border provision of services, for a limited time. If such work lasts longer than four consecutive weeks, the written consent of the worker is required before going abroad.

Additional Work of Workers

This novelty also indicates that our legislators opted for greater flexibility and greater freedom for the employee. So, an employee who works full-time and 40 hours a week for one employer can work additionally with another employer based on the agreement for additional work. It's also important to state that written consent of the first employer is not needed, employee only has an obligation to inform the first employer about the agreement concluded with the other employer before starting work. The agreement can be concluded for a fixed or indefinite period, and the employee can work up to eight hours a week or up to 16 hours a week if their schedule is uneven. In four months, on average, the employee must not work more than eight hours a week.

Trial Work

The duration of the trial work is now a maximum of six months. However, if the worker was prevented from performing work during those six months, it can be longer. It can also be contracted for a fixed-term employment agreement, but in proportion to the duration of that agreement. It's important to mention that if Employer plans to terminate this type of agreement, he must do so at the latest on the last day of the probationary period.

Schedule of Working Hours

Under the new article 60a, the schedule of working hours now refers to the duration of a worker's work, determining the days and hours when work is to be performed. Employers must inform their employees of their work schedule at least one week in advance, including any changes that may occur.

Paid and Unpaid Leave

The Croatian Labour Act has undergone various changes regarding paid and unpaid leave. The revised law states that employees are now entitled to one paid day off for blood donation. The employee can utilize this day either on the day of the donation or the first working day following it, as per the agreement with the employer.

Absence from Work

The new Labour Act allows employees to take one day off from work per year in case of an urgent and significant family reason, caused by accident or illness. This day will be counted as a working day.

Salary

The updated Labour Act introduces several changes to the definition, determination, and payment of salaries.

Definition of Salary

The new law defines salary as a combination of three components. The first component is the basic salary, (which is a payment in cash for work performed in proportion to the contracted working time). The second component is the salary allowance, which is also a payment in cash for work performed under special conditions, such as overtime, difficult working conditions, night work, Sundays, and holidays. Employees receive compensation independently of their effective work, including readiness and seniority increments. The third component are other benefits, which may be monetary or non-monetary, such as the use of a company car for private purposes. The total salary cost is determined by adding the gross salary amount and public benefits from the salary as per regulations on taxes and contributions.

Other payments

Under the updated law, payments to employees based on the employment relationship are categorized into two groups: those paid as a material right, such as jubilee awards, Christmas bonuses, and severance pay due to retirement, and those representing expense compensation, such as

transportation to and from work, work at a separate location, official trips, and work in the field. These payments are not considered as wages.

Determination of Salary

The changes in Labour Act stipulate that the salary must be calculated in gross amount and the basic salary amount must not be lower than the minimum salary.

Equality of Wages

The updated law defines equal work in two ways. The first definition remains the same, while the second considers the qualification and nature of work according to objective criteria. This applies to both salary and other receipts. At the worker's request, data on the criteria that another worker received the salary will be provided.

Payment of Wages

Other payments (90.a) can be paid in cash. The salary must be paid no later than the 15th of each month, and it cannot be arranged differently. The payment in kind must be given by the end of the current month. The law prohibits an agreement on the waiver of the right to payment of salary.

Increased Salary

The collective agreement, labour regulations, or employment agreement determines the amount of increased salary. The new law introduces the definition of difficult working conditions, which is based on risk assessments. Jobs with difficult conditions must be specified in the collective agreement, labour regulation, and the employment agreement. If it cannot be determined, then the appropriate increase, which is regularly paid for such work, is determined by the court.

Salary Compensation

If work is interrupted due to extraordinary circumstances such as an epidemic, earthquake, flood, environmental incident, etc., the worker is entitled to 70% of the average salary earned in the last three months, unless otherwise specified.

Salary compensation refers to the gross amount of salary that includes both the payment amount and benefits. The total cost of salary compensation is the sum of salary compensation and the cost of public benefits.

Termination of a Fixed-Term Employment Agreement

The provision that a fixed-term agreement can only be terminated if this possibility is agreed in the agreement has been deleted.

Notice Period

In case a worker is temporarily incapacitated at the time of delivery of the dismissal decision, the notice period begins to run from the day the incapacity ceases. This change clarifies that the notice period is not limited to situations where the incapacity occurs during the notice period. Additionally, the notice period is not terminated if the worker is released from the obligation to work during the notice period but only if the worker was released before the onset of incapacity. If there was an interruption due to incapacity, the notice period expires no later than six months after the beginning of the notice period. However, this rule does not apply if the worker is incapacitated at the time of dismissal. It is important to note that the notice period runs during vacation and paid leave, even if the worker is not present at the workplace.

Severance Pay

Severance pay now has a new definition, which is a means of securing income and mitigating the harmful consequences of the termination of an employment agreement paid by the employer to the worker. Additional changes were also made regarding severance pay; it now depends on the duration of the employment agreement and the reason for termination. Employees with a fixed-term agreement can now receive severance pay. The new law also includes the option of judicial review of the severance payment.

Transfer Abroad

Earlier provisions of the Labour Law that mandated an employer who sends an employee to work abroad to compensate for the costs of relocation and provide suitable employment in the country have been deleted. However, the period that the worker spent working abroad is included in the period of uninterrupted employment with the employer when determining the notice period and severance pay.

Obligation to Notify

New circumstances that workers should be informed about include the number and type of workers employed, the employment structure, and the structure of employment by gender, as well as the number and type of workers who informed the parent employer about the concluded agreement on additional work with another employer. The employer must consult with the relevant authorities on the appointment of a person authorized to receive and resolve complaints related to the protection of the dignity of workers.

Trade Union Members

Trade union members have greater material rights. However, the amount of material rights cannot be higher than twice the amount of the average annual

union membership fee. Employers must be informed about union members who are entitled to this.

Digital platforms and work – finally new regulations for digital platform "cyclists" from 01/01/2024

The new law clarifies that work performed for a digital work platform (mainly food delivery services, taxi services etc.) or aggregator using digital technology, and for which the worker is paid, is subject to employment law. A digital platform provides services to recipients using digital technology, while an aggregator acts as a representative or mediator for one or more digital work platforms. Both types of entities are required to register with the ministry to perform their activities, and, most importantly, the aggregator may not charge a mediation fee to the worker. If the aggregator is also the employer, the digital platform is solidary liable, unless it provides certain evidence on a quarterly basis.

Furthermore, there is now a presumption that an employment agreement exists, and the new law introduces mandatory content that must be included in the employment agreement.

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