

## PAYROLL ALERT

### CHANGES IN THE EMPLOYMENT RELATIONSHIP

The Law of 24 July 2024 (hereinafter "the Law") transposing the Directive (EU) of 20 June 2019 on transparent and predictable working conditions in the European Union came into force on 4 August 2024.

This means a number of changes for both employers and employees.

- ▶ For new contracts entered into on or after 4 August 2024, reference should be made to the provisions of the Law.
- ▶ For existing contracts, the employer must provide the employee with a document that complies with the new legal provisions within two months of receiving the employee's request in this respect.

Please find below the main changes introduced by the Law.

#### I. Adaptation of the compulsory information to be included in the employment contract

Employment contracts must now include the following information<sup>1</sup>:

1. the identity of the parties to the employment relationship ;
2. the start date of the employment contract ;
3. the place of work and, in the absence of a fixed or predominant place of work, the principle that the employee will be employed in various places, particularly abroad, **or will be free to determine his/her place of work**, as well as the registered office or, where applicable, the domicile of the employer ;
4. the nature of the job held and, where applicable, a description of the duties or tasks assigned to the employee at the time of engagement and without prejudice to a new assignment at a later date, subject to compliance with the provisions of article L. 121-7 of the Labour Code ;
5. the employee's normal daily or weekly working hours and **the terms and conditions relating to the provision of overtime and its remuneration, as well as, where applicable, any terms and conditions relating to shift changes** ;
6. normal working hours ;
7. **remuneration, including** basic salary and, where applicable, **any** supplementary salary, salary accessories, bonuses or profit-sharing **that may have been agreed, which must be indicated separately**, as well as the frequency **and terms of** payment of the salary to which the employee is entitled ;
8. the duration of the paid leave to which the employee is entitled or, if this is not possible at the time the contract is concluded, the procedures for granting and determining this leave ;

<sup>1</sup> Article L. 121-4 of the Labour Code (new provisions are shown in red)

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9. the procedure to be followed by the employer and the employee in the event of termination of the employment contract, including the formal conditions and periods of notice to be observed or, if this is not possible at the time the contract is concluded, the methods for determining these periods of notice ;
10. the duration and conditions of application of any trial period ;
11. any derogatory or supplementary clauses agreed by the parties ;
12. where applicable, a reference to the collective agreements governing the employee's working conditions or, in the case of collective agreements concluded outside the company by specific joint bodies or institutions, the name of the bodies or institutions within which they were concluded ;
13. the identity of the social security institution(s) collecting the social security contributions and the related social protection scheme, as well as, where applicable, the existence and nature of a supplementary pension scheme, the compulsory or optional nature of this scheme, entitlement to benefits under it and the existence of any personal contributions ;
14. where applicable, the training entitlement granted by the employer.
  - The items mentioned in points 5, 7, 8, 9, 10, 13 and 14 may result from a reference to legal, regulatory, administrative or statutory provisions or collective agreements.
  - The Law now specifies that the employer may send the employment contract in electronic format, provided that the employee has access to it, that it can be saved and printed, and that the employer keeps proof of its transmission or receipt.

#### II. Communication of essential information on the employment contract

The Law also allows employees to request essential information concerning the employment contract within a period of 7 days or one month, depending on the information in question. If the information has not been provided, the employee may give formal notice to comply. If the employer fails to respond, the employee has the right to take urgent action before the labour court.

#### III. Update regarding secondment

The Law completes the information that employers must include in the written document sent to employees seconded outside the Grand Duchy of Luxembourg for a period of more than 4 weeks.

The document must mention the country in which the work is to be carried out, the remuneration due, the benefits, the conditions for repatriation and the link to the official national website set up by the host Member State concerning the posting of workers within the European Union.

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### IV. Exclusivity clauses

The Law establishes the nullity of clauses prohibiting the employee from exercising another employment relationship with one or more employers. The Law also provides for the nullity of any sanction imposed by the employer in this context. However, this prohibition of the exclusivity clause does not apply where multiple employment is incompatible for objective reasons, such as occupational health and safety, the protection of business confidentiality, the integrity of the public service or the prevention of conflicts of interest.

### V. Free training

The Law introduces the principle of free training into the Labour Code. It stipulates that training must be provided free of charge to the employee during working hours and must be considered as actual working time.

### VI. Conversion of employment contract

At the end of the trial period, employees may now request, once every twelve months, that their fixed-term employment contract be converted into an open-ended contract.

The employee may also request a change from full-time to part-time work and vice versa.

The employer must give reasons for its refusal.

### VII. Limitation of the trial period for fixed-term contracts

The Law stipulates a maximum trial period for fixed-term contracts.

The trial period may not be less than two weeks, nor more than  $\frac{1}{4}$  of the duration fixed in the fixed-term contract or the minimum duration for which the fixed-term contract was concluded.

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### VIII. Penalties for non-compliance with the new obligations

The Law introduces criminal penalties in the event of failure by the employer to comply with his/her obligations (i.e. failure to comply with the basic formalities for concluding the contract, omission of compulsory information from the contract, etc.).

Employers who fail to comply with their obligations are liable to a fine ranging from €251 to €5,000.

The fine will be incurred for each of the employees affected by the employer's failings. In the event of a repeat offence within two years, these penalties may be increased to twice the maximum.

#### How can BDO help you?

- ▶ Review of your employment contracts
- ▶ Updating your employment contracts
- ▶ Preparing the employment contract
- ▶ Preparing an amendment to the employment contract
- ▶ Assistance with new employer obligations



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### INTERESTED?

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