

## THE NEW GENERAL COLLECTIVE AGREEMENT FOR FBiH – SIGNIFICANCE FOR EMPLOYERS

The new General Collective Agreement for the territory of the Federation of Bosnia and Herzegovina (hereinafter: GCA) has been published in the Federation of Bosnia and Herzegovina (hereinafter: FBiH), on 22 June 2016, with an aim to regulate those questions not regulated in the new FBiH Labour law or that were contrary to its provisions.

GCA entered into force on 23 June 2016, and is initially concluded for a period of 12 months.

In comparison to the former general collective agreement, the most significant changes relate to the increase of the lowest hourly rate, the decrease of the non-taxable amount of the meal allowance, and the lowering of the percentages by which an employee's salary can be increased.

GCA no longer regulates the compensation of salary in case of death of the employee or his/her closest family members, holiday pay, or compensation during sick leave, considering that these questions will be regulated in the future within the sector-specific collective agreements, specific collective agreements, employment rulebooks or employment agreements.

### Determination of the lowest hourly rate

The previous GCA stipulated that the lowest hourly rate cannot be less than **BAM 1.75**, and that an exceptionally lower hourly rate can only be determined by the sector-specific collective agreements, where the net amount cannot be less than **BAM 1.25**. According to the new GCA, the lowest hourly rate is determined by the Economic Social Council for the territory of FBiH, at the latest by 1 December of the current year for the next year, for which it is determined that the lowest net hourly rate cannot be lower than **BAM 2.31**. GCA also makes an exception, stipulating that the sector-specific collective agreements or collective agreements for one or more employers may determine the lower hourly rate, which cannot be less than **BAM 1.62** before taxation.

### Meal allowance

In comparison to the former general collective agreement, which stipulated that, the employee is entitled to a monthly compensation in the amount of at least 20% of the average net salary in FBiH if the employer does not provide a meal during working hours, GCA prescribes that in this case the employee is entitled to compensation at a daily rate ranging from 0.5% to 1.0% of the average net salary in FBiH.

**Increase of salary**

The basis for increases in salary is, according to the GCA, lower than that stipulated by the former general collective agreement.

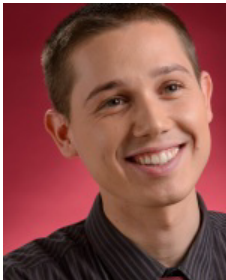
<b>Basis for increase</b>	<b>Former general collective agreement</b>	<b>Current GCA</b>
<b>overtime work</b>	at least 30% of the gross hourly rate	at least 25% of the net hourly rate
<b>night work</b>	at least 30% of the gross hourly rate	at least 25% of the net hourly rate
<b>work on days of weekly rest</b>	at least 20% of the gross hourly rate	at least 15% of the net hourly rate
<b>work on days designated as public holidays</b>	at least 50% of the gross hourly rate	at least 40% of the net hourly rate
<b>past years of employment</b>	0.6% for each year of employment with the same employer	0.4% for each year of employment with the same employer

Feel free to contact us with any questions.

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