

## New Labor Law

**A new Labor Law recently adopted by the Parliament of the Federation of Bosnia and Herzegovina and published on 12 August 2015 in the Official Gazette of FBiH no. 62/15, came into force today on 20 August 2015.**

The intention of the adoption of the new labor law in the Federation of Bosnia and Herzegovina (hereinafter: **Labor Law**) was to regulate certain issues that were not regulated at all by the former legislation or were regulated but as a result of their practical application have been assessed as being inadequately regulated. The Labor Law brings significant changes to the employer/employee relationship and due to tight deadlines for its implementation, employers should act quickly.

The significant changes can be listed as follows:

- possibility of concluding an employment agreement for a defined time period of up to 3 years;
- duration of absence from work which is not considered an interruption of the employment agreement;
- detailed regulation of posting of employees abroad and the possibility to work outside the employer's premises;
- introduction of the possibility of performing the functions of director without engaging on employment relation (i.e. managerial contracts);
- detailed regulation of grounds of discrimination of employees and job seekers, as well as protection of the said persons in cases of discrimination;
- introduction of the obligation to submit a copy of registration of the employee for mandatory insurance;
- modification of the minimum period of annual leave;
- introduction of the obligation to pay the employee compensation in lieu of annual leave in the event of the termination of employment;
- regulation of the termination of employment of a employee with altered working abilities;
- determining the written payroll as an enforceable document;
- detailed regulation of rights and obligations of employees and employers in relation to inventions, industrial design and technical improvements invented by such workers;
- detailed regulation of the non-competition clause with the employer and compensation for and termination of such clause;
- detailed regulation of the termination of employment due to a minor breach of work duties;
- detailed regulation of reasons which are not considered valid for termination of the employment;
- detailed regulation of the defense of employees on the termination of employment;

- determining the longest period to give notice period for employees and employers;
- more detailed regulation of the provisions on the amount of severance pay;
- more detailed regulation of the manner and time limits for the protection of employees rights arising out of employment;
- changes of the existing and introduction of new provisions on the representation by the trade unions and associations of employers; and
- peaceful settlement of disputes between employers and employees.

### **Payroll calculation**

The provisions on payment of salary compensation impose the obligation on the employer to hand over a written payroll calculation to the employee. If the employer does not pay a salary to the employee, within the statutory period of 30 days, the employer is obliged to handover to the employee a payroll calculation that employer was required to pay by the end of the month in which the payment of salary is due. Such calculation under the new Labor Law is considered as an enforcement title.

### **Deadlines**

With respect to the protection of the rights related to the employment, the former law either did not regulate the deadlines for protection or they were longer than the ones provided by the new Labor Law. According to the new Labor Law, if an employee considers that any of his/hers rights have been breached, he/she has a possibility to seek protection from the employer within next 30 days. Also, the deadline for submission of the lawsuit before the competent court has been reduced significantly to 90 days from the previous deadline of one year. When it comes to alternative dispute resolution, the new Labor Law states that such procedure must not last longer than 60 days. In case of discrimination or mobbing, the deadline to request protection from the employer is 15 days or, in case the employer does not comply with the employee's request, the deadline for submission of the lawsuit before the competent court is 30 days.

### **Adjustment of the employment related documentation**

It is important to emphasize that the employer is obliged to harmonize all employment agreements previously concluded with the new Labor Law within 3 months from the date of entering into force of the new Labor Law. The employment rulebook must be harmonized within 6 months from the date of entering into force of the new Labor Law. In case the employee does not agree to conclude a new harmonized employment agreement, his/her employment is, according to the new Labor Law, deemed to be terminated within next 30 days from the date of delivery of new employment agreement for signing.

Due to these tight deadlines, employers should turn their focus to the new Labor Law and act quickly to comply with foregoing. In our expectation existing rulebooks and

contractual documentation should be carefully reviewed and require harmonization with the new rules.

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If you would like to know more about the topics covered in this memorandum or our services in general, please get in touch with the contacts listed above, or with:

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