

# HR LAW BRIEF: CEE

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**Dear Readers,**

We are back with another edition of our HR Law Brief: CEE. Again, it's a 3-minutes read to bring you up to speed with the latest news from Central-Eastern Europe.

If you need any support in the CEE region, let us know.



**Sławomir Paruch** ✉  
attorney at law, partner,  
PCS | Littler  
+48 604 198 589



**Marcin Sanetra** ✉  
attorney at law, partner, PCS | Littler,  
qualified to practice in Poland and New York  
+48 502 487 721



**Bartosz Tomanek** ✉  
advocate, partner,  
PCS | Littler  
+48 502 487 699

**ESTONIA: TAXES AND MINIMUM WAGE TO RISE FROM 2025**

Estonian government has announced a new tax and minimum wage reform plan, scheduled to take effect in 2025. One of the key changes is the increase in the minimum wage, which will rise incrementally from EUR 700 in 2024 to EUR 860 by 2028. Additionally, income tax rates for individuals will be set at 25.5% for earnings up to EUR 105,300 per year, and at 33% for earnings above this threshold, with an extra 3% for those earning more than EUR 200,000. The plan also includes increases in taxes on transport and company cars, among others. The tax and minimum wage reforms will increase employment costs and operational expenses, requiring adjustments in financial planning and workforce architecture.

**LATVIA: FOREIGN LANGUAGE SKILLS NO LONGER REQUIRED**

The Latvian Parliament has approved a law that prohibits requiring employees to speak foreign language unless there is a clear and objective business justification for doing so. The new provisions are aimed at preventing any discriminatory practices that may arise from unreasonable language proficiency requirements. For those working in the Latvian internal market only, knowledge of a foreign language will not be considered necessary. Exceptions would be possible under certain circumstances, e.g. when the position involves contact with foreign customers. The amendment can force companies to adjust hiring practices, and to comply with restrictions on foreign language requirements.

**LITHUANIA: PARLIAMENT TO VOTE ON EXTENDED LEAVE**

The Lithuanian Parliament is considering amendments to the legislation governing the length of annual leave for employees. The proposal is to increase the minimum leave entitlement to 22 working days with a five-day working week, or 26 working days with a six-day working week. Those below the age of 18, single parents, and persons with disabilities would be entitled to 27 or 32 working days of leave, respectively. If the Parliament approves the bill, the new regulations are expected to take effect on January 1, 2025. Trade unions support extending the annual leave, but business representatives raised concerns that the extra days off will have a negative impact on corporate finances and will disrupt business operations.

**BULGARIA: NEW EMPLOYMENT REGISTRATION RULES**

A new regulation on employment registration has been adopted in Bulgaria. Changes include establishing a new employment register at the National Revenue Agency and introducing a single electronic labour record to replace the traditional labour books. New regulations will come into effect on June 1, 2025, requiring employers to record employees' length of service. It will be mandatory for employers to submit electronic records of employment, changes, and terminations within seven days. New regulations on employment registration will require companies to switch to an electronic employment registry that ensures timely submission of employment, hiring and termination data, increasing administrative responsibilities and compliance costs.

**POLAND: TAX IMPLICATIONS FOR FOREIGN COMPANIES IN POLAND**

Director of the National Fiscal Information has confirmed in a tax interpretation that a foreign company which continues to work remotely with a Polish employee after their return to Poland may be liable to pay tax on income earned in Poland. For work that is primary and not supplementary in a given business' nature, e.g. the work of a programmer under the scenario considered, any location where remote work is provided can be considered a permanent establishment of the foreign company. Authorities' decision does not preclude offering remote work from abroad. It is still possible to do so in a legally safe manner, but the unfavourable interpretation calls for additional legal and tax review of similar arrangements.

**CZECH REPUBLIC: EMPLOYER'S LIABILITY FOR UNLAWFUL EMPLOYEE ACTIONS**

The Czech Constitutional Court has examined an employer's liability for an employee's wrongful acts against a consumer – and decided that common employer's defence of “exceeding the employee's authority” does not apply when the injured party is a consumer. In such cases, the employer will be liable for the employee's actions but could then seek damages from the offending employee. It will be necessary to closely supervise employees, conduct regular trainings and to be prepared for potential litigation arising from employee wrongdoing.

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