



TURKISH-SERBIAN BUSINESS ASSOCIATION

Dear members and friends,

On this occasion, we provide information and explanations that would draw attention to and explain the most important details that should be fulfilled by every company (regardless of legal form and ownership structure) operating in Serbia, which derives from the labor law.

At the beginning, I would like to mention that non-compliance with the employer's obligations towards employees can cause a number of inconveniences and possible penalties prescribed by law. Not infrequently, the workers themselves who are dissatisfied with the treatment by the employer report the cases to the competent labor inspection services, and during the open processes of control of the business entity, certain irregularities are often found that were not the subject of a specific report, but may lead to the imposition of prescribed sanctions.

First - establishing an employment relationship:

All adults (over 18) have the right to work. When it comes to foreign nationals, the employment relationship can only be concluded after obtaining the necessary work permit.

Persons who are necessary for the company for certain tasks can be engaged contractual employment relationship and outside of employment.

* The employment relationship that the workers conclude with the employer can be:

- Employment based on the employment contract:

1. Full-time 40 hours a week (the most common case),
2. Part-time less than 40 hours per week (eg 50% or 20 hours per week).

Here, in the contract itself, the rights of the workers are defined, which cannot be worse than the rights prescribed by the General Act on employment contracts. As a rule, the

employee's official employment can start a few days before or after the application. Employee applications are made electronically through the portal of the Central Register of Insureds CROSO. In case of unforeseen circumstances, it is possible to register or deregister the employee with a longer time difference, but then it is a procedure for determining the insured's status and it is necessary to submit a series of documents signed by the employee and the employer.

The calculation is done in accordance with the employment and the contracted labor price, with the note that for part-time employees, if they are not employed by another employer for the rest of the time up to 40 hours per week, contributions to the mandatory social insurance must be calculated on the lowest basis for calculating contributions, which is valid as prescribed by law at that moment.

- Employment based on the contract on temporary and occasional jobs:

It is concluded with an employee with whom it is unknown how many hours a month he will be engaged. It is possible that an employee hired on the basis of this contract has 0 hours of work in one month and

30 hours of work in the next. Salary calculation is performed in accordance with the work engagement and the amount of compensation provided for in the contract. It is possible that the company has an obligation to the employee on the basis of this contract of 0 rsd per month if that employee was not employed.

* Hiring workers to perform work without establishing an employment relationship can be:

These contracts are not recorded in the Central Registry but are binding for the signatories (the company on the one hand and the hired person on the other).

- Contract on supplementary work.

With this contract, a person who is already employed full-time by another employer can be hired.

- Service contract.

Its specificity is that persons cannot be hired to perform jobs that are the main activity of the company that hires them (for example, a waiter or cook cannot be hired for jobs in a restaurant, but a designer or painter can be hired).

- Copyright contract.

On this basis, you can pay a professor to give a lecture or train employees.

- Agreement on voluntary work.

Persons may be hired to perform work without compensation.

In addition to everything mentioned above, you can also hire workers by signing a contract with specialized companies that deal with labor leasing or youth cooperatives.

Second - Calculation of obligations during the duration of the employment contract.

Each of the previously mentioned types of employer-employee relationship implies certain details when calculating income. What is common to all cases is that the price of work and other obligations of the employer must be minimal in accordance with the legally prescribed rules at that moment.

In order for this not to be a novel with too many pages, I will focus on what is most important for most employers, which is the employment relationship.

Every employer is obliged to keep records of the presence of workers. The data from this record is used as the authority for calculating the earnings of each individual employee. Considering that in that document / table you can see on which day which employee worked and how much he worked, complex rules are applied when calculating, which stem from the General Act of the Labor Law.

The Labor Law determined that work under certain specific conditions / circumstances must be valued separately through the employee's right to increased earnings.

According to the Labor Law, the employee has the right to an increased salary in the amount determined by the general act and the employment contract, namely:

- 1) for work on a holiday that is a non-working day - at least 110% of the base;
- 2) for work at night, if such work is not valued when determining the basic salary - at least 26% of the basic salary;
- 3) for overtime work - at least 26% of the base;
- 4) on the basis of the time spent at work for each full year of work achieved in the employment relationship with the employer (past work) - at least 0.4% of the base.

An employee has the right to a leave of absence from work with salary compensation (paid leave)

* for a total duration of up to five working days during the calendar year,

- in case of marriage,
- childbirth of the wife,
- serious illness of a member of the immediate family
- and in other cases determined by the general act and employment contract.

The duration of the paid leave referred to in paragraph of this article is determined by the general act and the employment contract.

In addition to the right to leave from paragraph 1 of this article, the employee also has the right to paid leave:

- 1) five working days due to the death of a member of the immediate family;
- 2) two consecutive days for each case of voluntary blood donation, including the day of blood donation.
- 3) change of residence / relocation of the employee

* It happened that someone got married, gave birth and moved in the same year, but I have not yet heard of any employer creating a problem with days off, on the contrary. Admittedly, you don't get five days for moving. Some minimums for relocation are one day, but most employers give two when employees make a request.

To members of the immediate family in the sense of para. 1. and 3. of this article are considered to be the spouse, children, brothers, sisters, parents, adopter, adoptee and guardian.

The employer can grant the employee a leave from para. 1. and 3. of this article for relatives who are not listed in paragraph 4. of this article and for other persons who live in a joint family household with the employee, for the duration determined by the employer's decision.

The general act and employment contract can determine the right to paid leave for a duration longer than the established

duration, in the sense of para. 1 and 3 of this article, i.e. a wider circle of persons from paragraph 4 of this article.

Third part - termination of employment

May be:

- with an agreement reached between the employer and the employee (with or without a stipulated severance pay/remuneration)
- due to violation of the employee's work discipline (possible initiation of a dispute and collection of possible damages) He is not entitled to severance pay.
- due to the employee's lack of certain work skills or qualifications for the tasks entrusted to him (the employee has the option of using the help of the national employment service), he is entitled to severance pay
- due to technological redundancy caused by the reduction of the workload. In this case, a new employee cannot be employed in place of the dismissed employee. (the worker has the option of using the help of the national employment service) has the right to severance pay.

- termination by the employee (the notice period must be respected) there is no right to severance pay
- upon retirement, severance pay is paid.
- due to loss of working ability and other rarer situations.

Both the employee and the employer must comply with the contractual obligations regarding notice periods, except in the case of mutual termination of the employment relationship. The amounts of severance pay/remuneration are prescribed by law.

Fourth part - Specifics of work engagement of foreigners

After completing the procedure of obtaining a work permit, a foreigner can work with an employer with a signed employment contract or can be in the status of an engaged person/employee in a company from another country on the basis of a contract between two companies.

In the first case, due to the bilateral relationship between Serbia and other countries and the signed agreement on prevention of double taxation, the employee would have to terminate the employment relationship in the company in Turkey and then start the employment relationship in Serbia with all rights and obligations. In this case, he could use subsidies for newly settled persons if the other legally prescribed conditions are met.

The second case of workers sent to work in Serbia is common, but it carries with it a certain risk for the worker himself. The employee himself becomes a tax resident if he spends more than 182 days in Serbia during one year. If this happens, he must submit an appropriate tax return documenting the income he earned in Turkey while working in Serbia, and then the obligation to pay any tax liability, if any, arises.

I sincerely hope that all of the above will be of use. As always, we are at your disposal for all the details.