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SERBIA: EMPLOYMENT

Amendments to the Labor Law

(Zakon o dopuni Zakona o radu, Službeni glasnik RS No. 54/2009)

In hope of forestalling the rise of unemployment rate in Serbia, the National Assembly of Serbia adopted an amendment to the Labor Law dealing with paid leave. Prior to the amendments, the employer was entitled to send its employees on paid leave only in case of interruption of work process. As a result of the amendment, paid leave will also be possible in the event of decrease of work volume. Furthermore, paid leave can now last for more than 45 days (earlier maximum), subject to prior approval of the Labor Minister who must consult the relevant trade union. For the duration of paid leave, the employee is entitled to at least 60% of his/her average salary earned in the 3-month period preceding the leave, but in any event no less than the amount of minimum wage in Serbia (currently RSD 87.00 or approx. EUR 0.90 net per working hour).

SERBIA: COMPETITION-STATE AID

LAW ON CONTROL OF STATE AID

(Zakon o kontroli državne pomoći, Službeni glasnik RS No. 51/2009)

Serbia has received its first Law on Control of State Aid. This is an important event within the process of harmonization with EU law, especially having in mind that Serbia has a record of subsidizing commercial activities. The law is substantially similar to laws on state aid adopted by other countries in the region.

State aid is defined as any actual or potential expenditure made by the state, autonomous province, local municipality or legal entity financed from the budget, which places the beneficiary of such aid (i.e. company or other person using the state aid in its business activity) in a more favorable position compared to his competitors. Decreased public revenue also qualifies as state aid under the said conditions.

The basic principle is that any state aid which distorts or threatens to distort competition is prohibited unless expressly allowed. State aid which would be contrary to the obligations of the state under an international agreement is also prohibited.

State aid is permitted in cases of social aid provided to individual consumers, provided that goods are procured without discriminating in relation to their origin, and in cases of emergency procurement related to natural disasters and other extraordinary events.

State aid may be permissible if granted for the purpose of: (1) economic development of areas where the standard of living is abnormally low or where there is serious underemployment; (2) promoting the execution of important projects or remedying a serious disturbance in the economy; (3) facilitating the development of certain economic activities or of certain economic areas; or (4) promoting culture and heritage conservation.

Control and approval of permissible state aid will be conducted by the Commission for State Aid, which is still to be established.

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