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Estonia: Employment protection in relation to business transfers

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Estonia

Phase:

Management

Type: Employment protection in relation to business transfers

Last modified: 27 October, 2017

Native name:

Töölepingu seadus; Võlaõigusseadus

English name:

Employment Contracts Act; Law of Obligations Act

Article

Employment Contracts Act: paragraph 112; Law of Obligations Act: paragraphs 180-182

Description

A definition of business transfer can be found in paragraph 180 of the Law of Obligations Act, which states that the transferor of an enterprise or transfer of part of enterprise (paragraph 185) may undertake to transfer the enterprise to the transferee on the basis of a contract with the transferee. An enterprise may also be transferred pursuant to law. An enterprise comprises the things, rights and obligations relating to and in the service of the management of the enterprise, including contracts relating to the enterprise.

Paragraph 112 of the Employment Contracts Act states that in the event of a business transfer, employment contracts (permanent as well as fixed-term) shall be transferred to the new owner in their original form along with the business, as long as the business continues to operate in the same or a similar economic activity as before. Similarly, according to paragraph 182 of the Law of Obligations Act, obligations concerning the employees (with whom employment contracts have been concluded) that are laid out in the employment contracts are transferred to the new owner of the business in the event of an acquisition. Also, according to the Collective Agreements Act paragraph 11 section 4 states that upon the transfer of an enterprise or an organisationally independent part thereof from one person to another, the relevant collective agreement shall be transferred to the transferee of the enterprise. For the purposes of this Act, business entities which do not belong to an undertaking, and authorities and other organisations are also deemed to be enterprises.

According to the Employment Contracts Act, a business transfer does not warrant sufficient cause to dismiss employees. However, this provision does not apply if the employer is in a state of insolvency.

Comments

No information available.

Cost covered by

Not applicable

Involved actors other than national government

National government only

Thresholds

No, applicable in all circumstances

Sources

- [Source in Estonian: Töölepingu seaduse](#)
- [Source in English: Employment Contracts Act](#)
- [Source in Estonian: Võlaõigusseadus](#)
- [Source in English: Law of Obligations Act](#)

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