related policies

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Czechia: Employment protection in relation to business transfers

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Phase:

Type: Employment protection in relation to business transfers

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Native name: Zákoník práce (zákon č. 262/2006 Sb.)
English name: Labour Code (Act No. 262/2006 Coll.)

Article

338, 339, 339a

Description

The rights and obligations arising from labour relations are transferred from one employer (transferor) to another employer (transferee) under the Labour Code in case of:

- transfer of the employer's activity;
- transfer of part of the employer's activity;
- transfer of employer's tasks;
- transfer of part of the employer's tasks.

In those cases where employees are transferred to a different employer, the existing employment contract is maintained unchanged, only the person of the employer changes. Therefore, the transferee (new) employer does not negotiate with the affected employees new employment contracts. The rights and obligations from a collective agreement are transferred to the transferee for a period during which the collective agreement is in effect; however, no more than until the end of the subsequent calendar year.

The transferee employer is a legal or natural person who is eligible to continue to carry out the duties or activities of the previous employer, or the activities of a similar nature. The transferee employer is considered to be the as such regardless of the legal reason for the transfer (for instance merger, sale of the business) and regardless of whether ownership rights are transferred (for instance lease).

The transferee must assume all existing rights and obligations arising from the previous employment agreements, including all previous benefits rights. Generally, all employees (including employees on fixed-term contracts) performing duties within the transferred activities or assets are automatically transferred.

Comments

The decision of the Supreme Court of the Czech Republic in the judgement No. 21 Cdo 4030/2009 of 9 September 2010 stated that 'the transfer of rights and obligations arising from employment relationships occurs not only in case of the sale of a business or part thereof, the lease of an enterprise or part thereof, the sale of a business in a public auction or in other cases provided for by special laws, but also when the requirements under Article 338, paragraph 2 of the Labour Code are met, that is:

- transfer of the employer's activities or tasks to another (transferee) employer, or
- transfer of part of the activities or tasks of the employer to another (transferee) employer.'

Cost covered by

Employer

Involved actors other than national government

Trade union

Works council

Thresholds

No, applicable in all circumstances

Sources

Restructuring related legislation

> Restructuring case studies

- A lus Laboris Publication (2009) 'Transfers of Undertakings Guide'
- Labour Code (Act. No 262/2006 Coll.)
- Přechod práv a povinností z pracovněprávních vztahů / Transfer of rights and obligations from labor relations (in Czech only)
- Přechod práv a povinností z pracovněprávních vztahů (§ 338 a násl.) // Transfer of rights and obligations from labor relations (Article 338 and follow.) in Czech only

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