



EMPLOYMENT & LABOUR LAW

NEW RULES ON THE EXTRAORDINARY RENEWAL OF FIXED-TERM CONTRACTS

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The law applies to fixed term employment contracts made under the Employment Code that reach their *maximum duration limits* up to two years after the entry into force of the said code, in other words, up to 8 November 2015.

The maximum duration limits to be considered are those established in article 148(1) of the Employment Code or in Law no. 3/2012 of 10 January, (this law introduced the first system of extraordinary renewal of fixed term employment contracts).

The law allows two extraordinary renewals of fixed term employment contracts to which it applies. These renewals are subject to the following limits: (i) the total duration of the extraordinary renewals may not exceed 12 months; (ii) the duration of each extraordinary renewal may not be shorter

than one sixth of the maximum duration of the fixed-term employment contract or of its actual duration, whichever is shorter; (iii) the limit for any fixed-term contract subject to extraordinary renewal to be in force is 31 December 2016.

If these limits are exceeded, the fixed term employment contracts convert into indefinite term employment contracts. The rules and method of calculation of the compensation applicable to fixed-term contracts that are subject to extraordinary renewal under this law are, according to the case, those appearing in the transitional provisions in article 6 of Law no. 69/2013 of 30 August, which introduced the 5th amendment to the Employment Code, or article 345(4-5) of the same code, as amended.

This legislation also imposes an obligation, which comes into effect one year after its entry into force, on the social partners, through the Permanent Committee for Social Dialogue, to prepare an interim report on the results of the application of the new rules.

The law no. 76/2013 is in force as from 8 November 2013.

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