THE LABOUR LAW

(1999,2000,2003) unofficial translation

I BASIC PROVISIONS

ARTICLE 1

This law regulates the conclusion of employment contracts, work hours, salaries, termination of employment contracts, exercise of rights and obligations deriving from employment, conclusion of collective agreements, settlement of collective labour disputes and other issues deriving from employment, unless otherwise provided in another law.

ARTICLE 2

Employment is established by concluding employment contracts between the employer and the employee.

ARTICLE 3

In terms of this law, employer is a natural person or a legal entity providing job to the employee on the basis of the employment contract.

ARTICLE 4

In terms of this law, employee is a natural person who is employed on the basis of the employment contract.

ARTICLE 5

A person seeking employment, as well as a person who becomes employed shall not be discriminated based on race, color, sex, language, religion, political or other opinion, national or social affiliation, financial situation, birth or any other circumstances, membership or non-membership in a political party, membership or non-membership in trade union, and bodily or mental problems regarding engagement, education, promotion, work conditions and requirements, canceling the employment contract and other issues deriving from employment. In terms of paragraph 1 of this Article, the following differences are not excluded:

1. differences made in good intentions, based on certain requirements which relate to a specific job;
2. differences made in good intentions, based on the incapability of the employee to carry out the work envisaged for a specific job or to complete the necessary specialization for work, provided that the employer or the person providing specialization have made a reasonable effort to adjust the work or the training for that employee or to provide another job or specialization, if possible;
3. activities which aim to improve the position of the person who is in an unfavourable economic, social, educational or physical situation. In case of a breach of the provision in paragraph 1 and 2 of this Article:

1. the person whose rights have been violated, may, due to the violation of his rights, bring an action before the competent court;
2.in case the plaintiff submits clear evidence of discrimination which has been prohibited by the provisions of this Article, the defendant is obliged to submit evidence that such a differentiation has not been made based on discrimination;
3) if the court establishes that there is reasonable doubt, it shall impose, in order to secure the application of the provisions of this Article, including employment, returning to work, securing or reestablishing of all rights arising from employment which derive from the employment contract".

ARTICLE 6

(erased from the law)

ARTICLE 7

(erased from the law)

ARTICLE 8

(erased from the law)

ARTICLE 9

Employees shall be entitled, at their own discretion, to organize a trade union, and become members of it, in accordance with the statute or the rules of that trade union.

Employers shall be entitled, at their own discretion, to form employers' associations, to become members of it, in compliance with the statute or the rules of that association.

Trade union and employers' organizations may be founded without any prior approval.

ARTICLE 10

Employees and employers shall suitably decide on their joining or leaving the trade union or the employers' association.

An employee or an employer may not be discriminated based on his membership or non-membership in the trade union or in the employers' organization.

ARTICLE 10 a

Employers and associations of employers are prohibited to:

1. interfere with the establishment, functioning or management of the trade union;

2. help the trade union with the aim to control the trade union.

The trade union is prohibited to interfere with the establishment, functioning or management of the association of employers.

ARTICLE 11

Legal activity of trade union or employer's associations may not be forbidden either permanently or temporarily.

ARTICLE 12

The collective agreement, the rulebook or the employment contract may not determine fewer rights than determined by this law, unless otherwise provided in this or another law. The collective agreement, the rulebook or the employment contract may not determine better rights than those determined by this law, unless otherwise provided in this or another law.

ARTICLE 13

(erased from the law)

II CONCLUSION OF EMPLOYMENT CONTRACTS

ARTICLE 14

(erased from the law)

ARTICLE 15

An employment contract may not be concluded with a person younger than 15 years of age. A person between 15 and 18 years of age (hereinafter referred to as: a minor) may be employed providing that he/she has the general health ability to perform those jobs, established by a competent doctor or health institution.

ARTICLE 16

(erased from the law)

ARTICLE 17

(erased from the law)

1. PROBATIONARY PERIOD

ARTICLE 18

Probationary employment period may be agreed upon in conclusion of the employment contract.

The probationary employment period from paragraph 1 of this Article may not exceed six months.

If probationary period has been agreed upon, the dismissal notice period shall be at least seven days.

2. EMPLOYMENT CONTRACT FOR AN UNDEFINED OR DEFINED PERIOD

ARTICLE 19

Employment contract shall be concluded for: 1. an indefinite period; 2. a definite period. The employment

contract which does not contain data regarding duration will be considered an employment contract for an indefinite period. The employment contract for a definite period may not be concluded for a period longer than two years. If the employee concludes with the same employer the employment contracts for a definite period in succession for a period longer than two years without interruption, such a contract shall be considered an employment contract for an indefinite period, unless otherwise stipulated in the collective agreement.

ARTICLE 20

The cancellation of the employment contract from Article 19, paragraph 4 of this law, will not be assumed as cancellation in the following cases:
1. annual holidays,
2. sick leave,
3. maternity leave,
4. absence from work in compliance with the law, the collective agreement, the rulebook or the employment contract,
5. the period between the cancellation of the employment contract and the day of returning to the job on the basis of a court decision or other organ, in compliance with the law, the collective agreement, the rulebook or the employment contract

6. absence from work with the consent of the employer

7. a time period of 15 days between the employment contracts with the same employer, unless otherwise stipulated in the collective agreement.

3. CONTENTS OF THE CONCLUDED EMPLOYMENT CONTRACT

ARTICLE 21

An employment contract may be concluded in written or oral form. In the written form, an employment contract shall specifically contain the following information:

1. name and seat of the employer;
2. name, last name, residence or domicile of the employee;
3. duration of the employment contract;
4. start day of employment;
5. location of employment;

6. working position an employee is employed for and a brief job description;
7. length and schedule of work hours;
8. salaries, additions to salaries, benefits, and periods of payment;
9. duration of annual leave;
10. dismissal notice duration which is to be abided by both the employee and the employer;
11. other information related to the terms of employment as determined in the collective agreement.

Instead of the information from paragraph 2, points 7 through 11 of this Article, an employment contract may designate the corresponding law, collective agreement or rulebook regulating these issues.

ARTICLE 21 a

If the employer does not conclude with the employee an employment contract in written form from Article 21 of this law, the employer is obliged to supply the employee with a written statement which contains information from Article 21, paragraph 2 of this law.

The written statement from paragraph 1 of this Article shall be given to the employee by the employer:

1. within one month from the start day of employment in case an employment contract for an indefinite period has been concluded;
2. no later than the start day of employment in case an employment contract for a definite period has been concluded.

If the employer does not supply the employee with a written statement on an employment contract for a definite period, such a contract will be considered an employment contract concluded for an indefinite period, unless otherwise stipulated in the collective agreement, or the employer proves that the employment contract had been concluded for a definite period.

ARTICLE 22

If an employee is sent to work abroad, a written employment contract shall be concluded before departure of the employee abroad, containing the following work terms:

1. duration of employment abroad;
2. the currency of payment of salary and other receipts in cash and kind to which the employee is entitled during working abroad;
3. terms of return to the country.

4. INFORMATION WHICH MAY NOT BE REQUIRED

ARTICLE 23

In concluding employment contracts, an employer may not require the employee to provide information, which is not directly related to the nature of the work activity performed, by the employee.

ARTICLE 24

Personal data on the employee may not be gathered, processed, used or supplied to third persons, unless if this is determined by the law or if this is necessary to exercise the rights and obligations deriving from employment.

III TRAINING, QUALIFICATION AND SPECIALIZATION FOR WORK

ARTICLE 25

An employer may, in accordance with the needs of employment, provide training, qualification and specialization for work.

An employee is obliged, in accordance with his capabilities and the needs of employment, become trained, qualified or specialized for work.

In changes or introduction of new methods or organization of work, the employer is obliged to provide to the employee training, qualification or specialization for work.

The terms and method of training, qualification and specialization for work from paragraphs 1 and 2 of this Article shall be regulated in a collective agreement or rulebook.

1. RECEIVING EMPLOYEES IN TRAINING

ARTICLE 26

An employer may conclude an employment contract with an employee in training for such a period as is regulated for a specific profession.

The contract shall be concluded in written form. A copy of the contract will be sent by the employer to the competent employment service for evidencing and control, within five days upon the conclusion of the contract.

An employee in training is a person who has completed secondary or higher school, or university, employed for the first time in that profession, for the purpose of passing the expert examination or for independent work.

During the training period, the employee in training is entitled to an allowance of at least 80% of the minimum salary. The employer and employee in training may stipulate a larger amount of the allowance, depending on the qualifications of the employee in training.

The employer insures the employee in training in case of injury at work or professional disease, while the competent employment service provides the employee with health insurance.

The employee in training is entitled to a break during work, daily break between two days in succession and a weekly rest.

ARTICLE 27

After completed training period, the employee shall pass the expert examination, in accordance with the law, the rule of the canton or the rulebook.

2. VOLUNTEER WORK

ARTICLE 28

If the expert examination or the work experience stipulated in the law or in the rulebook, is the requirement to perform the jobs of a certain profession, the employer may

receive the person completing education for such a profession for expert qualification for independent work, without employment (volunteer work).

The volunteer work contract shall be concluded in writing. A copy of the contract shall be sent by the employer to the competent employment service for evidencing and control, within five days upon the conclusion of the contract.

The volunteer work may last as long as the training duration is determined, by the law, for a specific profession.

The period of volunteer work shall be counted into the training period and into the work experience as a requirement for work on specific jobs or for the passing of the expert examination.

In the course of performing volunteer work, the person is entitled to health insurance as determined by regulations for unemployed persons.

For insurance in case of injury at work or professional disease, the employee pays the competent employment service 35% of the minimum salary for every volunteer.

The volunteer is entitled to breaks during work, daily break between two successive workdays and weekly rest.

IV WORK HOURS

ARTICLE 29

Full work hours of an employee shall not exceed 40 hours weekly.

ARTICLE 30

An employment contract may also be concluded for part-time work.

An employee, who has concluded employment contract for part-time work, may conclude a number of such contracts in order to complete his work hours in that manner.

A part-time employee shall exercise all the rights deriving from employment like a full-time employee, except for the

rights depending on the duration of work hours (salary, allowances, etc.) in compliance with the collective agreement, rulebook or employment contract.

ARTICLE 31

On the jobs where, irrespective of the safety measures, it is not possible to protect employees from harmful effects, the work hours shall be decreased in proportion to the harmful effect of the work conditions on the health and working ability of the employees.

The jobs from paragraph 1 of this Article and the duration of work hours shall be determined in the rulebook and employment contract, in compliance with the law.

In exercise of the rights to salary and other rights deriving from employment and in relation to employment, decreased work hours in terms of paragraphs 1 and 2 of this Article shall be equaled with full-time work hours.

ARTICLE 32

In case of force major (fire, earthquake, flood) or sudden increase in the volume of work, as well as in other similar cases of emergency need, an employee, at the request of the employer, is obliged to work longer hours than his/her full work hours (overtime work), up to 10 hours weekly.

If the overtime work of an employee exceeds three weeks in continuity or exceeds 10 weeks during one calendar year, the employer shall report the overtime work to the authority in charge of labour inspection of the canton (hereinafter referred to as: the labour inspection of the canton).

The employee can, voluntarily, at the request of the employer, work overtime, up to 10 more hours weekly.

No overtime work is allowed for minor employees.

A pregnant woman, mother or a adoptive parent with a child of up to three years of age, or a self-sustaining parent or adoptive parent with a child of up to six years of age, may work overtime if he provides a written statement of voluntary consent to such work.

The labour inspection of the canton shall forbid overtime work introduced contrary to paragraphs 1, 2, 3, 4 and 5 of this Article.

ARTICLE 33

If the nature of the job so requires, full work hours may be re-distributed so that during one period it lasts shorter, and in another period it lasts longer than the full work hours, whereby the average work hours may not exceed 52 hours weekly, and for seasonal jobs they may not exceed 60 hours weekly.

If re-distribution of the work hours has been introduced, average work hours during one calendar year or another period determined in a collective agreement may not exceed 4o hours weekly.

If re-distribution of work hours has been introduced, such work hours shall not be considered overtime work.

ARTICLE 34

Work in the period between 22 hours in the evening and 6 hours in the morning of the following day, and in agriculture between 22 hours and 5 hours in the morning, shall be considered night work, unless for a specific case the law, the rule of the canton or a collective agreement stipulates otherwise.

If work is organized in shifts, the shift schedule shall be regulated in the collective agreement, rulebook or the employment contract.

ARTICLE 35

(erased from the law)

ARTICLE 36

Night work of minor employees shall be restricted.

For minor employees in industry, work in the period between 19 hours in the evening and 7 hours in the morning of the next day, shall be considered night work.

For minor employees not employed in industry, work in the period between 20 hours in the evening and 6 hours in the morning of the following day shall be considered night work.

Exceptionally, minor employees may temporarily be exempted from the restriction of night work in case of major breakdowns, force major and protection of interests of the Federation, based on the approval of the competent authority of the canton.

V BREAKS, LEAVE AND ABSENCE FROM WORK

1. BREAKS

ARTICLE 37

A full-time employee shall be entitled to a break during daily work in the duration of at least 30 minutes.

Exceptionally, employer is obliged to provide to employee a break from paragraph 1 of this Article in duration of one hour for one day during the workweek, upon his/her request.

The break time from paragraph 1 and 2 of this Article shall not be counted in work hours.

The method of using the break from paragraph 1 and 2 of this Article shall be regulated by the collective agreement, rulebook and employment contract.

ARTICLE 38

An employee shall be entitled to daily break between two successive workdays in the duration of at least 12 hours without interruption.

Exceptionally, during work on seasonal jobs, an employee shall be entitled to the break from paragraph 1 of this Article in the duration of at least 10 hours without interruption, and for minor employees in the duration of at least 12 hours without interruption.

ARTICLE 39

An employee shall be entitled to weekly rest in the duration of at least 24 hours without interruption, and if it is necessary that s/he works on the day of her/his weekly break, s/he shall be provided one day in the period determined based on the agreement between the employer and the employee.

ARTICLE 40

(erased from the law)

ARTICLE 41

For each calendar year, the employee shall be entitled to paid annual leave in the duration of at least 18 working days.

An underage employee shall be entitled to annual leave in the duration of at least 24 working days.

An employee working on the jobs on which, irrespective of the safety measures, it is not possible to protect him from harmful effects, shall be entitled to annual leave in the duration of at least 30 working days.

The jobs and the duration of leave from paragraph 3 of this Article shall be regulated in the law, the rule of the canton, collective agreement or rulebook.

ARTICLE 42

An employee receiving employment for the first time or having intermission of work between two employment exceeding eight days, shall be entitled to annual leave after six months of continuous work.

If an employee has not acquired the right to annual leave in terms of paragraph 1 of this Article, s/he shall be entitled to use at least one day of the annual leave for each completed month of work, in accordance with the collective agreement, rulebook and employment contract.

Leave from work due to temporary incapacity for work, maternity, military service or other leave not conditioned

by the will of the employee shall not be considered an intermission of work from paragraph 1 of this Article.

ARTICLE 43

The duration of annual leave exceeding the shortest one as prescribed in this law shall be determined in a collective agreement, rulebook or employment contract.

The duration of annual leave shall not include the period of temporary incapacity for work, the time of non-working holidays, nor other leave from work recognized and calculated into the employee's insurance record.

If the work is organized in less than six working days in a week, in determining the duration of the annual leave, it shall be assumed that work hours are distributed into six working days, unless otherwise regulated in a collective agreement, rulebook or employment contract.

ARTICLE 44

Annual leave may be used in two parts.

If an employee is using annual leave in parts, the first part shall be used without interruption in the duration of at least 12 working days in the course of a calendar year, and the second part shall be used no later than June 30th of the next year.

An employee is entitled to use one day of annual leave when s/he so wishes, with the obligation to inform the employer to this effect at least three days before its use.

ARTICLE 45

An employee may not waive her/her right to use annual leave.

An employee may not be denied the right to use annual leave, nor may s/he be paid in lieu use of annual leave.

2. ABSENCE FROM WORK

ARTICLE 46

An employee shall be entitled to paid absence from work of up to seven working days in one calendar year - paid leave in the case: marriage, wife's confinement, serious disease or death of a family or household member.

Family member, in terms of paragraph 1 of this Article, shall include: spouses or extramarital partners, a child (from marriage, extramarital, adopted child, adopted child of a spouse, or parentless child taken for support), father, mother, adoptive father, adoptive mother, foster parent, grandfather and grandmother (by father and mother), brothers and sisters.

An employee shall also be entitled to paid absence in other cases and over periods determined in the rule of the canton, collective agreement or rulebook.

ARTICLE 47

An employer may, at the request of the employee, approve the employee to use absence from work without salary compensation - unpaid absence from work.

Exceptionally, employer is obliged to enable employee to be absent from work up to four days during one calendar year, to meet his religious/traditional needs, and the absence of two days shall be used with salary compensation - paid absence from work.

During the absence from paragraph 1 of this Article, the rights and obligations of the employees acquired through employment and deriving from employment shall be at rest.

VI PROTECTION OF EMPLOYEES

ARTICLE 48

Employer has a duty to provide the employee the opportunity to familiarize her/himself with the labour regulations and safety protection regulations within 30 days from the day the employee's start day.

Employer has a duty to equip the employee for work in the manner securing protection of life and health of the employee and preventing accident occurrence.

ARTICLE 49

Employer has a duty to secure the necessary safety conditions to secure protection of life and health of the employee, in accordance with the law.

ARTICLE 50

Employee is entitled to refuse to work if her/his life or health is immediately threatened due to the fact that no prescribed safety measures have been enforced and he is obliged to report this immediately to the labour inspection of the canton.

1. PROTECTION OF MINORS

ARTICLE 51

A minor may not work on particularly hard manual works, works underground or under water, nor on other jobs which could have a harmful effect or increased risk to his life or health, development or moral, given his psycho-physical qualities.

The Federal Ministry shall issue a separate regulation to determine the jobs from paragraph 1 of this Article.

The labour inspector of the canton shall forbid the work of minors on the jobs in terms of paragraph 1 of this Article.

2. PROTECTION OF WOMEN AND MATERNITY

ARTICLE 52

A woman may not be ordered nor assigned to work underground (in mines), except women performing management which does not require manual work or women performing health and social protection jobs, as well as women in education who must spend part of the time in underground parts of mines, or must enter underground parts of mines to perform non-manual works.

ARTICLE 53

An employer may not refuse to employ a woman for her pregnancy, or cancel her employment contract because of her condition, or assign her to other jobs, except in cases from Article 54, paragraph 1 of this law.

ARTICLE 54

During pregnancy or weaning of child, a woman may be assigned to other jobs if this is in the interest of her health condition as established by the certified medical doctor.

If an employer is not able to secure assignment of the woman in terms of paragraph 1 of this Article, the woman shall be entitled to paid absence from work, in accordance with the collective agreement and rulebook.

The temporary assignment from paragraph 1 of this Article may not result in reduction of the woman's salary.

The employer may dislocate the woman from paragraph 1 of this Article into other place of work only with her written consent.

ARTICLE 55

During pregnancy, confinement and care of the baby, the woman shall be entitled to maternity leave in the duration of one year without interruption

Based on the finding of a certified medical doctor, the woman may start maternity leave 28 days before birth giving.

The woman may use shorter maternity leave, but no shorter than 42 days after confinement.

ARTICLE 56

The father of the child, or the adoptive parent, may use the right from Article 56, paragraphs 1 and 3 of this law in the case of death of the mother, in case the mother abandons the baby or if for justified reasons she is prevented from using this right.

ARTICLE 57

After expiry of maternity leave, a woman with the baby of up to one year of age shall be entitled to work half work hours, and for twins, third or each following child she shall be entitled to work half work hours up to the completion of two years of age of her baby, unless the rule of the canton stipulates for extended duration of this right.

The right from paragraph 1 of this Article may also be used by the employed father of the baby, if the woman works full work hours in that period.

ARTICLE 58

After expiry of one year of the baby's life, one of the parents shall be entitled to work half work hours up until three years of age of the baby, if the baby, according to the finding of the certified health institution, requires intensified care.

The right from paragraph 1 of this Article shall also be used by the adoptive parent or the person taking care of the child, in case of death of both parents, if parents abandon the child or if they are not able to take care of the child.

ARTICLE 59

A woman working full work hours after using her maternity leave shall be entitled to be absent from work twice daily in the duration of one hour each time for the purpose of weaning the baby, based on the finding of the certified medical doctor.

The woman may use the right from paragraph 1 of this Article up until the completed one year of age of the baby.

The absence time from paragraph 1 of this Article shall be counted into the full work hours.

ARTICLE 60

If a woman gives birth to a dead baby or if the baby dies before the expiry of maternity leave, she shall be entitled to extend maternity leave by such time as, according to the

finding of the certified medical doctor, is necessary to rehabilitate from birth giving and the psychical condition caused by the loss of the baby, nor less than 45 days from the confinement or the death of the baby, during which time she shall be entitled to the rights deriving from maternity leave.

ARTICLE 61

One of the parents may absent from work up until the completed three years of age of the baby, if this is stipulated in the collective agreement or the rulebook.

During absence from work in terms of paragraph 1 of this Article, the rights and obligations deriving from employment shall be at rest.

ARTICLE 62

During use of maternity leave, the employee shall be entitled to payment of salary in accordance with the law.

During working half work hours from Articles 57 and 58 of this law, for the half full work hours s/he is not working, s/he shall be entitled to payment of salary in accordance with the law.

ARTICLE 63

One of the parents of a child with serious retardation in development (of a seriously handicapped child) shall be entitled to work half full work hours, in case this is a self-sustaining parent or that both parents are employed, provided that the child is not accommodated in a social welfare/health care institution, based on the findings of the competent health care institution.

The parent using the right from paragraph 1 of this Article shall be entitled to receive salary in accordance with the law.

The parent using the right from paragraph 1 of this Article may not be ordered to work nights, to work overtime nor may be his place of work be changed, unless s/he has provided her/his written consent to that effect.

3. PROTECTION OF EMPLOYEES TEMPORARILY OR PERMANENTLY INCAPABLE OF WORKING

ARTICLE 64

An employer may not cancel employment contract to an employee who has suffered injury at work or has developed a professional disease, during the period of his temporary incapacity for work.

Exceptionally, in cases and over the period from paragraph 1 of this Article, the employer may not cancel an employment contract to an employee concluded for a defined period, in accordance with this law.

ARTICLE 65

Injury at work, disease or professional disease may not have any harmful effect on the exercise of the rights for the employee deriving from employment.

An employee who has temporarily been incapacitated for work due to injury or injury at work, disease or professional disease, after treatment and rehabilitation established by the competent health care institution or the certified medical doctor as being able to work, shall be entitled to return to the jobs he worked on before occurrence of the temporary incapacity for work or to other appropriate jobs.

An employee is obliged to inform the employer on the temporary incapacity for work within three days from the occurrence of the incapacity.

ARTICLE 66

If the competent institution establishes reduced working capacity or immediate risk of occurrence of disability with the employee, the employer is obliged to supply her/him a written offer for other jobs for which the employee is capacitated.

The employee suffering from injury at work or from a professional disease shall have advantage in expert training, qualification or specialization organized by the employer.

ARTICLE 67

Only with the previous consent of the works council, the employer may cancel employment contract to an employee with a reduced working ability or immediate risk of occurrence of disability.

VII SALARIES AND COMPENSATIONS FOR SALARIES

1. SALARIES

ARTICLE 68

Employees' salaries shall be determined in collective agreement, rulebook or employment contract.

ARTICLE 69

Collective agreement and rulebook shall regulate the lowest salary, and the terms and methods of its coordination.

The employer bound by the collective agreement or rulebook may not calculate and pay the employee a salary lower than the salary determined in the collective agreement, rulebook or employment contract.

ARTICLE 70

Collective agreement, rulebook or employment contract shall determine the periods of salary payments which may not exceed 30 days.

In payment of salary, the employer is obligated to supply the employee with a written calculation of the salary.

Individual payments of salary shall not be public.

ARTICLE 71

An employee shall be entitled to increased salary for intensified hardships of work, overtime work and night work, and for work on Sundays or holidays or any other day which is in the law determined to be a non-working day, in accordance with the collective agreement, rulebook or employment contract.

2. SALARY COMPENSATION

ARTICLE 72

An employee shall be entitled to salary compensation for the period s/he does not work due to justified cases stipulated in the law, the rule of the canton, collective agreement or rulebook (annual holidays, temporary incapacity to work, maternity leave, paid absence, or the like).

The period from paragraph 1 of this Article for which the compensation is paid at the expense of the employer, shall be determined in the law, the rule of the canton, the collective agreement, rulebook or employment contract.

An employee shall be entitled to compensation for salary, during the interruption of work which has been caused by circumstances for which the employee is not to blame (force major, temporary stoppages in the production, and the like), in accordance with the collective agreement, rulebook and employment contract.

An employee refusing to work because no prescribed safety measures have been enforced, shall be entitled to compensation of salary in the amount as though s/he has worked, during the time until the prescribed safety measures are enforced, unless s/he is assigned to other appropriate jobs during this period.

3. PROTECTION OF SALARY AND SALARY COMPENSATION

ARTICLE 73

An employer may not, without the consent of the employee, collect his claim against him by denying payments of salary or a part of it, that is, by denying payments of salary compensations or salary compensation parts.

ARTICLE 74

Up to the half of salary or salary compensation of an employee may be forcibly arrested for the purpose of fulfilling the obligation of legal support, and for other obligations no more than one third of the employee salary may be forcibly arrested.

VIII INVENTIONS AND TECHNICAL IMPROVEMENTS OF EMPLOYEES

ARTICLE 75

An employee is obligated to inform the employer on the invention or the technical improvement he has created at work or in relation to work.

Inventions or technical improvements in terms of paragraph 1 of this Article are inventions or technical improvements as determined in the law.

The employee is obliged to keep the information on the invention or technical improvement as a business secret s/he may not communicate to a third party without the approval of the employer.

The employer shall be entitled to be the first who shall be offered to buy the invention or technical improvement from paragraph 1 of this Article, under the condition to state his position on the employee's offer within 30 days as of the day being informed from the paragraph 1 of this Article.

ARTICLE 76

(erased from the law)

IX BAN OF COMPETITION BETWEEN THE EMPLOYEE AND THE EMPLOYER

ARTICLE 77

Without the approval of the employer, the employee may not, for his own or other's account, transact business in the activity performed by the employer.

ARTICLE 78

The employer and the employee may conclude a contract, for a certain period after the termination of the employment contract, which may not exceed two years from the day of termination of such contract, that the employee may not be employed with another person in market competition with the employer and that s/he may not, either for her/his own or for the account of a third party, transact business in which s/he competes with the employer.

The contract from paragraph 1 of this Article may be an integral part of the employment contract.

ARTICLE 79

The contracted ban of competition shall bind the employee only if by the contract the employer has taken over the obligation, during the period of ban, to pay compensation to the employee at least in the amount of half of the average salary paid to the employee in the period of three months before termination of the employment contract.

The compensation from paragraph 1 of this Article shall be paid by the employer to the employee in the end of each calendar month.

The amount of compensation from paragraph 1 of this Article shall be coordinated in the manner and under the terms determined by collective agreement, rulebook or employment contract.

ARTICLE 80

The terms and the method of termination of competition ban shall be regulated in the contract between the employer and the employee.

X COMPENSATION OF DAMAGE

ARTICLE 81

An employee, who at work or in relation to the work deliberately or due to ultimate negligence causes damage to the employer, is obligated to compensate for that damage.

If the damage is caused by a number of employees, each employee shall be held liable for the part of the damage he has caused.

If it is not possible to establish the part of damage caused by each respective employee, it shall be assumed that all the employees are equally responsible and they shall compensate the damage in equal parts.

If a number of employees have caused damage by perpetrating a deliberated crime, they shall be held jointly and severally liable for the damage.

ARTICLE 82

If the compensation for the damage may not be established in the exact amount or the establishment of its amount would cause disproportional expenses, the collective agreement or rulebook may envisage that the amount of damage compensation shall be determined in a flat rate amount, as well as the method of determining the flat rate amount and the authority to determine this amount and other issues related to such compensation.

If the damage caused is much higher than the determined flat rate amount for the compensation of damage, the employer may request compensation in the amount of the actually caused damage.

ARTICLE 83

An employee at work or in relation to work deliberately or due to ultimate negligence causes damage to a third party, and the employer has compensated the damage, he is obliged to compensate the employer for the amount of compensation paid to the third party.

ARTICLE 84

A collective agreement or rulebook shall determine the terms and method of reduction or exemption of the employee from the obligation to pay for the damage.

ARTICLE 85

If an employer suffers damage at work or in relation to the work, the employer is obligated to compensate the employee for this damage according to the general provisions of the obligations law.

XI TERMINATION OF THE EMPLOYMENT CONTRACT

1. METHOD OF TERMINATION OF EMPLOYMENT CONTRACT

ARTICLE 86

The employment contract shall terminate in the following cases:

1. by the death of the employee;
2. by agreement between the employer and employee;
3. once the employee completes 65 of age and 20 years of insurance record, or 40 years of insurance record, unless the employer and employee agree otherwise;
4. on the day of delivery of a final decision determining the complete work disability;
5. by cancellation of the employer or the employee;
6. by expiry of the period for which a contract has been concluded for a definite period;
7. if the employee is convicted to serve a prison punishment longer than three months - on the day when s/he starts the serving of his punishment;
8. if the employee is imposed a security, corrective or protection measure in the duration exceeding three months - on the date of beginning of implementation of that measure;
9. by the decision of the competent court resulting in the termination of employment.

2. CANCELLATION OF THE EMPLOYMENT CONTRACT

ARTICLE 87

An employer may cancel the employment contract with the prescribed cancellation period, in case of:

1. if such a dismissal is justified for economic, technical or organization reasons, or

2. if the employee is not able to perform her/his duties deriving from employment.

The employer may cancel the employment contract in the above mentioned situations if the employer, given the capacity and the economic situation of the employer and the possibilities of the employee, cannot reasonably be expected to engage the employee on other jobs or train or qualify her/him for performing other jobs.

ARTICLE 88

The employer may cancel the employment contract to the employee, without the obligation to abide by the proper cancellation period, when the employee is responsible for a serious offence, or a serious breach of the obligations deriving from the employment contract, thus the

continuation of employment by the employer cannot reasonably be expected.

In case of a less serious offence or breaches of the obligations deriving from the employment contract, the employment contract may not be cancelled without a prior written warning to the employee.

The written warning from paragraph 2 of this Article contains a description of the offence or the breach of the obligations for which the employee is assumed responsible, as well as a instruction of the potential dismissal without abiding by the proper cancellation period in case such an offence is repeated.

The collective agreement or the rulebook may regulate the sorts of offence or breaches of work obligations from paragraph 1 and 2 of this Article.

ARTICLE 88 a

The employee may cancel the employment contract without the obligation to abide by the proper cancellation period, when the employer is responsible for the offence or breach of obligations deriving from the employment contract, thus the continuation of employment by the employee cannot reasonably be expected.

In case of cancellation of the employment contract from paragraph 1 of this Article, the employee is entitled to all the rights in accordance with the law, as if the employment contract had unlawfully been cancelled by the employer.

ARTICLE 89

In case referred to in Article 88 and 88a of this law, employment contract may be canceled within 15 days from the day of learning the fact causing dismissal.

ARTICLE 90

If an employer cancels the employment contract caused by behavior or performance of the employee, he shall be obliged to allow the employee to present his defense, unless circumstances exist which make it unjustified to expect from the employer to proceed so.

ARTICLE 91

If an employee or an employer is canceling the employment contract for reasons referred to in Article 88 paragraph 1 and 2 of this law, the employer shall be obliged, in case of a dispute before the competent court, to prove the existence of a reason for dismissal.

ARTICLE 92

(erased from the law)

ARTICLE 93

It is only with the prior consent of the federal ministry in charge of labour (hereinafter referred to as: the federal ministry) that an employer may cancel the employment contract to a trade union commissioner during her/his mandate and six months after having performed his duty.

3. FORMS AND DURATION OF CANCELLATION PERIOD

ARTICLE 94

Cancellation shall be given in writing.

The employer is obliged to provide the employee with a written explanation of cancellation.

The cancellation shall be served on the employee, or employer, being dismissed.

ARTICLE 95

The cancellation period may not be less than 7 days when the employee is canceling the employment contract, nor less than 14 days when the employer is canceling the employment contract. The cancellation period shall begin to run from the day of serving the cancellation on the employee or the employer.

The specific duration of the cancellation period may be regulated in the collective agreement, the rulebook or the employment contract.

ARTICLE 96

If an employee, upon request of the employer, ceases working before the expiry of the prescribed cancellation period, the employer shall be obliged to pay the compensation of salary to him and to recognize all her/his other rights as though s/he has worked until the expiry of the cancellation period.

If the court finds that the employer's cancellation is unlawful, it can oblige the employer to:

1. return the employee to work, at his request, to the job he has previously been performing or to other adequate jobs and pay him the compensation of salary in the amount the employee would have received if he had worked, as well as compensate the damage,
2. pay the employee the compensation of salary in the amount the employee would have received if he had worked; compensation for damage; the severance allowance to which the employee is entitled to in accordance with the law, the collective agreement, the rulebook or the employment contract; other compensations which the employee is entitled to in accordance with the law, the collective agreement, the rulebook or the employment contract.

An employee contesting the received dismissal may request that the court imposes a temporary measure on his return to work until the resolution of the court dispute.

4. DISMISSAL WITH THE OFFER OF CHANGED EMPLOYMENT CONTRACT

ARTICLE 97

The provisions of this law pertaining to dismissal shall also be applied in the case when the employer cancels the contract, at the same time offering the employee to conclude employment contract under changed terms.

If the employee accepts the offer of the employer from paragraph 1 of this Article, s/he shall reserve the right to contest the acceptability of such change of the contract before a competent court.

5. THE PROGRAM OF MANAGING EXCESS EMPLOYEES

ARTICLE 98

An employer employing over 15 employees, who over a three month period has an intention to cancel employment contracts to 10% of the employees, but to at least five employees, due to economic, technical or organization reasons, shall be obliged to consult with the works council; if the council has not been formed, then with the trade union who represents at least 10% of the employees.

ARTICLE 99

The obligation to consult in terms of Article 98 of this law:

1. is based on a written program which shall be prepared by the employer,
2. the employer shall be obliged to present the program at least 30 days before giving notification on the dismissal of the employees which it refers to.

The employer shall be obliged to present the program referred to in paragraph 1 of this Article to the works council or the trade union before consultation, which contains in particular as follows:

- the reasons for canceling of the employment contracts,
- the number and the category of employees whose employment contracts are to be cancelled,
- the measures which the employer considers as a means to avoid some or all of the cancellations of the employment contracts (e.g. the possibility of employing employees on other jobs, the possibility of retraining, the possibility of reducing the work hours),
- the measures which the employer considers as a means to help the employees find employment with other employers,
- the measures which the employer considers as a possibility to retrain the employees in order to find employment with other employers

If the employer, within a one year period from the cancellation of employment contracts, in terms of Article 98 of this law, intends to employ other employees with

identical qualifications or identical degree of training, the employer shall first offer employment to those employees whose employment contracts had been cancelled.

6. SEVERANCE ALLOWANCE

ARTICLE 100

An employee concluding an employment contract with the employer for an undefined period of time, receiving cancellation of the employment contract from the employer after at least two years of uninterrupted work, unless the contract is being canceled due to default of the obligations arising from employment or due to failure to fulfill the obligations arising from the employment contract on the part of the employee, shall be entitled to receive severance allowance in the amount to be determined depending on the duration of the prior uninterrupted employment with that particular employer.

The severance allowance referred to in paragraph 1 of this Article shall be determined by the collective agreement, the rulebook or the employment contract, whereby the severance allowance may not be less than one average monthly salary of the employee as paid in the last three months before the termination of employment contract.

Exceptionally, instead of severance allowance from paragraph 2 of this Article, employer and employee may agree on other form of compensation.

Way, terms and periods for payment of the severance allowance from paragraph 2 and 3 of this Article, shall be established by written contract between employer and employee.

XII EXERCISE OF RIGHTS AND OBLIGATIONS ARISING FROM EMPLOYMENT

1. DETERMINING THE RIGHTS AND OBLIGATIONS ARISING FROM EMPLOYMENT

ARTICLE 101

The rights and obligations of employees deriving from the employment contract, in accordance with this law, the

collective agreement and other rules, shall be determined by the employer or another authorized person as appointed by the statute or the Articles of incorporation.

If the employer is a natural person, he may issue a written power or attorney to authorize another person of age able to transact business to represent him in exercising of rights and obligations arising from employment or related to employment.

ARTICLE 102

In exercising individual rights arising from employment, an employee may request exercise of such rights from the employer before the competent court or other authorities, in accordance with this law.

2. PROTECTION OF RIGHTS ARISING FROM EMPLOYMENT

ARTICLE 103

An employee believing that her/his employer has violated a right arising from employment may request the exercise of such right from the employer.

The submission of the request from paragraph 1 of this Article shall not prevent the employee to claim that her/his violated right be protected before the competent court.

The employee may bring an action in the competent court for the violation of his/her rights arising from employment within one year from the day of service of the decision violating her/his right, that is, from the day of learning of the violation of her/his right.

In accordance with the law, the collective agreement or the rulebook may stipulate the procedure of settlement of a labour dispute, in which case period for submission of the appeal to the court shall begin to run from the day of termination of this procedure.

In case the procedure does not result in compliance with paragraph 4 of this Article in a reasonable period of time, the employee is entitled to bring an action in the competent court.

ARTICLE 104

The settlement of the labour dispute that has arisen may be assigned by the parties in agreement to arbitration.

The collective agreement shall regulate the composition, the procedures and other issues relevant to the work of the arbitration.

ARTICLE 105

In case of change of the employer or his legal position (for instance by inheritance, sale, merger, joining, separation, change of the company's form or other), the employment contracts shall be transferred to a new employer, with the consent of the employee, in accordance with the collective agreement.

ARTICLE 106

An absolute expiry of statute of limitations on claims arising from employment shall occur within three years from the arising of the claim, unless the law provides otherwise.

XIII RULEBOOK

ARTICLE 107

An employer employing over 15 employees shall bring and publicize a rulebook, regulating the salaries, the work organization and other issues relevant for the employees and the employer, in accordance with the law and the collective agreement.

In bringing the rulebook, the employer shall mandatorily consult with the works council or the trade union.

The rulebook referred to in paragraph 1 of this Article shall be posted on the billboard of the employer, and shall enter into force on the eighth day from the day of publication.

The works council or the trade union commissioner may request from the competent court to pronounce an unlawful rulebook or some of its particular provisions void.

XIV PARTICIPATION OF EMPLOYEES IN DECISION MAKING - WORKS COUNCIL

ARTICLE 108

With an employer regularly employing at least 15 employees, the employees shall be entitled to form the works council to represent them with the employer in protection of their rights and interests.

If no works council has been formed with the employer, the trade union shall have the obligations and the powers related to the powers of the works council, in accordance with the law.

ARTICLE 109

A works council shall be formed at the request of at least 20% of the employees or the trade union.

ARTICLE 110

The method and the procedure for forming the works council, as well as other issues related to the work and functioning of the works council shall be regulated by the law.

XV COLLECTIVE AGREEMENTS

ARTICLE 111

A collective agreement may be concluded for the territory of the Federation, for the territory of one or more than one cantons, for a certain activity, for one or more than one employers.

ARTICLE 112

In concluding the collective agreement, the employees may be represented by one or more than one trade unions, and the employer may be represented by the employer, more than one employer or an association of employers.

If negotiating and concluding the collective agreement involves more than one trade union or more than one

employers, the conclusion of the collective agreement may be negotiated by only those trade unions or employers who have the power of attorney from each individual trade union or employer, in accordance with their statutes.

ARTICLE 113

A collective agreement may be concluded for a definite or indefinite period of time.

A collective agreement shall be concluded in writing.

Unless the collective agreement stipulates otherwise, after the expiry of the period for which it has been concluded, the collective agreement shall be applicable until the conclusion of a new collective agreement.

ARTICLE 114

Collective agreements shall regulate the rights and obligations of the parties having concluded it, and the rights and obligations arising from employment or related to employment, in accordance with the law and other regulations.

Collective agreement shall also regulate the rules of procedures of collective bargaining, the composition and the method of proceeding of bodies authorized for settlement of collective labour disputes.

ARTICLE 115

A collective agreement shall be mandatory for the parties having concluded it, as well as for the parties joining subsequently.

ARTICLE 116

If interest of the Federation exists, the federal minister may expand the application of the collective agreement to include other legal entities as established necessary, not having taken part in its conclusion nor having joined it subsequently.

Before passing the decision to expand the relevance of the collective agreement, the federal minister shall be obliged to request the opinion from the trade union, the employer

or more than one employers or the association of employers, to be included under the collective agreement.

The decision expanding the relevance of the collective agreement may be revoked in the manner determined for its passing.

The decision expanding the relevance of the collective agreement shall be published in the Official Gazette of the Federation of BiH.

ARTICLE 117

Amendments of collective agreements shall be subject to application of this law also applicable to their passing.

ARTICLE 118

The concluded collective agreements and their amendments, for the territory of the Federation or the areas of two or more cantons, shall be submitted to the federal ministry, and all other collective agreements shall be submitted to the competent authority of the canton.

The procedure of submission of collective agreements referred to in paragraph 1 of this Article to the federal ministry or the competent authority of the canton shall be regulated by the federal minister or the competent cantonal minister by a rulebook.

ARTICLE 119

The collective agreement concluded for the territory of the Federation shall be published in the Official Gazette of the Federation of BIH, and for the areas of one or more cantons - in the official bulletin of the canton.

ARTICLE 120

A collective agreement may be canceled in the manner and under terms envisaged in that collective agreement.

The cancellation of the collective agreement shall be mandatorily served on all the contractual parties.

ARTICLE 121

The parties of the collective agreement may petition protection of the rights arising from the collective agreement before the competent court.

XVI SETTLEMENT OF COLLECTIVE LABOUR DISPUTES

1. RECONCILIATION

ARTICLE 122

In case of dispute on the conclusion, application, amendment or cancellation of the collective agreement, or any similar dispute related to a collective agreement (a collective labour dispute), if the parties have not agreed upon the manner for a peaceful settlement of the dispute, the reconciliation procedure shall be conducted in accordance with this law.

The reconciliation referred to in paragraph 1 of this Article shall be conducted by the reconciliation council.

ARTICLE 123

The reconciliation council may be formed for the territory of the Federation, or for the area of the canton.

The reconciliation council for the territory of the Federation shall be formed of three members as follows: the representatives of the employer, of the trade union and a representative elected by the parties in dispute from the list determined by the Federal Minister, and it shall be formed for a four-year period.

The reconciliation council referred to in paragraph 2 of this Article shall pass the rules of procedures before that council.

The administrative jobs for the reconciliation council formed for the territory of the Federation shall be performed by the Ministry.

The costs for the reconciliation council member from the list determined by the Federal Minister shall be paid by the Federal Ministry.

ARTICLE 124

The forming of the reconciliation council for the area of the canton, its composition, its method of work and other issues pertaining to the work of that reconciliation council shall be regulated by the law of the canton.

ARTICLE 125

The parties in the dispute may accept or reject the proposal of the reconciliation council, and if they accept it, the proposal has a legal force and effect of a collective agreement.

The parties in dispute shall inform the Federal Ministry or the competent authority of the canton on the results and consequences of the reconciliation within three days from the day of completion of reconciliation, in accordance with the law of the canton.

2. ARBITRATION

ARTICLE 126

The parties in dispute may agree to entrust the settlement of the collective labour dispute to arbitration.

The appointment of arbiters and of the arbitrary council and other issues related to the arbitration procedure shall be regulated in a collective agreement or consent of the parties.

ARTICLE 127

The arbitration shall base its decision on the law, other regulations, collective agreement and on fairness.

An arbitrary decision shall be substantiated, unless the parties in dispute decide otherwise.

No appeal is allowed against an arbitrary decision.

An arbitrary decision has a legal force and effect of a collective agreement.

XVII STRIKE

ARTICLE 128

The trade union shall be entitled to call upon a strike and conduct it aiming at protection and exercise of economic and social rights and interests of its members.

A strike may be organized only in accordance with the Law on Strike, trade unions' rules on strike and the collective agreement.

A strike may not begin prior to completion of the reconciliation procedure stipulated in this law, that is, prior to conduction of other procedure for peaceful settlement of the dispute on which the parties have consented.

ARTICLE 129

An employee may not be discriminated from other employees for organizing or participating in a strike, in terms of Article 128, paragraph 2, of this law.

An employee may in no manner be forced to participate in a strike.

If an employee proceeds contrary to Article 128, paragraph 2, of this law or if during a strike he deliberately causes damage to the employer, he may be given dismissal, in accordance with the law.

XVIII ECONOMIC-SOCIAL COUNCIL

ARTICLE 130

Aiming at implementing and coordinating the economic and social policy, that is, the interests of employees and employers, and at encouraging conclusion and application of collective agreements and their coordination with the measures of the economic and social policy, the Economic-Social Council may be formed.

The economic-social council may be formed for the territory of the Federation or for the area of a canton.

The economic-social council shall be based on a trilateral cooperation of the Government of the Federation of Bosnia and Herzegovina (hereinafter referred to as: the Government of the Federation), that is, the government of the canton, the trade union and the employer.

The economic-social council referred to in paragraph 2 of this Article shall be formed by agreement of the interested parties regulating the composition, the competencies and other issues of relevance for the work of this council.

The economic-social council referred to in paragraph 2 of this Article shall pass the rules of procedures on its work, to regulate the manner of passing decisions from its scope of work.

XIX SUPERVISION OF IMPLEMENTATION OF LABOUR REGULATIONS

ARTICLE 131

The Federal Labour Inspector shall perform supervision over the implementation of this law and the Federal regulations passed on the basis of this law.

ARTICLE 132

In implementing the supervision, the Federal Labour Inspector shall have powers as determined by the law and the regulations passed on the basis of this law.

The employee, the trade union, the works council and the employer may request the labour inspector to conduct the inspection supervision.

XX SPECIAL PROVISIONS

1. WORK RECORD CARD

ARTICLE 133

An employee shall have a work record card.

The work record card shall be a public document.

The work record card shall be issued by a municipal administration authority in charge of labour issues.

The Federal Minister shall issue the regulation on the work record card to regulate as follows: the content, the issuance procedure, the method of data entry, the procedure of replacement and issuance of new work record cards, the method of keeping the registry book of issued work record cards, the format and method of production, as well as other issues envisaged by the work record card regulations.

ARTICLE 134

On the day of start of her/his employment, the employee shall submit his work record card to the employee, and the employee shall supply the employee with a written acknowledgment to that effect.

On the day of termination of employment, the employer shall return the work record card to the employee, and the employee shall return to the employee the acknowledgment referred to in paragraph 1 of this Article.

The return of the work record card referred to in paragraph 2 of this Article may not be conditioned by potential claims of the employer toward the employee.

ARTICLE 135

In addition to the work record card from Article 134, paragraph 2, of this law, the employer shall also return to the employee all other certificates and documents and at his request he shall issue a letter confirming the jobs s/he worked on and the duration of employment.

The letter of confirmation from paragraph 1 of this Article may not contain the data, which would make the conclusion of a new employment contract more difficult for the employee.

2. TEMPORARY AND PERIODICAL JOBS

ARTICLE 136

For the purpose of completion of temporary or periodical jobs, a contract may be concluded for performing temporary or periodical jobs, under the following terms:

1. that the temporary or periodical jobs are determined in the collective agreement or rulebook;
2. that the temporary or periodical jobs do not constitute jobs for which employment contracts are concluded for indefinite or definite period of time, either full-time or part-time, and that their duration does not exceed 60 days within one calendar year.

A person performing temporary or periodical jobs shall be provided with breaks and leave during work under the same terms as for the full-time employees, as well as other rights in accordance with the pension and disability insurance regulations.

ARTICLE 137

A written contract shall be concluded for the purpose of performing the jobs referred to in Article 136 of this law.

The contract referred to in paragraph 1 of this Article shall contain as follows: the type, the manner, the time frame for completing the jobs and the amount of compensation for the job completed.

3. EFFECT OF MILITARY SERVICE DURING EMPLOYMENT

ARTICLE 138

During military service or reserve military service (hereinafter referred to as: the military service), the rights and obligations of the employee arising from employment shall be at rest.

An employee wishing to continue employment with the same employer after the completion of the military service shall notify him to that effect within 30 days from the day of termination of the military service, and the employer shall be obliged to receive the employee for work within 30 days from the day of the notification by the employee.

The employer shall be obliged to assign the employee having notified the employer in terms of paragraph 2 of this Article to the jobs he performed before starting the military service or to other corresponding jobs, unless the need has ceased for performance of those jobs due to economic, technical or organization reasons in terms of Article 98 of this law.

If the employer is not able to receive the employee to work, due to the cease of need for performance of jobs in terms of paragraph 3 of this Article, he shall be obliged to pay his dismissal allowance as determined in Article 100 of this law, whereby the average salary shall be brought to the level of the salary to be received by the employee if he were working.

If employment terminates for an employee in terms of paragraph 3 of this Article, the employer shall not be allowed to employ another person with the same qualification or the same expert degree within one year, except the persons from paragraph 1 of this Article.

The rights determined in this law in relation to the military service shall also apply to the persons in the service of the reserve police forces.

4. RIGHTS OF REPRESENTATIVES -DELEGATES AND OFFICIALS

ARTICLE 139

An employee elected or appointed to a public position, in the bodies of authority of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina or the cantonal authorities, city and municipality, and an employee elected to perform professional function in trade union, rights and obligations arising from employment shall be at rest at her/his request, for a period not exceeding four years from the day of election or appointment.

The employee from paragraph 1 of this Article shall be suitably subject to application of the provisions from Article 138, paragraphs 2 through 5 of this law.

XXI PENALTY PROVISIONS

ARTICLE 139 a

A fine of 1,000.00 KM to 10,000.00 KM shall be imposed on an employer who is a legal entity for an offense, if:

- fails to conclude an employment contract with the employee (Article 2),

- puts the employed person or the person seeking employment in an unfavorable situation (Article 5)

For an offense referred to in paragraph 1 of this Article, a fine of 1,000.00 KM to 3,500.00 KM shall be imposed on an employer who is a natural person.

For an offense referred to in paragraph 1 of this Article, a fine of 500,00 KM to 1.000,00 KM shall also be imposed on the responsible person with the employer who is a legal entity.

ARTICLE 140

A fine of 1,000.00 KM to 7,000.00 KM shall be imposed on an employer who is a legal entity for an offense, if:

1. fails to give written confirmation in accordance with Article 21a of this law,
2 concludes employment contract not containing the data as prescribed by this law (Article 21),
3. sends the employee to work abroad, without the employment contract containing the prescribed data (Article 22),
4. requests from employee data that are not directly linked to employment (Article 23),
5. gathers, processes, uses, or supplies to third parties the data on the employee (Article 24),
6. fails to conclude the employment contract with the employee in training in a written form or fails to serve a copy of the contract to the competent employment service within five days upon the conclusion of the contract (Article 26),

7. fails to conclude the volunteer work contract in writing or fails to serve a copy of the contract to the competent employment service within five days upon the conclusion of the contract (Article 28),
8. concludes employment contract contracting the full work hours exceeding the legally prescribed ones (Article 29),
9. requires the employee to work longer hours than the reduced work hours on jobs in which, irrespectively of the safety measures, it is not possible to ensure protection from damaging effects (Article 31),
10. requires the employee to work longer than his full work hours (overtime work) contrary to Article 32, paragraph 1 and 3 of this law,
11. fails to inform the cantonal labour inspector on the overtime work he is obliged to inform him of (Article 32, paragraph 2),

12. fails to proceed per the decision of the cantonal labour inspector prohibiting overtime work (Article 32, paragraph 6),
13. orders a minor employee to work overtime (Article 32, paragraph 3),
14. orders overtime work to a pregnant woman, a mother with a child of up to three years of age or a self-supporting parent with a child of up to six years of age, without his written consent (Article 32, paragraph 4),
15. orders night work for a woman employed in industry contrary to Article 35, paragraph 1,
16. orders night work for a minor employee (Article 36),
17. fails to allow an employee to use breaks and leave during work (Article 37),
18. fails to allow an employee to use daily and weekly breaks and leave (Articles 38 and 39),
19. fails to allow an employee to use annual paid holidays in the shortest duration as determined by this law (Article 41, paragraph 1),
20. denies the employee the right to use annual holidays, that is, pays him the payment of compensation in lieu of annual leave (Article 45),
21. fails to allow an employee to use paid leave (Article 46, paragraph 1),
22. assigns a minor employee to work on the jobs contrary to the provisions of this law (Article 51, paragraph 1),
23. employs a woman on an underground job (in mines) (Article 52),
24. refuses to employ a woman because her pregnancy, or cancel her employment contract, or assigns her to other jobs contrary to the provisions of this law (Article 53),
25. reduces salary to a woman contrary to the provisions of this law (Article 54, paragraph 2),
26. displaces a woman contrary to Article 54, paragraph 4, of this law,
27. fails to allow a woman to use maternity leave (Article 55),
28. fails to allow the father or the adoptive parent of the child to exercise the rights from Article 55 of this law, (Article 56),
29. fails to allow to the woman or to the father of the child to work half-time (Article 57),
30. fails to allow to one of the parents or adoptive parents to exercise the right under the terms prescribed in Article 58 of this law,
31. prevents a woman to be absent from work in order to nurse her child (Article59),

32. disallows the exercise of right from Article 63, paragraph 1, of this law to one of the parents or adoptive parents of a seriously handicapped child,
33. dismisses an employee who has suffered injury at work or has developed a professional disease temporarily depriving him of work ability (Article 64),
34. fails to return an employee to the jobs he previously performed or to other appropriate jobs (Article 65, paragraph 2),
35. fails to offer other jobs to an employee (Article 66, paragraph 1),
36. fails to give advantage to an employee in expert training, qualifying or specialization (Article 66, paragraph 2),
37. cancels employment contract to an employee with a reduced work ability or immediate risk of developing disability contrary to Article 67the provisions of this law,
38. pays salary in the amount lower than the one determined in the collective agreement or the rulebook (Article 69, paragraph 2),
39. fails to pay salary within the period as determined in Article 70, paragraph 1 of this law,
40. collects his claim to the employee contrary to Article 74 of this law,
41. terminates the employment contract contrary to Article 87 of this law,
42. disallows the employee the right to present his defense (Article 90),
43. proceeds contrary to Article 93 of this law,
44. fails to serve a dismissal in written form to the employee (Article 94),
45. fails to fulfill his obligations to the employee from Article 96, paragraph 1, of this law,
46. fails to consult the works council in accordance with Article 98 of this law,
47. fails comply with Article 99,
48. concludes employment contract with another employee (Article 99, paragraph 5),
49. discriminates an employee for organizing or participating in strike (Article 129, paragraph 1),
50. prevents or attempts at preventing the Federal Labour Inspector in conducting supervision (Article 131),
51. refuses to return the work record card to an employee (Article 134, paragraph 2),
52. proceeds contrary to the provisions of Articles 136 and 137 of this law,

53. fails to coordinate rulebook within six months from the days of entering this law into force (Article 141),
54. fails to conclude employment contract with an employee within the period of three months from Article 142 of this law,
55. employs another person contrary to the provisions of Article 143, paragraph 6 of this law.

If the offense referred to in paragraph 1 of this Article has been made to a minor employee, the bottom and top limits of the fine shall be doubled.

For an offense referred to in paragraph 1 of this Article, a fine of 500,00 KM to 2,500,00 KM shall be imposed on an employer who is a natural person.

For an offense referred to in paragraph 1 of this Article, a fine of 200,00 KM to 1,000,00 KM shall also be imposed on the responsible person with the employer who is a legal entity.

XXII TRANSITIONAL AND FINAL PROVISIONS

ARTICLE 141

Employers shall be obliged to coordinate their rulebooks with the provisions of this law within six months from the day of its entering into force.

ARTICLE 142

Within three months from entering of this law into force, employers shall be obliged to offer employees to conclude employment contracts in accordance with this law.

An employee not offered by the employer to conclude employment contract referred to in paragraph 1 of this Article shall remain in employment for a definite or indefinite period of time.

The contract from paragraph 1 of this Article may not be more adverse than the terms under which the employment was initially established, that is, under which the labour relations were regulated between the employee and the employer prior to the date of concluding the contract referred to in paragraph 1 of this Article, unless those

issues are otherwise regulated in the provisions of this law.

If an employee fails to accept the offer of the employer to conclude employment contract in accordance with paragraph 1 of this Article, his employment shall be terminated within 30 days from the day of serving the employment contract for conclusion.

If the employee accepts the offer of the employer, believing that the contract offered to him by the employer is not in accordance with paragraph 3 of this Article, s/he may contest the validity of the employer's offer before a competent court within 15 days from the day of accepting the offer.

ARTICLE 143

An employee who is found to be on a waiting list on the date of the entry into force of this law shall continue to have that status not longer than six months from the date of the entry into force of this Law, unless the employer calls the employee back to work before the deadline expires.

An employer who was employed on 31 December 1991 and who addresses her/his employer in writing or personally until 3 months after the entry into force of this law in order to establish working and legal status, while in this period s/he did not establish employment with any other employer, shall also be considered as "employee on hold".

For the duration of her/his waiting status, the employee shall be entitled to salary compensation to the amount fixed by the employer.

If the employee who is on waiting as described in paragraph 1 and 2 of this Article, is not called back to work within the deadline set in paragraph 1 of this Article, her/his employment shall be terminated, and s/he shall be entitled to severance allowance which shall be determined on the basis of the average monthly salary paid at the Federation level, on the date of the entry into force of this law, as published by the Federation Statistics Bureau.

The severance allowance from paragraph 4 of this Article shall be paid to the employee for the whole insurance

record, and shall be determined in a manner that the average salary from paragraph 4 of this Article is multiplied by the following coefficients: insurance record coefficient – up to 5 years 1,33 – from 5 to 10 years 2,00 – from 10 to 20 years 2,66 – over 20 years 3,00.

As an exception, in lieu of the severance allowance, the employer and the employee may come to an agreement on an alternative type of compensation.

The manner, terms and deadlines for payment of the severance allowance referred to in paragraph 4 and 5 of this Article shall be defined in a written contract concluded between the employer and the employee.

If a person's employment terminates pursuant to the above paragraph 4 of this Article, the employer may not hire, within a one year period, a person of the same qualification or the same education level other than the person referred to in the above paragraphs 1 or 2, if the latter is unemployed.

ARTICLE 143 a

An employee believing that her/his employer has violated the right defined in Article 143, paragprahs 1 and 2, may file a complaint within 90 days from the date of the entry into force of this law to the cantonal commission for implementation of Article 143 of the Labour Law (hereinafter referred to as: cantonal commission), which is formed by the cantonal minister in charge of work (hereinafter referred to as: cantonal minister). The appeals to the decisions of the cantonal commission shall be considered by the Federal commission for implementation of Article 143 (hereinafter referred to as: Federal commission), which is formed by the federal minister. In case the cantonal commission does not perform the function it has been formed for, the Federal commission shall take over the competencies of the cantonal commission. If a procedure concerning the rights of the employees from Article 143, paragraph 1 and 2 of this law has been initiated before the competent court, the court shall delegate the request to the cantonal commission and announce the decision on the interruption of the procedure.

ARTICLE 143 b

The members of the federal and cantonal commission are appointed by the federal and cantonal minister on the basis of their professional experience and capabilities to perform this function. The members of the commission must be independent and objective and cannot be appointed among high-ranking officials, nor can they have any political mandates. The Federal ministry and the competent cantonal organ will meet the expenditures of the Federal and the cantonal commission.

ARTICLE 143 c

The Federal and the cantonal commission may:

1. hear the employee, the employer and their representatives

2. call witnesses and experts

3. seek from the government organs and employers to submit all relevant information.

ARTICLE 144

Employees whose employment is at rest in accordance with the regulations applicable before the day of entry into force of this law, and who by this law are not entitled to have employment at rest, shall be entitled to return to the jobs performed by them previously or to other appropriate jobs within six months from the day of entry into force of this law.

ARTICLE 145

The procedures to exercise and protect the rights of employees instituted before this law has entered into force shall be completed per the provisions of the regulations applicable in the territory of the Federation before the day of entry into force of this law, if this is more favorable for the employees.

ARTICLE 146

The Government of the Federation shall determine, with prior consultation with the parties in conclusion of the

collective agreement, the amount, the manner and the terms of coordinating of the lowest salary, until the salaries are not regulated by collective agreements, and at longest within one year from the day of entry into force of this law,

The decision on the amount of the lowest salary referred to in paragraph 1 of this law shall be published in the "Official Gazette of the Federation of BiH".

ARTICLE 147

The regulations envisaged for enforcement of this law shall be passed within three months from the day of entry into force of this law.

ARTICLE 148

Until the adoption of the regulations referred to in Article 147 of this law, the regulations that have been applied before the day of entry into force of this law shall apply.

ARTICLE 149

The competent authorities of the canton shall pass regulations in accordance with this law within three months from the day of entry into force of this law.

ARTICLE 150

On the date when this law shall come into effect, the laws and regulations on labour relations and salaries which had been in effect in the Federation until the date this law become effective, shall cease to operate in the territory of the Federation, except provisions from Article 148 of this law.

ARTICLE 151

This law shall come into effect on the eight day after being published in the Official Gazette of the Federation of Bosnia and Herzegovina.

Chairman House of Peoples Parliament of the Federation of BiH Pero Madžar	Chairman House of Representatives Parliament of the Federation of BiH Enver Kreso