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Newsflash | November 2024

Employment contract templates: updates required!

The back to school season has been particularly busy for Human resources departments of Luxembourg employers, who are forced to reconsider and amend their employment contract templates, following the entry into force of a law of 24 July 2024.



The law of 24 July 2024, by which Luxembourg implemented the Directive (EU) 2019/1152 of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union, has lengthened the list of mandatory clauses, while restricting certain other clauses, for employment contracts entered into as from 4 August 2024.

New mandatory clauses to be added

To the clauses that were already considered mandatory by the Luxembourg Labour Code, the law of 24 July 2024 has added a number of new ones, aimed at informing the employee about (notably): the terms related to overtime work and its

compensation, all salary supplements and bonuses (if any) and modalities of their payment, formal requirements and notice periods to be observed for terminating the employment contract, conditions of application of a trial period (if applicable), and the identity of the competent social security institution.

Employers should thoroughly reconsider their employment contract templates, as failing to include a mandatory information in an employment contract can constitute a criminal offence, punishable with a fine ranging from EUR 251 to EUR 5,000 (or from EUR 500 to EUR 10,000 if the employer is a legal person) per concerned employee.

New restrictions on certain clauses

Pursuant to the law of 24 July 2024, exclusivity clauses, which restrict an employee from engaging in another employment relationship outside of the agreed-upon working hours, are generally considered invalid. However, the law also provides that exclusivity clauses remain valid when multiple employments would be incompatible with objective reasons as defined by the law, such as: health and safety at work, protection of business confidentiality, public service integrity, or prevention of conflicts of interest. Thus, employers have to consider on a case-by-case basis whether an exclusivity clause could or could not validly be included in an employment contract.

The law also restricts the possibility to include trial periods in fixed-term employment contracts: Now a trial period can no longer exceed one-quarter (1/4) of the length of the fixed-term employment contract (or of the minimum duration for which the fixed-term contract is entered into).

To avoid any bad surprises, employers will be well advised to amend their employment contract templates so that they take into account these new restrictions.

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