9-2012
July, 2012

LAW 3/2012, OF JULY 6, 2012, ON URGENT MEASURES TO REFORM THE LABOR MARKET

July 7, 2012 saw the publication in the Official State Gazette of **Law 3/2012, of July 6, 2012, on urgent measures to reform the labor market**, which supersedes Royal Decree-law 3/2012, of February 10, 2012. The law entered into force on July 8, 2012.

While the provisions of the Royal Decree-law remain largely unchanged (for a description of that legislation, see our previous labor law update of 3-2012), certain amendments and new legislation have been added. The most important new changes are summarized below.

1. MEASURES TO ENHANCE THE EFFICIENCY OF THE JOB MARKET AND CUT DOWN ON THE TWO-TIER SYSTEM (BETWEEN INSIDERS WHO HAVE INDEFINITE TERM CONTRACTS AND OUTSIDERS WHO DO NOT)

1.1 Collective layoff

1.1.1 Grounds and procedure

A series of amendments have been made to Article 51 of the Workers' Statute, most notably the following:

- In relation to the economic ground, it has been outlined that a persistent decline will take place where *"the level of ordinary revenues or sales in each quarter is lower than that recorded in the same quarter in the previous year."*

- A requirement has been added for the notification of commencement of the consultation period to the legal representatives and the Labor Authorities to be accompanied by all of the information needed to evidence the grounds, and reference is made to the implementing provisions.

- The law has given employers and workers' representatives the option in the consultation period to replace that period with a mediation or arbitration procedure, to be carried out within the maximum time limit set for the consultation period.

- Where the parties have made a joint request, the Labor Authorities are authorized to carry out mediation procedures during the consultation period, as well as to provide assistance at the request of any of the parties or at their own initiative.

- The law does away with the obligation to notify workers individually of layoffs, by making it optional ("*shall notify*" has been replaced with "*may notify*").

- The Labor Authorities have been allowed to challenge a collective layoff where they find that the agreements have been reached with fraud, negligence, coercion or an abuse of the law *"for the purposes of a potential finding that it is null and void"*.

- Elsewhere, in cases of force majeure, it provides that the role of the Labor Authorities will be simply to ascertain the existence of an event of force majeure, whereas the decision to terminate contracts lies with the company, which it will have to do by serving notice of that decision on the workers' representatives and the Labor Authorities.

- The law provides that the Labor Authorities will check compliance with the obligation to offer an external outplacement plan, and require observance with this requirement if the employer has failed to do so.

1.1.2 Challenging collective layoffs

Amendments have been made to Labor Jurisdiction Law 36/2011 with respect to the procedure to challenge collective layoffs. Particularly worth highlighting are the following:

- Where a challenge is made by labor union representatives, they must have sufficient presence in the collective layoff.

- The grounds for challenges to collective layoffs include: (i) failure to observe the consultation period or deliver the documentation required in Article 51.2 of the Workers' Statute or where the employer has not carried out the procedure established in Article 51.7 of the Workers' Statute with respect to collective layoffs on the ground of force majeure (previously, general reference was made to the provisions of Article 51.2 and Article 51.7 of the Workers' Statute) and (ii) where the decision to terminate has been made in breach of fundamental rights and public freedoms.

  If they are found to exist, both grounds will render the collective layoff null and void, entitling the workers to be reinstated to their positions.

- The time limit for filing a challenge continues to be expressed as an expiration period running from the date of the agreement or the notification to the workers' representatives of the company's decision. The filing of a claim by the workers representatives or the employer tolls the expiration period for individual dismissal action.

- Companies have been given the option to apply for a declaration that a termination decision is lawful. Unless the termination decision has been challenged by the workers' legal or labor union representatives or by the Labor Authorities at their own initiative, employers have twenty days running from the end of the twenty-day period for the workers' representatives to bring action, in which to file a claim for the court to declare that the termination decision is lawful.

  The workers' legal representatives will have standing to be defendant to the action and any judgment rendered will be a declaratory judgment and will give rise to res judicata effects with respect to individual processes.

- If a claim is filed by the Authorities at their own initiative after the proceeding has been brought by the workers' representatives, the claim will be stayed until a decision is rendered on the proceeding. In this case, the Labor Authorities may be a party to the proceeding. Once the judgment has become final it will have res judicata effects with respect to the outstanding claim brought by the Authorities.

- With respect to collective layoffs on the ground of force majeure, a new subarticle eleven has been added to Article 151 of the Labor Jurisdiction Law. It has been provided that any judgment rendering null and void an administrative decision authorizing terminations of employment on the ground of force majeure will declare that the affected workers' have the right to reinstatement to work.

  It has been added to the above, that, unless, within five days of the judgment becoming final, the employer choses to pay out to the workers the statutory severance for unjustified dismissal, it must serve written notice on the workers of the date of their reinstatement to work within the fifteen days following the date of the judgment becoming final. In these cases the workers will have the right to any salary that was not paid, less any salary they might have received since their contracts were terminated, and any amounts received as severance must be repaid or deducted.

1.2 Individual layoffs on objective grounds

Several amendments have been made to the law in relation to layoffs on objective grounds:

- The provision determining the temporary interruption of contracts for the time spent on the training required prior to a termination due to the employee's failure to adapt to the technical changes that affect his job, has been eliminated. Those periods will now count as actual working time.

- For terminations on the ground of absenteeism due to justified intermittent absences equal to 20% of the employee's working hours in two consecutive months, a new requirement has been introduced that the *"total absences from work in the preceding twelve months must amount to 5% of working hours"*. Under no circumstance will

any absences due to medical treatment for cancer or serious illness count for the purposes of termination on the ground of absenteeism.

- With respect to the ground under Article 52.e) in the case of indefinite-term contracts arranged directly for the implementation of particular public programs or plans, the wording has been amended, to refer only to not-for-profit entities (whereas previously it applied also to Public Authorities), although the requirement for them to be financed by Public Authorities has been maintained.

1.3 Unjustified dismissal

The law establishes that the termination of an employment contract will be deemed to have taken place on the date on which the employee actually ceases to work for the company; with an option for severance (previously this was with the payment of severance).

1.4 Severance for contracts prior to February 12, 2012

The calculation of severance for unjustified dismissals under contracts formalized prior to February 12, 2012 has been clarified.

In this connection, in order to calculate the length of service applicable to each of the periods (i.e., 45 days/year before February 12, 2012 and 33 days/year for length of service after the above date), any fractions of a year will be prorated by months in both cases.

1.5 New legislation in relation to tax-exempt severance payments

The law has changed Article 7.e) of the Personal Income Tax Law in relation to tax-exempt severance payments, by eliminating the paragraph relating to the possibility of acknowledging the unjustified nature of a dismissal and paying severance before the conciliation hearing.

On a transitional basis, however, the tax exemption will apply to severance for dismissals that took place between February 12, 2012 and July 8, 2012, even where the acknowledgement of unjustified dismissal took place at the time of notification of the dismissal or at any other time before the conciliation hearing.

1.6 Public sector-related provisions

The new law maintains the provisions of additional provision number twenty of the Workers' Statute with respect to the applicability of objective and collective layoffs to civil service employees working for the bodies, organizations and entities in the public

sector as defined in Article 3.1 of the Public Sector Contracts Law, approved by Legislative Royal Decree 3/2011, within the framework of the preventative and corrective mechanisms contained in the legislation on the budgetary stability and financial sustainability of the Public Authorities.

The grounds for such dismissals within the Public Authorities will be deemed to have arisen: (i) in the case of economic grounds, where the authorities concerned have had a persistent unanticipated shortfall in budgetary funding for the public services concerned (in all cases, where this takes place during three consecutive quarters), (ii) in the case of technical grounds, where there are changes, inter alia, in the area of the means and instruments for the provision of the public service concerned, and (iii) in the case of organizational grounds, where there are changes, inter alia, to the working methods and systems of the personnel assigned to the public service. In relation to the parties subject to the provisions referred to in this paragraph, the previous wording referred to the Public Authorities under Article 3.1 of the Public Sector Contracts Law, whereas the new law refers to the entities under Article 3.2. of the same piece of legislation.

Lastly, it has been provided that any permanent civil service employees who have acquired this status under the principles of equality, merit and ability in a selective recruitment process called for the purpose will have preference for staying on.

1.7 Collective layoffs affecting workers aged fifty or over at companies in profit

With respect to the financial contributions to the Public Treasury in the case of collective layoffs affecting workers aged fifty or over at companies in profit, the obligation will apply to companies with more than 100 workers or companies forming part of groups of companies employing the same number of workers, whereas the previous requirement was 500 workers. In this connection, in the table of the rates to be used for calculating contributions, the provisions that previously included a workforce of between 500 and 999 workers will now apply where the workforce is between 101 and 999 employees.

The contribution will fall due when the company goes ahead with applying temporary layoff measures affecting workers aged fifty or over before the termination of those workers' contracts, regardless of the grounds for termination of the employment contract, provided not more than one year has elapsed since the end of the legal unemployment status resulting from the application of the temporary layoff measures and the termination of each worker's contract. The financial contribution will be calculated by reference to the amounts paid by the State Public Employment Service during the temporary layoff periods prior to the contract terminations, including, as the case may be, any relevant amounts in respect of the reinstatement of contributory unemployment benefits.

Moreover, a transitional regime has been established for collective layoffs initiated after April 27, 2011 and before the entry into force of Law 3/2012, pursuant to the applicable legislation in light of the date of commencement of the collective layoff, and under no circumstance may that amount include any sum relating to the unemployment benefits or subsidies of workers aged fifty or over who were dismissed before April 27, 2011.

1.8 Application of Article 15.5 of the Workers' Statute in relation to successive temporary contracts

The application of Article 15.5 of the Workers' Statute, which provided that any workers employed for a period in excess of thirty months (whether uninterruptedly or otherwise) for the same or a different job with the same company or group of companies, under two or more temporary contracts, directly or via temporary employment agencies, became permanent employees, has only been suspended until December 31, 2012, which was already provided for under Royal Decree-Law 3/2012.

It has been clarified that the period between August 31, 2011 and December 31, 2012 will not be included in the calculation of the twenty-four month period and the thirty-month period, regardless of whether or not the employee has worked. Any periods in which the employee worked for the company before or after those dates will count.

2. MEASURES TO PROMOTE INTERNAL FLEXIBILITY AT COMPANIES AS AN ALTERNATIVE TO DESTROYING JOBS

2.1 Working time

The most important new provisions concerning working time include the following:

- The percentage of working hours that may be distributed unevenly has been increased from 5% to 10%, and employers have been placed under obligation to inform the worker of the date and time at least five days in advance.

- Right to adaptation to the amount and distribution of working hours (Article 34.8 of the Workers' Statute). The provisions on that right state that *"any use of uninterrupted working hours, flexible timetables and other methods of organizing working and rest time which make the workers' right to a work/life balance and improvements to productivity at companies more compatible shall be promoted"*.

2.2 Geographic mobility (new Article 40.3 *ter* of the Workers' Statute)

A new provision has been introduced whereby in order to ensure their right to effective health protection, any disabled workers who evidence the need to receive treatment (physical or psychological rehabilitation) outside their municipality will have a preferential right to take up another position, within the same group, that the company may have at another workplace, in a more accessible location, on the terms and conditions contemplated for workers who are victims of gender violence or terrorism.

2.3 Temporary interruptions of contracts or short-time working on economic grounds

The definition has been included of the economic, technical, organizational and production-related grounds under Article 47 of the Workers' Statute:

- Economic: where it may be inferred from a company's earnings that it is in an adverse economic situation, in cases such as the existence of current or expected losses, or a persistent decline in the level of its ordinary revenues or sales. A decline is persistent in all cases where for two consecutive quarters the level of ordinary revenues or sales in each quarter is lower than that recorded in the same quarter of the previous year.

- Technical: including changes occurred within the scope of the means or instruments of production.

- Organizational: including changes occurred within the scope of the working systems and methods of personnel or how production is organized.

- Production-related: including changes occurred to the demand for the products or services the company is looking to place on the market.

The employer and workers' representatives may replace the consultation period with an arbitration or mediation proceeding.

Lastly, in relation to challenges to company decisions, it has been provided that, where a measure is held to be unjustified, *"the judgment shall declare the immediate resumption of the employment contract and shall order the employer to pay any salaries not received by the worker until the date of resumption of the contract or, as the case may be, payment of the difference with respect to the amount received in respect of unemployment benefits during the temporary interruption, notwithstanding the repayment of such amounts as the business owner is required to make to the relevant payment management entity."*

2.4 Collective bargaining

2.4.1 Opt-out from conditions provided for in collective labor agreements

Article 82.3 of the Workers' Statute has been amended in relation to potential opt-outs from the conditions provided for in collective labor agreements in the following areas:

- Further details have been added to the definition of economic grounds, specifying that the persistent decline must be in the level of "*ordinary*" revenues and that a decline is persistent where, in two consecutive quarters, "*the level of ordinary revenues or sales for each quarter is lower than that recorded in the same quarter of the previous year*."

- It has been provided that a decision to opt out may not give rise to a breach of the obligations set forth in the collective labor agreement in relation to the elimination of discrimination based on gender or those provided for in the Equality Plan.

- It has been specified that the notice of the outcome of the procedures under Article 82.3 of the Workers' Statute served on the Labor Authorities is purely for filing purposes.

- An obligation (formerly a possibility) has been established to make use of the procedures established in inter-professional agreements, where the intervention of the collective labor agreement committee has not been requested or an agreement has not been reached, in cases of disagreement during the consultation period.

- It is been provided that measures to guarantee the impartiality of the arbitrator must be put in place.

2.4.2 Concurrent agreements

The provisions of Article 84.1 of the Workers' Statute have been amended, to allow the conditions of a company-wide agreement to be negotiated during the term of collective labor agreements with a wider scope.

2.4.3 With respect to the term of collective labor agreements

Article 86.3 of the Workers' Statute reduces the period in which the collective labor agreement ceases to be valid from two years to one year from the termination in which no new agreement has been agreed on or an arbitration ruling has been issued.

For notices of termination of collective labor agreements that have already been issued on the date on which the law entered into force, the one-year period will run from the date of entry into force of the law.

3. MEASURES TO INCREASE THE USE OF INDEFINITE-TERM CONTRACTS AND OTHER MEASURES TO HELP JOB CREATION

3.1 Indefinite-term employment contract in support of entrepreneurs

3.1.1 New provisions

The most important amendments in relation to indefinite-term employment contracts in support of entrepreneurs are summarized below:

- A trial period cannot be established where the employee has performed the same duties at the company under any contract type.

- The employee's right to receive unemployment benefits and salary at the same time will become effective from the commencement date of employment, provided an application is made in the 15 days following the commencement of employment. This right will apply while the contract is valid, until the end of the period of entitlement to receive the outstanding amount of unemployment benefit. Where an employee is dismissed and is entitled to unemployment benefit, they may choose to apply for a new benefit or resume the outstanding benefit payments. In this latter case, only 25% of the time during which the employee received benefit while working will be deemed to have been used up.

- The requirement that all persons over the age of 45 must have been registered at the Employment Office for at least twelve of the eighteen months prior to the contract in order to benefit from reductions to social security contributions has been eliminated.

- The prohibition on entering into this type of contract has been qualified, and now applies to companies that have *"adopted decisions to carry out unjustified terminations"* (the previous legislation referred to contractual terminations on objective grounds held to be unjustified in a court judgment or where collective layoffs had been carried out).

- In order to keep the incentives, companies must maintain the level of employment obtained for, at least, one year from the execution of the contract. Cases in which the obligations required to keep the incentive are not breached now include terminations on objective grounds held or acknowledged to be justified and terminations due to the expiry of the agreed term or completion of the project or service under the contract.

- Lastly, transitional provision number 9 provides that this type of contract may be entered into until the national unemployment rate falls below fifteen percent.

3.1.2 Corporate Income Tax Credits

The law provides corporate income tax breaks, by amending Article 43 (job creation credits) of the revised Corporate Income Tax Law, approved by Legislative Royal Decree 4/2004.

These credits are basically the following:

- Entities hiring their first employee under an indefinite-term contract in support of entrepreneurs may deduct €3,000 from their gross tax payable if that employee is under the age of 30.

- Entities with less than 50 workers hiring unemployed persons receiving contributory unemployment benefit under an indefinite-term contract in support of entrepreneurs may deduct 50 per cent of the lower of the following amounts from their gross tax payable: (i) any unemployment benefit not yet received by the worker, or (ii) twelve months of the unemployment benefit to which the worker is entitled.

The credit will apply in relation to these contracts for up to a maximum of 50 workers and on condition that, in the twelve months following the commencement of employment, there is an increase, with respect to each worker, of the total average workforce at the entity by at least one unit with respect to the existing workforce in the preceding twelve months. The right to take this credit is conditional on the hired worker having received unemployment benefit for at least three months prior to the commencement of employment.

The credits will be deducted from the gross tax payable for the relevant tax period at the end of the one-year trial period and will be conditional on the employment contract remaining in force for at least three years from its commencement date. A breach of those requirements will imply forfeiture of the credit. The requirement relating to terminations on objective grounds or on the ground of disciplinary dismissal will not be deemed to have been breached where one or the other is held or acknowledged to be justified or is the result of resignation, death or the total permanent, absolute or comprehensive disability of the worker

Any hired employees giving rise to the right to any of the credits under this article will not be counted for the purposes of determining the increase in the workforce under Article 108.1 paragraph two and Article 109 of the Corporate Income Tax Law relating to tax incentives for companies of a reduced size and accelerated depreciation.

3.2 Reductions in social security contributions for the conversion of work-experience, handover and substitution contracts into indefinite-term contracts

A new requirement has been added to those already contained in Royal Decree-Law 3/2012, to the effect that the conversion of work-experience contracts into indefinite-term contracts must take place on expiry of their initial or renewed term in order to qualify for a reduction.

The reference to the fact that workers hired in this way will be deemed a priority target in the training plans for persons working under vocational training programs for employment or any other active employment measure has been eliminated.

4. MEASURES TO INCREASE WORKERS' EMPLOYABILITY

4.1 Employment intermediaries

The new law allows temporary employment agencies to act as placement agencies where they have the relevant authorization (previously, they were required to file a solemn declaration that the statutory requirements had been met).

Transitional provision number one provides, however, that any temporary employment agencies that filed a solemn declaration prior to the entry into force of the law that the requirements under Law 56/2003 have been met may continue to act as placement agencies for as long as they continue to meet those requirements. They may use their temporary employment agency authorization number on a transitional basis until they have been provided with a placement agency authorization number.

Similarly, the provisions governing the way in which administrative authorization to operate as a temporary employment agency is obtained have been modified. A decision on applications must now be issued within three months (otherwise approval by administrative silence will apply) and their authorization to act as placement agencies must be included on the Register of Temporary Employment Agencies.

In their dealings with both client companies and workers, those temporary employment agencies must expressly inform whether they are acting as temporary employment or placement agencies.

Lastly, a breach of the statutory requirements to act as placement agencies by any temporary employment agencies that have filed a solemn declaration has been introduced as a very serious infringement under the revised Infringements and Penalties Law.

4.2 Professional training

4.2.1 Training and apprenticeship contracts:

The most prominent new changes in relation to training and apprenticeship contracts are as follows:

- They may be entered into with employees on vocational training courses within the education system.
- In addition to disabled persons, the age limit will not apply to groups subject to social exclusion where they are hired by qualified insertion companies active on the existing register for these purposes.
- It has been provided that, where a contract has been executed for a term shorter than the maximum (statutory or collective labor agreement) term, it may be renewed by agreement between the parties on up to two occasions. Renewals may not be for less than six months, and the contract cannot be for longer than the maximum term.

- Workers who have been hired under this type of contract may not be hired by the same or another company under a training and apprenticeship contract, unless the aim of the training associated with the new contract is to obtain a different professional qualification (previously where the hiring was *"for the same job or occupation").*

- Evidence must be provided of the training delivered in the term of the contract when the contract comes to an end.

- In order to take the contribution reductions due to the conversion of contracts into indefinite-term contracts, the conversion must take place at the end of their initial or renewed term.

- Reductions for the conversion of training and apprenticeship contracts into indefinite-term contracts will also apply to any training contracts entered into prior to the entry into force of Royal Decree-Law 10/2011 (August 31, 2011) that are converted into indefinite-term contracts on or after January 1, 2012.

- However, contribution reductions will not apply where the contracts are executed *"within the framework of actions and measures established under letter d) of Article 25.1 of Law 56/2003"* (job and training opportunities: initiatives and measures entailing the performance of actual work in a real environment enabling the acquisition of professional training or experience aimed at employment qualifications or insertion), including the following projects: *Escuelas Taller* (Training Workshops), *Casas de Oficios* (Trade Schools) and *Talleres de Empleo* (Employment Workshops).

- After stressing that the age and term limit for training contracts will not apply where they are executed as part of the initiatives and measures established under letter d) of Article 25.1 of Law 56/2003, the new additional provision number nineteen of the Workers' Statute provides that under these contracts any scenarios of temporary disability, risks during pregnancy, maternity, adoption or fostering, risks during breastfeeding or paternity will be computed as part of the length of the term of the contract.

4.2.2 Promotion and professional training at work

The 20 hours of annual leave for training is named leave *"for vocational training for employment"*, providing that the leave is linked to the company's activities (previously it had to be linked to the job) and it can be taken in separate periods over up to five years (previously three).

Moreover, this right is deemed to have been observed in the following case: *"the worker can carry out training initiatives aimed at obtaining vocational training for employment within the framework of a training plan developed at the initiative of the company or agreed in collective bargaining processes"*.

This right will not include the training that the company is under obligation to deliver under the provisions of other laws.

Furthermore, it has been provided that, in the absence of a provision under a collective labor agreement, the time such leave is taken will be determined by mutual agreement between the company and the worker.

Lastly, it has been established that participation in the design and planning of the professional training subsystem for employment will be carried out *"via the representative organizations in the industry"* for business and labor union organizations, having regard to the needs of self-employed workers and companies in the social economy through their representatives.

5. OTHER SIGNIFICANT PROVISIONS

5.1 Prohibition on mandatory retirement clauses

Additional provision number ten of the Workers' Statute has been amended to the effect that any collective labor agreement clauses enabling the termination of an employment contract when the worker reaches the regular retirement age will be deemed null and void and unenforceable.

A transitional regime has been put in place, however, under which the new rules will apply to all collective labor agreements that are executed following the entry into force of the Law. With respect to those collective labor agreements entered into before that date:

- Where the initial term agreed for a collective labor agreement ends after the date of entry into force of the law, the law will apply from the date on which that initial term ends.
- Where the initial term agreed for a collective labor agreement ends before the date of entry into force of the law, it will apply from this later date.

5.2 Specific provisions on contracts for services and senior management employment contracts in the public sector

The rules governing severance payments for contracts for services and senior management employment contracts, which were initially restricted to the central government public sector, have also been extended to apply to the autonomous community and local public sector.

5.3 Measures in support of prolonging the working periods of employees with indefinite-term contracts for seasonal work in the tourism, tourism-related commerce and hotel industries

Additional provision number twelve provides that any non-public companies engaged in tourism, tourism-related commerce and hotel industries that generate activity between March and November each year and that hire and/or maintain on the payroll workers under indefinite-term contracts for seasonal work in those months can take a 50%

reduction in the employer social security contributions for nonoccupational contingencies during those months, as well as the joint employer and employee contributions. These measures will apply until December 31, 2013.

5.4 Amendments to the Labor and Social Security Infringements and Penalties Law

The law sets out amendments to the infringements and penalties provided for in the revised Labor and Social Security Infringements and Penalties Law, approved under Legislative Royal Decree 5/2000. The following are worth noting:

- Article 6.5 adds distance workers to the groups to be informed of existing vacancies at a company, an obligation subject to a penalty in the event of a breach.
- Article 7.6 penalizes any material modification to working conditions imposed unilaterally by an employer without making use of the procedure established under Article 41 (material modifications to working conditions) or Article 82.3 (opt-out of collective labor agreement conditions) of the Workers' Statute.
- The new Article 8.3 classifies as very serious any infringement consisting of carrying out a collective layoff or implementing temporary interruptions of contracts or short-time working without observing the procedures established in Article 51 and Article 47 of the Workers' Statute. Previously, the above Article penalized the closure of a company or the temporary or definitive shutdown of operations without the proper authorization.

5.5 Contributions on overtime under part-time contracts

Compensation received for overtime under part-time contracts (on the ground of force majeure or otherwise) will be taken into account to determine the contribution base for both nonoccupational and occupational contingences.

This contribution will be calculated exclusively for the purposes of determining the computation base for retirement pensions, benefits for temporary disability, permanent disability and death and survivorship deriving from nonoccupational contingencies, as well as maternity and paternity benefits. Any benefits deriving from occupational contingencies, will be determined under the generally applicable provisions.

5.6 Amendments to the Labor Jurisdiction Law

The law includes certain key amendments to Labor Jurisdiction Law 36/2011, of October 10, 2011.

In addition to the specific provisions on collective layoffs referred to above, the Labor Authorities have been given the power to challenge administrative decisions in the proceedings under Article 47.3 and Article 51.7 of the Workers' Statute (temporary interruptions of contracts or short-time working and collective layoff on the ground of force majeure).

5.7 Reinstatement of the right to unemployment benefit

With respect to the reinstatement of the right to unemployment benefit, transitional provision number three also provides that any workers affected by administrative or court rulings handed down up to and including December 31, 2011, authorizing temporary interruptions of contracts or short-time working commencing on or after January 1, 2012, will be entitled to the reinstatement of the right to unemployment benefit on the terms and conditions provided for in the law.

5.8 National Collective Labor Agreement Consultative Committee

The duties of the National Collective Labor Agreement Consultative Committee have been further defined, including intervention in dispute resolution procedures in the event of disagreement during the consultation period on the opt-out of working conditions established in collective labor agreements.

5.9 Integration of periods for which contributions have not been made for permanent disability and retirement benefits

Amendments have been made to Article three and Article four of Law 27/2011 on the updating, adaptation and modernization of the social security system, putting in place new rules for the integration of periods during which contributions have not been made for the purposes of permanent disability and retirement benefits within the contribution bases.

Hermosilla, 3 - 28001 Madrid - Spain
Telephone +34 91 514 52 00 - Fax +34 91 399 24 08