

## Table of Contents

### Part I: Overview

<b>A. Fundamentals</b> .....	1
I. History and Introduction .....	1
II. Players .....	1
1. Employees and Employers .....	2
2. Works Councils .....	2
3. Trade Unions .....	3
4. Employers' Associations .....	3
III. Employment Agreement, Works Agreements, Collective Bargaining Agreements and other Legal Sources .....	4
1. Legal Sources .....	4
a) Employment Agreement .....	4
b) Works Agreements .....	4
c) Collective Bargaining Agreements .....	4
d) Statutes .....	5
e) Company Practice .....	5
f) Directives by the Employer .....	5
g) Equal Treatment .....	5
h) Constitution .....	6
i) European Law .....	6
j) International Law .....	7
k) Case Law .....	7
2. Order of Precedence .....	7
a) Hierarchy .....	7
b) Specificity .....	7
c) Replacement .....	7
d) Favorability .....	7
V. Social Security .....	8
V. Tax Law .....	8
VI. Conflict of laws .....	8
<b>B. Employment Law</b> .....	9
I. The General Equal Treatment Act .....	9
1. Scope of Application .....	9
2. Prohibition of Adverse Treatment .....	10
3. Organizational Duties of the Employer .....	11
4. Rights of the Employees .....	11
5. Legal Consequences .....	11
6. Consequences for Practice in the Workplace .....	12
II. Conclusion of Employment Agreements .....	13
1. Application .....	13
a) Prohibition of Discrimination .....	13
b) CV and References .....	13
c) Interview – What Questions Can Be Asked .....	14

d) Employment Questionnaire .....	15
e) Medical Examination .....	15
f) Interview Costs .....	15
g) Participation of the Works Council .....	15
2. Content of Employment Agreements .....	15
a) Conclusion of the Agreement .....	15
b) Limitation of Term .....	15
c) Part-Time Contract .....	16
d) Leasing of Employees .....	17
e) Foreign Employees .....	18
f) Prohibition of Discrimination .....	19
3. Control of General Terms and Conditions .....	19
a) Review of Subject Matter .....	20
b) Specific Clauses .....	20
4. Form .....	21
5. Invalid Employment Agreements .....	22
a) Minors .....	22
b) Fraudulent Misrepresentation .....	23
c) Error .....	23
d) Lack of Residence or Work Permit .....	23
III. Rights and Duties .....	23
1. Duty to Work/Right to Work .....	23
2. Remuneration .....	23
a) Minimum Remuneration .....	23
b) Bonus .....	24
c) Stock Options .....	24
d) Company Pension Plans .....	25
e) Capital Formation Benefits .....	26
3. Sick Pay .....	27
4. Working Time .....	27
5. Vacation .....	28
6. Maternity Protection – Parental Leave and Parental Benefits .....	29
a) Maternity Protection .....	29
b) Parental Leave and Parental Benefits .....	29
7. Confidentiality .....	31
8. Covenant Not to compete .....	31
9. Data Protection .....	31
a) Data Storage with the Consent of the Employee .....	31
b) Data Storage without the Consent of the Employee .....	31
10. Liability .....	32
11. Inventions .....	32
IV. Compliance .....	33
V. Termination of Employment Relationships .....	34
1. General Points .....	34
a) Declaration of Dismissal .....	34
b) Form .....	34
c) Delivery .....	35
d) Dismissal by Authorized Representatives .....	35
e) Dismissal Notice Periods .....	36
f) Calculating the Notice Periods .....	36
2. Consultation of the Works Council .....	36

3. General Protection Against Dismissal .....	37
a) Conduct-Related Dismissals .....	38
b) Dismissals on Personal Grounds .....	39
c) Dismissal for Operational Reasons .....	41
d) Dismissal for Variation of Contract .....	43
4. Ordinary Dismissal or Dismissal for Cause .....	43
a) Cause for Dismissal .....	43
b) Two-Week Period .....	43
c) Resignation for Good Cause .....	44
d) Employees Protected Due to Age .....	44
e) Tactical Advice .....	44
5. Special protection Against Dismissal .....	45
a) Maternity Protection .....	45
b) Parental Leave .....	45
c) Protection of Persons with Severe Disabilities .....	45
d) Works Council Members and Other Officers under the Works Constitution Act .....	45
e) Mass Layoffs .....	46
6. Termination Agreement .....	46
VI. Transfer of Business and Transformation .....	47
1. Transfer of Business .....	47
a) Introduction .....	47
b) Prerequisites .....	48
c) Passing of the Employment Relationships as a Legal Consequence .....	48
d) Information Requirements and Right of the Employees to Object .....	49
e) Distribution of Liability .....	50
f) Impact on the Employee Representative Bodies .....	50
g) Continued Application of Collective Norms .....	50
2. Transformations .....	51
VII. Assignment to Foreign Countries .....	52
1. Employment Law Issues .....	52
2. Social Insurance Issues .....	53
3. Tax Law Issues .....	54
C. Labor Law .....	55
I. Laws Governing Works Councils .....	55
1. Works Councils .....	55
a) Workplaces That Can Have Works Councils .....	55
b) Election of the Works Council .....	55
c) Election Committee .....	55
d) Election and Costs .....	56
e) Works Council Members .....	56
f) Joint Works Council .....	57
g) Group Works Council .....	58
h) European Works Council .....	58
i) Economic Committee .....	58
j) Youth and Trainee Representation .....	58
k) Spokespersons Committee for Managerial Employees .....	59
l) Severely Disabled Employees' Representation .....	59
m) Other Representative Bodies .....	59

2. Rights of Participation and Codetermination .....	59
a) Information and Consultation Rights .....	60
b) Codetermination Rights .....	60
c) Exercising Codetermination Rights .....	63
3. Works Agreements .....	64
a) Typical Content .....	64
b) Conclusion .....	64
c) Effectiveness .....	64
d) Termination .....	65
4. Disputes between Employer and Works Council .....	66
a) Suits before a Labor Court .....	66
b) Cease and Desist Claims .....	66
c) Temporary Hirings and Transfers .....	67
d) Conciliation Board .....	67
e) Other Remedies .....	67
5. Transfer of Business, Transformation and Restructuring .....	67
<b>II. Collective Bargaining Agreements Law .....</b>	<b>68</b>
1. Collective Bargaining Agreements .....	68
a) Typical Content .....	68
b) Conclusion .....	69
c) Effect .....	69
d) Termination .....	70
2. Labor Disputes/Industrial Action .....	70
a) Strike .....	70
b) Conduct of the Strike .....	70
c) Reaction of the Employer .....	70
d) Flash Mobs .....	71
<b>III. Corporate Codetermination .....</b>	<b>71</b>
<b>D. Employee Protection Laws .....</b>	<b>72</b>
I. Laws Governing Working Hours .....	73
II. Shop Closing Hours Act .....	73
III. Maternity Protection Act .....	74
IV. Federal Parental Allowance And Parental Leave Act .....	75
V. Young Persons' Protection in Employment Act .....	75
VI. Laws Regarding Employees with Disabilities .....	75
<b>E. Social Insurance Laws .....</b>	<b>76</b>
I. Statutory Social Insurance .....	76
1. Pension Insurance .....	77
2. Unemployment Insurance .....	78
3. Health Insurance .....	78
4. Home and Institutional Care Insurance .....	79
5. Employee Accident Insurance .....	80
II. Social Insurance Obligations .....	81
1. Total Social Insurance Contribution .....	81
2. Freelance Workers and Self-Employed Personnel .....	82
3. Pseudo-Independence .....	83
III. Termination of Employment Relationships .....	84
1. Disqualification Periods and Suspension Periods for the Employee	84
2. Severance Pay .....	85

<b>Table of Contents</b>	<b>XIII</b>
<b>F. Tax Laws .....</b>	<b>85</b>
I. Withholding Tax on Wages .....	85
II. Special Issues .....	86
1. Company Car .....	86
2. Stock Options .....	87
3. Severance Payment .....	87
<b>G. Labor Court Proceedings .....</b>	<b>88</b>
I. Courts .....	88
II. Protection Against Dismissal Proceedings .....	88
1. Out-of-Court Negotiations .....	88
2. Three-Week Period for Filing Complaints .....	88
3. Course of Dismissal Proceedings and Tactical Considerations .....	88
4. Judicial Dissolution of Employment Relationships and Severance Pay .....	89
5. Remuneration Claims and Default in Acceptance .....	90
6. Right to Employment .....	90
<b>H. Managing Directors, Management Board Members .....</b>	<b>91</b>
I. Managing Directors of Limited Liability Companies .....	91
1. Appointment of Managing Directors .....	91
2. Removal of Managing Directors .....	91
3. Service Contract .....	92
4. Duties and Responsibilities of the Managing Directors .....	92
a) Managing the Business of the Company .....	92
b) Diligence .....	93
c) Organisation Duties .....	93
d) Duty to inform Shareholders .....	94
e) Accounting .....	94
f) Insolvency .....	94
g) Raising and Maintenance of Capital .....	94
h) Fiscal Obligations .....	95
i) Social Security Obligations .....	95
II. Management Board Members of Stock Corporations .....	95
1. Appointment of Management Board Members .....	95
2. Removal of Management Board Members .....	95
3. Service Contract .....	95
4. Duties and Responsibilities of the Management Board Member .....	96
a) Not bound by Directives .....	96
b) Diligence .....	96
c) Organisation Duties .....	96
d) Information Duties .....	97
e) Accounting .....	97
f) Insolvency .....	97
g) Raising and Maintenance of Share Capital .....	97
h) Fiscal Obligations .....	97
i) Social Security .....	97
<b>Part II: Statutory Material</b>	
I. Civil Code (BGB) .....	99
II. General Equal Treatment Act (AGG) .....	128

III. Part-Time and Limited Term Employment Act (TzBfG) .....	152
IV. Continuation of Remuneration Act (EFZG) .....	166
V. Protection Against Unfair Dismissal Act (KSchG) .....	178
VI. Federal Vacation Act (BUrlG) .....	199
VII. Act for the Improvement of Company Pension Plans (BetrAVG) .....	207
VIII. Comercial Code (HGB) .....	253
IX. Treaty on the Functioning of the European Union (AEU-Vertrag) .....	259
X. Works Constitution Act (BetrVG) .....	261
XI. Collective Bargaining Agreements Act (TVG) .....	371
XII. Act on the Co-Determination of the Employees (MitbestG) .....	380
XIII. One-Third Participation Act (DrittelpG) .....	409
XIV. Hours of Employment Act (ArbZG) .....	418
XV. Maternity Protection Act (MuSchG) .....	443
XVI. Federal Parental Benefit and Parental Leave Act (BEEG) .....	461
XVII. Social Security Code III (SGB III) .....	470
XVIII. Social Security Code IV (SGB IV) .....	480
XIX. Social Security Code IX (SGB IX) .....	506
XX. Law Pertaining to Companies with Limited Liability (GmbH-Gesetz) .....	529
XXI. Stock Corporation Act (AktG) .....	538
XXII. Labor Court Act (ArbGG) .....	580
XXIII. Act Regulating the Commercial Leasing of Employees (AÜG) ..	595
XXIV. Law on Documenting Essential Applicable Conditions for an Employment Relationship (NachwG) .....	605
Glossary of Key Words English/German .....	608
Glossary of Key Words German/English .....	612