

**Translation from Finnish**

**Legally binding only in Finnish and Swedish**

**Ministry of Economic Affairs and Employment, Finland**

## **Employment Contracts Act**

*(55/2001; amendments up to 329/2023 included)*

By decision of Parliament, the following is enacted:

### **Chapter 1**

#### **General provisions**

#### **Section 1**

##### **Scope of application**

This Act applies to contracts (*employment contracts*) entered into by an employee, or jointly by several employees as a team, agreeing personally to perform work for an employer under the employer's direction and supervision in return for pay or some other remuneration. In situations open to interpretation, the existence of an employment relationship is assessed based on an overall consideration, taking into account the terms of employment, the circumstances in which the work is performed, the intention of the parties concerning the nature of the legal relationship, and other factors affecting the actual status of the parties in the legal relationship. (329/2023)

This Act applies regardless of the absence of any agreement on remuneration, if the facts indicate that the work was not intended to be performed without remuneration.

Application of the Act is not prevented merely by the fact that the work is performed at the employee's home or in a place chosen by the employee, or by the fact that the work is performed using the employee's implements or machinery.

#### **Section 2**

##### **Derogations from the scope of application**

This Act does not apply to:

- 1) employment relations or service obligations subject to public law;
- 2) ordinary hobby activities;
- 3) such contracts on work to be performed which are governed by separate provisions by law.

### **Section 3 (1224/2010)**

#### **Form and duration of the employment contract**

An employment contract may be oral, written or electronic.

An employment contract is valid indefinitely unless it has, for a justified reason, been made for a specific fixed term. Contracts made for a fixed term on the employer's initiative without a justified reason shall be considered valid indefinitely.

It is prohibited to use consecutive fixed-term contracts when the amount or total duration of fixed-term contracts or the totality of such contracts indicates a permanent need of labour.

### **Section 3a (1448/2016)**

#### **Concluding a fixed-term employment contract with a long-term unemployed person**

Concluding a fixed-term employment contract does not require the justified reason referred to in section 3, subsection 2 if, on the basis of notification from an Employment and Economic Development Office, the person to be employed has been an unemployed job seeker during the preceding 12 months without interruption. An employment relationship of two weeks or less does not interrupt the continuity of unemployment. Even if the employer's need for labour is permanent in the way referred to in section 3, subsection 3, this will not prevent the employment contract being concluded as a fixed-term contract.

The consideration of whether a person is an unemployed job seeker is governed by the provisions of chapter 1, section 3 of the Act on Public Business and Employment Service (916/2012).

The maximum duration of the fixed-term employment contract is one year. The contract may be renewed during the one-year period that follows the commencement of the first fixed-term

employment contract, and this may be done no more than twice. The combined total duration of the contracts may not, however, exceed one year.

## **Section 4 (1448/2016)**

### **Trial period**

The employer and the employee may agree on a trial period of a maximum of six months starting from the beginning of the work. If, during the trial period, the employee has been absent due to incapacity for work or family leave, the employer is entitled to extend the trial period by one month for every 30 calendar days included in the periods of incapacity for work or family leave. The employer shall notify the employee of the trial period extension before the end of the trial period.

In a fixed-term employment relationship, the trial period together with any extensions to it may comprise no more than half of the duration of the employment contract, and in any event may not exceed six months. If a person is hired by the user enterprise referred to in section 7, subsection 3 after the temporary agency work ends to perform the same or similar duties, the time, which the employee was assigned for use by the user enterprise, will be deducted from the maximum trial period, in accordance with subsection 1 of this section.

If a collective agreement applicable to the employer contains a provision on a trial period, the employer must inform the employee of the application of this provision at the time the contract is concluded.

During the trial period, the employment contract may be cancelled by either party. The employment contract may not, however, be cancelled on discriminatory or otherwise inappropriate grounds with regard to the purpose of the trial period. The employer may not cancel an employment contract when it has neglected the obligation to inform laid down in subsection 3 of this section.

## **Section 5**

### **Benefits related to the duration of the employment relationship**

If the employer and the employee have concluded a number of consecutive fixed-term employment contracts under which the employment relationship has continued without

interruption or with only short interruptions, the employment relationship shall be regarded as having been valid continuously when benefits based on the employment relationship are specified.

## **Section 6**

### **Contracts of employment with legally incompetent persons**

Provisions concerning the right of a person under 18 years of age to conclude a contract of employment and the right of the person having the care and custody of a young employee to cancel a contract of employment concluded by a minor are laid down in the Young Workers' Act (998/1993).

A person who has been declared legally incompetent or whose competence has been limited under the Guardianship Services Act (442/1999) may conclude and terminate a contract of employment on own behalf.

## **Section 7**

### **Transfer of rights and obligations**

The parties to the contract of employment shall not assign any of their rights or obligations under a contract of employment to a third party without the other party's consent, unless otherwise provided below.

A claim that has fallen due may, however, be so assigned without the consent of the other party.

If, with the employee's consent, the employer assigns an employee for use by another employer (*user enterprise*), the right to direct and supervise the work is transferred to the user enterprise together with the obligations stipulated for the employer directly related to the performance of the work and its arrangement. The user enterprise must provide the employee's employer with any and all information necessary for the fulfilment of the employer's responsibilities. (707/2008)

## **Section 8**

### **Employee's assistant**

If, with the employer's consent, the employee has hired an assistant to help the employee to fulfil the obligations under the contract of employment, the person hired as assistant also has an employment relationship with the employer that gave consent.

## **Section 9**

### **Employer's substitute**

The employer may assign another person to direct and supervise the work as the employer's substitute. If, in the exercise of these functions, such substitute causes a loss to the employee through fault or negligence, the employer shall be liable for the loss.

## **Section 10**

### **Assignment of business**

Assignment of the employer's business refers to assignment of an enterprise, business, corporate body, foundation or an operative part thereof to another employer, if the business or part thereof to be assigned, disregarding whether it is a central or ancillary activity, remains the same or similar after the assignment.

When a business is assigned as referred to in subsection 1 above, rights and obligations and employment benefits related to them under employment relationships valid at the time of the assignment devolve to the new owner or proprietor. The assignor and the assignee are jointly and severally liable for the employee's pay or other claims deriving from the employment relationship that have fallen due before the assignment. Unless otherwise agreed, however, the assignor is liable to pay the assignee employee claims that have fallen due before the assignment. (943/2002)

Where a business is assigned by a bankrupt's estate, the assignee is not liable for the employee's pay or other claims deriving from the employment relationship that have fallen due before the assignment, except if controlling power in the bankrupt enterprise and in the assignee enterprise is or has been exercised by the same persons on the basis of ownership, agreement or other arrangement.

## **Section 11 (744/2022)**

### **Variable working hours clause**

*Variable working hours clause* means a working hours arrangement in which the employee's working hours, as a specified period, vary between a minimum and maximum amount under the employment contract, or a working hours arrangement in which the employee undertakes to perform work for the employer when separately asked to do so.

Agreement on variable working hours may not be made at the employer's initiative if the employer's labour need to which the agreement relates is fixed.

Any agreement that the minimum working hours included in a variable working hours clause will be fewer than required by the employer's labour need may not be made at the employer's initiative.

The minimum working time specified in a variable working hours clause may not be agreed on the employer's initiative as less than the employer's need for labour requires. The employer shall review realisation of the working hours clause agreed in an employment contract at intervals not exceeding 12 months. If the number of hours worked during the tracking period and the employer's need for labour indicate that a larger minimum working time could be specified in an employment contract, then within one month of completing the review the employer shall offer the employee an agreement to amend the working hours clause so that it corresponds to the outcome of the review. The employer shall inform the employee of the time of the review and shall furnish the employee or the representative thereof on request with a written account of the outcome of the review and of the facts on which the outcome is based.

An employer who entirely ceases to offer work shall provide a written explanation of the grounds for the reduction in available work at the employee's request.

## **Chapter 2**

### **Employer's obligations**

#### **Section 1**

##### **General obligation**

The employer shall in all respects work to improve employer/employee relations and relations among the employees. The employer shall ensure that employees are able to carry out their work even when the enterprise's operations, the work to be carried out or the work methods are

changed or developed. The employer shall strive to further the employees' opportunities to develop themselves according to their abilities so that they can advance in their careers.

## **Section 2 (1331/2014)**

### **Equal treatment and prohibition of discrimination**

An employer must treat all employees equally, unless deviating from this is justified in view of the duties and position of the employees.

Without proper and justified reason less favourable employment terms than those applicable to other employment relationships must not be applied to fixed-term and part-time employment relationships merely because of the duration of the employment contract or working hours.

Provisions on equality and on the prohibition of discrimination are laid down in the Non-Discrimination Act (1325/2014). Provisions on equality and on the prohibition of discrimination based on gender are laid down in the Act on Equality between Women and Men (609/1986).

## **Section 3**

### **Occupational safety and health**

The employer must ensure occupational safety and health in order to protect employees from accidents and health hazards, as provided in the Occupational Safety and Health Act (738/2002). (750/2002)

If the working duties or conditions of a pregnant employee endanger the health of the employee or the foetus and if the hazard cannot be eliminated from the work or working conditions, the employee shall, if possible, be transferred to other duties suitable in terms of her working capacity and skills for the period of pregnancy. Provisions on an employee's right to special pregnancy leave are laid down in chapter 4, section 1. (32/2022)

## **Section 4 (744/2022)**

### **Information on principal terms of work**

An employer shall furnish an employee with a written account of the principal terms and conditions of the work, unless the terms and conditions are specified in a written employment contract. There

is no need to provide the account again on resuming prior contractual relations unless otherwise required under subsection 5.

There is no need to provide the account if the employee's average weekly working time does not exceed three hours over a period of four consecutive weeks. An employee's work for another employer belonging to the same corporate group as the employer is taken into account when calculating working hours.

The account shall specify at least the following details:

- 1) the employer, the employee and their domiciles or business locations;
- 2) the date of commencement of the work;
- 3) the expiry date or estimated ending time of a fixed-term employment contract, together with the grounds for specifying a fixed term or a notification that the contract is a fixed-term employment contract with a long-term unemployed person, as referred to in chapter 1, section 3a;
- 4) any trial period;
- 5) the place where the work is to be performed or, if the employee has no primary fixed workplace, an account of the principles on which the employee will work at various locations or is free to determine the place of work;
- 6) the employee's principal duties;
- 7) the grounds for determining the pay and other remuneration, and the pay period;
- 8) the working hours to be observed;
- 9) for an employee with variable working hours:
  - (a) under what circumstances and to what extent the employer's need for labour arises;
  - (b) the days of the week and the times when the employer may commission work in accordance with section 30a of the Working Time Act (872/2019) without the employee's consent granted for each occasion;
- 10) in agency work:
  - (a) the name and place of business of the user undertaking, where known;
  - (b) details of the reason for and the duration or estimated duration of the user undertaking's order under the client agreement that underlies any fixed-term employment contract;
  - (c) an assessment of other duties available in the undertaking of the temporary agency worker's employer that correspond to the duties agreed in the employment contract of the said worker;
- 11) any right to training provided by the employer based on statute, contract or practice;
- 12) the manner of determining annual holiday;
- 13) the period of notice or the grounds for determining this period;
- 14) the collective agreement applicable to the work;



15) the insurance institution in which the employer has arranged the employee's pension coverage or insured the employee against work-related accidents and occupational diseases;

16) in the case of work abroad that lasts for no less than one month:

(a) the country or countries where the work will be done, the duration of the work, the currency in which monetary wages will be paid, the monetary allowances and benefits in kind to be paid abroad, and the terms and conditions of the employee's repatriation;

(b) the remuneration to which a posted worker within the meaning of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services is entitled under applicable legislation or generally applicable collective agreements in the host Member State, all bonuses payable for being posted and arrangements for reimbursing travel, accommodation and meal costs as necessary; and a link to the official national website referred to in Article 5(2) of Directive 2014/67/EU of the European Parliament and of the Council on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System (the IMI Regulation).

The information referred to in paragraphs 1 to 8 of subsection 3 shall be provided within seven days and the information referred to in paragraphs 9 to 15 within one month of the date of commencement of the work. The information referred to in paragraph 16 of the said subsection shall be provided before the employee's international departure. The information referred to in paragraphs 4, 7 and 8, and in paragraphs 11 to 15 of the said subsection may be provided by referring to the statute or collective agreement that governs the employment.

The employer shall also present the employee as soon as possible with written information on any changes in the terms of work, though not later than when the change takes effect, unless the said change derives from an amendment of legislation or collective agreement.

## **Section 5**

### **Employer's obligation to offer work to a part-time employee**

If the employer requires more employees for duties suitable for employees who are already doing part-time work for the employer, the employer shall offer such employment to these part-time employees, regardless of chapter 6, section 6.

If accepting the work referred to in subsection 1 calls for training that the employer can reasonably provide in view of the aptitude of the employee, the employer shall provide the employee with such training.

## **Section 6 (744/2022)**

### **Notification of vacancies and justified response concerning the possibility of prolonging regular working time or the duration of an employment contract**

The employer shall provide information on vacancies in accordance with practice generally adopted in the enterprise or at the workplace in order to ensure that part-time and fixed-term employees have the same opportunity of applying for these jobs as permanent or full-time employees. Observing similar practice, the user enterprise shall also inform its hired workers (temporary agency workers) of vacancies that arise.

At the request of a part-time or temporary employee, an employer must provide a justified response concerning the possibility of prolonging the regular working time agreed in an employment contract or the duration of an employment contract. The response must be provided in writing within one month of the request. A response may nevertheless be provided within three months of the request if the number of employees regularly employed by the employer does not exceed 250, and the response to a repeated request may be given orally if the grounds for the response have not changed since the previous response. No obligation to provide a written response shall arise if the employee has worked for the employer for less than six months, or if less than 12 months have elapsed since the employee's previous request.

## **Section 7**

### **General applicability of collective agreements**

The employer shall observe at least the provisions of a national collective agreement considered representative in the sector in question (*generally applicable collective agreement*) on the terms and working conditions of the employment relationship that concern the work the employee performs or nearest comparable work.

Any term of an employment contract that is in conflict with an equivalent term in the generally applicable collective agreement is null and void, and the equivalent provision in the generally applicable collective agreement shall be observed instead.

In derogation from what is laid down in subsection 1, an employer which is required under the Collective Agreements Act (436/1946) to observe a collective agreement in which the other contracting party is a national employee organisation is allowed to apply the provisions of this collective agreement.

## **Section 8**

### **Confirmation and validity of general applicability**

Provisions on confirmation of the general applicability of a collective agreement, on the validity of the general applicability and the availability of agreements are laid down in the Act on Confirmation of the General Applicability of Collective Agreements (56/2001).

## **Section 9 (10/2012)**

### **Collective agreement applicable to the employment relationships of hired workers (temporary agency workers)**

If the employer has hired out an employee to work for another employer, and the employer that hired out its employee is neither bound by a collective agreement as referred to in section 7, subsection 3, nor required to observe a generally applicable collective agreement in its employment relationships, at least the provisions of the collective agreement referred to in section 7, subsection 3 to which the user enterprise is bound or a generally applicable collective agreement shall be applied to the employment relationship of the hired worker (temporary agency worker).

If no collective agreement referred to in subsection 1 is applied to the hired worker's (temporary agency worker's) employment relationship, the terms and conditions pertaining to the worker's pay, working hours, and annual leave must, at a minimum, comply with the agreements or practices binding on, and generally applied by, the user enterprise.

## **Section 9a (10/2012)**

### **Right of hired workers (temporary agency workers) to access the services and facilities of the user enterprise**

Hired employees have the right to access the services and common facilities provided by the user enterprise for its employees on the same terms and conditions as the employees of the user enterprise, unless different treatment is justified for objective reasons. However, the user enterprise is not obliged to provide financial support for the hired workers' (temporary agency workers') use of such services and facilities.

## **Section 10**

### **Minimum pay in the absence of a collective agreement**

If neither a collective agreement binding under the Collective Agreements Act nor a generally applicable collective agreement is applicable to an employment relationship, and the employer and the employee have not agreed on the remuneration to be paid for the work, the employee shall be paid a reasonable normal remuneration for the work performed.

## **Section 11 (377/2018)**

### **Pay during illness**

Employees who are prevented from performing their work by an illness or accident are entitled to full pay during illness. If the employment relationship has lasted for a minimum of one month, the employee is entitled to full pay for the period of disability up to the end of the ninth day following the date of falling ill, but only up to the point at which the employee's right to national sickness allowance under the Health Insurance Act (1224/2004) comes into effect. In employment relationships that have continued for less than one month employees are correspondingly entitled to 50 per cent of their pay.

In observing variable working hours, the entitlement to pay during illness under subsection 1 arises if the period of incapacity for work includes a work shift that has been entered in the shift schedule, if such has been otherwise agreed or if, in view of the circumstances, it can otherwise be considered clear that the employee would have been at work if he or she had been fit for work. Pay during illness is determined in a corresponding manner also when fixed working hours have been agreed and the amount of extra work during the six months immediately prior to the start of the illness has, on average, exceeded the agreed amount by at least a factor of four.

Employees are not entitled to pay during illness if they have caused the incapacity for work wilfully or by gross negligence. On request, employees shall present the employer with a reliable account of their incapacity for work.

When the employer has paid an employee pay for the period of illness, it is entitled to receive, for a corresponding period, the daily sickness allowance due to the employee under the Health Insurance Act or the Occupational Accidents, Injuries and Diseases Act (459/2015), though not more than an amount equivalent to the pay extended.

### **Section 11a (460/2006)**

#### **Part-time absence due to illness**

Provisions on an employee's entitlement to a part-time sickness allowance and the fixed-term contract on part-time work on which it is based are contained in chapter 8, section 11 of the Health Insurance Act. The purpose of a part-time absence due to illness is to support the employees in extending their working careers and their return to work on their own initiative. A part-time employment contract will be concluded based on a report on the employee's state of health. (534/2009)

Changing a part-time employment contract during the term of the contract shall be subject to agreement. A contract for a fixed term will, however, be terminated during the term of the contract, in case the employee because of an illness no longer is able to cope with the part-time work.

Once a part-time employment contract comes to an end, the employee shall be entitled to revert to the terms and conditions of the full-time employment contract preceding the part-time contract.

### **Section 12**

#### **The employee's right to pay in the case of impediment to work**

Unless otherwise agreed, the employer is required to pay the employee full pay if the employee has been available to the employer in accordance with the contract, but has been prevented from working by circumstances for which the employer is responsible.

If the employee is prevented from working due to a fire, an exceptional natural event or another similar event affecting the workplace beyond the control of the employee or employer, the employee is entitled to pay for the period of the impediment, though not for more than a maximum of 14 days. If the impediment beyond the control of the parties to the employment contract is caused by industrial action by other employees that is independent of the employee's employment terms or working conditions, the employee is, however, entitled to pay for a maximum of seven days.

The employer may deduct from the pay due to employees under subsections 1 and 2 amounts that the latter have saved because their work performance has been impeded and amounts the employees have earned doing other work or chosen intentionally not to earn. In making the deduction, the employer shall observe the provisions of section 17 of this chapter on limitation of the set-off right.

## **Section 13**

### **Payday and pay period**

Pay shall be paid on the last day of the pay period, unless otherwise agreed. If the basis for a time rate is a period shorter than one week, payment must be made at least twice a month, otherwise once a month. If the pay rate is performance-based, the pay period must not exceed two weeks unless the performance-based pay is paid together with a monthly salary. If performance-based work lasts longer than one pay period, part of the pay determined on the basis of the time spent on the work must be paid for each pay period.

If part of the pay is determined as profit shares, commissions or on other similar grounds, the pay period for this part may be longer than stipulated above, though not more than 12 months.

## **Section 14**

### **Pay period on termination of employment relationship**

When an employment relationship ends, the pay period also ends. If payment of a debt arising from the employment relationship is delayed, the employee is entitled to full pay for the waiting days, though not for more than a maximum of six calendar days, in addition to the penalty interest referred to in section 4 of the Interest Act (633/1982).

If a debt arising from the employment relationship is not clear or uncontested or if the delay in payment is due to the employer's calculation error or other similar error, the employee is entitled to receive pay for the waiting days only if the employee has notified the employer of the delay in payment within one month of termination of the employment relationship and the employer has not made the payment within three working days of the notification. In such a case, entitlement to pay for the waiting days begins on the expiry of payment period granted to the employer.

## **Section 15**

### **Exceptional paydays**

If an employee's pay falls due on a Sunday, a religious holiday, Independence Day, May 1, Christmas or Midsummer Eve, or a Saturday that is not a holiday, it shall be deemed to fall due on the preceding working day.

If an employee's pay falls due on a working day on which the payment systems generally used by banks for interbank payments are not available under a decision made by the European Central Bank or the Bank of Finland, as announced by a notice made by the Bank of Finland and published in the Statute Book, the nearest working day preceding this shall, similarly, be deemed the due day.

## **Section 16 (398/2013)**

### **Payment of pay**

Pay shall be paid into the bank account designated by the employee. The pay shall be withdrawable by the employee on the due date. Pay shall be paid in cash only if it is necessary because of compelling reasons. The employer shall bear the costs of the payment method.

On payment, the employer shall give the employee a calculation showing the amount of the pay and the grounds for its determination. When the payment is made in cash the employer shall have a receipt signed by the employee or another substantiation verifying the payment.

An employer's obligation to attach to the bookkeeping the receipt signed by the employee or another substantiation verifying the payment is prescribed in the Accounting Act (1336/1997).

## **Section 17 (1448/2016)**

### **Employer's right of set-off and advance**

The employer shall not set off pay payable to an employee against counterclaims in so far as this is exempt from distraint under the Enforcement Code (705/2007) or a decree issued by virtue of it. (377/2018)

Advance pay extended as security on the contract or otherwise may be deducted from pay. Advance pay shall in the first place be deemed part of the protected amount referred to in subsection 1.

### **Section 18 (418/2015)**

#### **Employee's entitlement to time off work in order to attend to a position of trust in the municipal government**

The employees are entitled to receive time off their work in order to attend to a position of trust in the municipal government as prescribed in sections 80 and 81 of the Local Government Act (410/2015).

### **Section 19 (744/2022)**

#### **Gratuitousness and counting as working time of compulsory training**

Any training that an employer is obliged by law or collective agreement to provide to employees in order to enable them to perform work for which they were hired must be provided to the employees without charge. The training must also be counted as working time and must take place during regular work shifts where possible.

## **Chapter 3**

### **Employees' obligations**

#### **Section 1**

##### **General obligations**

Employees shall perform their work carefully, observing the instructions concerning performance issued by the employer within its competence. In their activities, employees shall avoid everything that conflicts with the actions reasonably required of employees in their position.



**Section 2****Occupational safety and health**

Employees shall observe the care and caution required by their work duties and working conditions and apply all available means to ensure their own safety and the safety of other employees at the workplace.

Employees shall notify the employer of any faults or deficiencies they may detect in the structures, machinery, equipment and work and protection implements of the workplace which may cause risk of accident or illness.

**Section 3****Competing activity**

Employees shall not do work for another party or engage in such activity that would, taking the nature of the work and the individual employee's position into account, cause manifest harm to their employer as a competing activity contrary to fair employment practices.

During the term of employment, employees shall not embark on any action to prepare for competing activities as cannot be deemed acceptable, taking into account what is stipulated in subsection 1.

An employer which recruits a person whom it knows to be impeded from work on the basis of subsection 1 is liable for any loss caused to the previous employer jointly with the employee.

**Section 4 (597/2018)****Trade secrets**

During the term of employment, the employee may neither utilise unlawfully nor divulge to third parties the employer's trade secrets. If the employee has obtained such information unlawfully, the prohibition will also continue after termination of the employment relationship.

Provisions on the protection of trade secrets are laid down in the Trade Secrets Act (595/2018).

Liability for any loss incurred by the employer applies not only to the employee who divulged the trade secret but also to the recipient of this information, if the latter knew or should have known that the employee had acted unlawfully.

## **Section 5 (1018/2021)**

### **Agreement of non-competition**

For a particularly weighty reason related to the operations of the employer in the employment relationship, an agreement made at the beginning of or during the employment relationship (*agreement of non-competition*) may limit the employee's right to conclude an employment contract on work to begin after the employment relationship has ceased with an employer which engages in operations competing with the first-mentioned employer, and also the employee's right to engage in such operations on own account.

In assessing the particular weight of the reason for instituting an agreement of non-competition, consideration shall be given to the nature of the employer's operations and any need for protection related to keeping a trade secret or to special training given to the employee by the employer, to the employee's status and duties, and to other similar factors.

The employer shall pay compensation to the employee corresponding to 40 per cent of the employee's pay for an agreed restriction period that does not exceed six months. Compensation corresponding to 60 per cent of the employee's pay shall be paid to the employee for an agreed restriction period exceeding six months. The restriction period may not exceed one year, counted from the end of the employment relationship. The compensation shall be paid during the restriction period according to the pay periods observed during the employment relationship, unless otherwise agreed after the termination of the employment contract. Instead of compensation for loss, the agreement may include a provision on contractual penalty, which shall not exceed the amount of pay received by the employee for the six months preceding the end of the employee's employment relationship.

The employer shall be entitled to terminate an agreement of non-competition by observing a notice period of not less than one third of the duration of the restriction period, but at least two months. The right of termination shall nevertheless no longer apply after the employee has terminated the employment contract.

An agreement of non-competition does not bind the employee if the employment relationship has been terminated for a reason deriving from the employer. The provisions of subsection 3 on restricting the duration of an agreement of non-competition and the maximum contractual penalty shall not apply to employees who, in view of their duties and status, are deemed to be engaged in the direction of the enterprise, corporate body or foundation or an independent part thereof, or to have an independent status directly comparable to such managerial duties.

An agreement of non-competition shall be null and void insofar as it is contrary to the provisions of this section. In other respects, the provisions in the Contracts Act (228/1929) shall apply to the validity and mediation of such agreements.

## **Chapter 4**

### **Family leave**

#### **Section 1 (32/2022)**

##### **Pregnancy, special pregnancy and parental leave**

Employees shall be entitled to take leave from work due to pregnancy or confinement, or for the purpose of caring for a child, for the following periods referred to in the Health Insurance Act:

- 1) pregnancy allowance days (*pregnancy leave*);
- 2) special pregnancy allowance days (*special pregnancy leave*);
- 3) parental allowance days (*parental leave*).

Pregnancy leave shall commence 30 working days before the expected date of confinement. The employer and the employee may agree to delay pregnancy leave so that it begins no later than 14 working days before the expected date of confinement.

Employees shall be entitled to take parental leave in no more than four periods, the minimum duration of which shall be 12 working days. Even when also entitled to parental allowance on the basis of another or several children, an employee may take no more than four periods of parental leave in the same calendar year. A period that continues beyond the end of a calendar year shall be deemed part of the quota for the calendar year in which it began.

**Section 2 (32/2022)****Protection of pregnant and recently confined employees**

An employee may only perform work with the employer's consent that does not endanger the personal safety of the employee, nor that of a foetus or newborn over a period of 14 weeks from the beginning of pregnancy leave. Both the employer and the employee shall be entitled at any time to discontinue any work to be done during this period. However, work is not permitted during a period of two weeks before the expected time of childbirth and two weeks after giving birth.

**Section 2a (32/2022)****Partial parental leave**

An employer and employee may agree that the employee will take parental leave on a part-time basis and on the terms and conditions of part-time work.

Any discontinuation of the part-time work referred to in subsection 1 and amendment of terms and conditions shall be agreed. If no agreement is reached, then the employee shall be entitled to discontinue part-time work for a legitimate reason, and to return either to the full-time parental leave referred to in section 1 of this chapter, or to comply with their previous working time.

A written justification shall be provided if an employer refuses to conclude the agreement referred to in subsection 1.

**Section 3 (32/2022)****Child-care leave**

Employees are entitled to take child-care leave in order to care for their child or some other child living permanently in their household until the child reaches the age of three. The entitlement to child-care leave of a parent of an adopted child shall nevertheless continue until a period two years has elapsed from the adoption, but for no longer than the time when the child begins to attend school.

Child-care leave can be taken in one or two periods of at least one month, unless the employee and the employer agree on more than two periods or a period shorter than one month. Only one

parent or person having the care and custody of the child is entitled to child-care leave at one time. Another parent or person with care and custody shall nevertheless be entitled to take one period of child-care leave during pregnancy or parental leave.

### **Section 3a (32/2022)**

#### **Notification of pregnancy and parental leave and child-care leave**

The employee shall notify the employer of pregnancy and parental leave or child-care leave at least two months before the intended start of the leave. However, if the duration of this leave is no more than 12 working days, the period of notification is one month. When giving notification of leave to care for an adopted child, the notification period prescribed above should be observed whenever possible.

In the event that observing the notification period of two months is not possible because of the spouse starting employment and the consequent need for child-care arrangements, the employee shall be entitled to take parental leave one month from the date of the notification, unless this results in a serious inconvenience to production or service operations of the workplace. If the employer feels unable to consent to the notification period of one month, the employer shall inform the employee of the grounds for this refusal.

For a justified reason, the employee shall have the right to change the time and duration of the leave by notifying the employer thereof no later than one month before the change takes effect. An employee may nevertheless bring forward pregnancy leave and change the date of intended leave to be taken at the time of confinement where there is an entitlement to take this leave at the same time as the other parent or a spouse if this is necessary for the birth of the child or due to the state of health of a child or parent. In that case, the employer shall be notified of the change as soon as possible. The parent of an adopted child shall have the right to change the term of the leave before the leave starts for a justified reason by notifying the employer at the earliest possible date.

### **Section 4**

#### **Partial child-care leave**

An employee who has been employed by the same employer for a total period of at least six months during the previous 12 months is entitled to take partial child-care leave in order to care

their child, or some other child living permanently in the employee's household, up to the end of the second year during which the child attends basic education. Partial child-care leave shall nevertheless remain available until the end of the third school year of a child falling within the scope of the extended compulsory school attendance referred to in section 2, subsection 3 of the Compulsory Education Act (1214/2020). The parent of a disabled child or a child with a long-term illness in need of particular care and support may be granted partial child-care leave until the time the child turns 18. Both of the child's parents, or persons having the care and custody of the child, are entitled to take partial child-care leave during the same calendar period, but not simultaneously. The employee must submit a proposal to the employer on partial child-care leave at the latest two months before the leave will begin. (1237/2020)

The employer and the employee shall agree on partial child-care leave and the detailed arrangements concerning it as they see fit. The employer cannot refuse to agree on or grant such leave unless the leave causes serious inconvenience to production or service operations that cannot be avoided through reasonable rearrangements of work. The employer must provide the employee with an account of the grounds for its refusal.

If an employee is entitled to partial child-care leave, but it is not possible to reach agreement on the detailed arrangements, the employee shall be granted one period of partial child-care leave in a calendar year. The duration and timing of the leave shall be according to the employee's proposal. In such cases, the partial child-care leave shall be granted by reducing the regular working hours to six hours per day. The reduced working hours shall cover a continuous period, notwithstanding rest periods. If regular working hours have been arranged on the basis of an average, the average shall be reduced to 30 hours per week.

## **Section 5**

### **Interruption of partial child-care leave**

Any changes in partial child-care leave shall be agreed on. If it is not possible to reach an agreement, the employee has the right to interrupt partial child-care leave for a justified reason, observing a notice period of at least one month.

## **Section 6**

### **Temporary child-care leave**

If the employee's child or some other child who is under 10 years of age and who lives permanently in the employee's household falls suddenly ill, the employee shall be entitled to temporary child-care leave for a maximum of four working days at a time in order to arrange for care of the child or to care for the child personally. This entitlement also applies to a parent who does not live in the same household with the child. Those entitled to temporary child-care leave shall have the right to take temporary child-care leave during the same calendar period, but not simultaneously. (533/2006)

The employee shall notify the employer of temporary child-care leave and of its estimated duration as soon as possible. If the employer so requires, the employee shall present a reliable account of the grounds for temporary child-care leave.

## **Section 7**

### **Absence for compelling family reasons**

Employees shall be entitled to temporary absence from work if their immediate presence is necessary because of an unforeseeable and compelling reason due to an illness or accident suffered by their family.

Employees must notify the employer of their absence and its reason as soon as possible. If the employer so requests, employees must present a reliable account of the grounds for their absence.

## **Section 7a (197/2011)**

### **Absence for taking care of a family member or someone close to the employee**

If it is necessary for an employee to be absent in order to provide special care for a family member or someone else close to the employee, the employer must try to arrange the work so that the employee may be absent from work for a fixed period. The employer and the employee shall agree on the duration of such leave and on other arrangements.

The employer and the employee must agree on the discontinuation of the agreed absence. If agreement cannot be reached, the employee may discontinue their leave for a justifiable reason by informing the employer of their return no later than one month before the date of return to work.

On the employer's request, the employee must deliver a report on the grounds of the absence and discontinuing it.

## **Section 7b (32/2022)**

### **Carer's leave**

An employee shall be entitled to no more than five working days of leave from work in a calendar year in order to provide personal assistance or support to a family member or a relative or someone close who lives in the same household as the employee if the said person needs significant assistance or support that requires the immediate attendance of the employee due to a serious illness or serious injury that has significantly impaired functional capacity. The employee shall also be entitled to similar leave due to participation in hospice care of the foregoing person. A family member or a relative shall denote the employee's child, parent, married or cohabiting partner, and a person in a registered civil partnership with the employee.

The employee must inform the employer of carer's leave and of its estimated duration at the earliest opportunity. The employee shall also provide a reliable account of the grounds for absence at the employer's request.

## **Section 8**

### **Obligation to pay remuneration**

The employer is not required to pay the employee remuneration for the duration of a family leave referred to in this chapter.

Nonetheless, the employer shall compensate a pregnant employee for loss of earnings incurred from medical consultations prior to the birth if it is not possible to arrange the consultations outside working hours.

## **Section 9**

### **Return to work**

At the end of a leave referred to in this chapter, employees are in the first place entitled to return to their former duties. If this is not possible, employees shall be offered equivalent work in



accordance with their employment contract, and if this is not possible either, other work in accordance with their employment contract.

## **Chapter 5**

### **Lay-offs**

#### **Section 1**

##### **Definition of lay-off**

Laying off means temporary interruption of work and remuneration on the basis of an employer decision or an agreement made on the employer's initiative, while the employment relationship continues in other respects. If the conditions laid down in section 2 are met, the employer is entitled to lay off employees either for a fixed period or indefinitely by interrupting the work completely or by reducing an employee's regular working hours prescribed by law or contract to the extent necessary in view of the grounds for laying off the employee.

Under restrictions arising from section 6, employees are entitled to take on other work during the lay-off. Chapter 13, section 5 contains provisions on the use of accommodation benefits during lay-offs.

#### **Section 2**

##### **Grounds for lay-offs**

The employer is entitled to lay off an employee if

- 1) the employer has a financial or production-related reason for terminating the employment contract referred to chapter 7, section 3, or
- 2) the work or the employer's potential for offering work have diminished temporarily and the employer cannot reasonably provide the employee with other suitable work or training corresponding to its needs; the work or the potential for offering work are considered to have diminished temporarily if they can be estimated to last a maximum of 90 days.

Notwithstanding what is provided in subsection 1 and in section 4 of this chapter, the employer and the employee may, during the employment relationship, agree on a lay-off for a fixed period if this is needed in view of the employer's operations or financial standing.

The employer is entitled to lay off an employee in a fixed-term employment relationship only if the employee is working as a substitute for a permanent employee and if the employer would be entitled to lay off the permanent employee if the permanent employee were working.

The employer is not entitled to lay off a shop steward elected on the basis of a collective agreement or an elected representative referred to in chapter 13, section 3, except on the grounds laid down in chapter 7, section 10, subsection 2.

### **Section 3**

#### **Advance explanation and hearing the employee**

The employer shall, on the basis of information available to it, present the employee with an advance explanation of the grounds for the lay-off, and its estimated extent, implementation, commencement and duration. If the lay-off concerns a number of employees, the explanation may be given to the employees' representative or the employees jointly. The explanation shall be presented without delay as soon as the employer becomes aware of the need for lay-offs.

After presentation of the explanation but before the lay-off notice, the employer shall reserve the employees or their representative an opportunity to be heard concerning the explanation given.

It is not necessary to present an advance explanation if the employer is required under another act, agreement or other provision binding the employer to present a corresponding explanation or negotiate on the lay-offs with the employees or their representative.

### **Section 4 (204/2017)**

#### **Lay-off notice**

The employer shall notify employees of a lay-off in person a minimum of 14 days before the lay-off begins. If the notice cannot be given in person, it can be given by letter or electronically with the same minimum notice period. The notice shall include the grounds for lay-off, the date of commencement and the duration or estimated duration of the lay-off.

The obligation to give such notice does not exist if, on account of some other absence from work, the employer is not subject to an obligation to pay the employee remuneration for the entire lay-off period.

The representative of employees to be laid off shall be informed of the notice.

## **Section 5**

### **Lay-off certificate**

At the employee's request, the employer shall provide a written lay-off certificate giving at least the reason for the lay-off, the date of commencement, and the duration or estimated duration of the lay-off.

## **Section 6**

### **Returning to work after lay-off**

If an employee has been laid off indefinitely, the employer shall notify the employee of resumption of work at least seven days in advance unless otherwise agreed.

Employees are entitled to terminate an employment contract made with another employer for the lay-off period, regardless of its duration, at five days' notice.

## **Section 7**

### **Termination of the employment relationship of a laid-off employee**

During a lay-off, employees are entitled to terminate their employment contract without a notice period regardless of its duration. If the date when the lay-off ends is known by the employee, this right shall not apply for seven days preceding the end of the lay-off period.

If the employer terminates a laid-off employee's employment contract by giving notice so that the contract ends during the lay-off, the employee is entitled to pay for the period of notice. The employer may deduct a pay sum due for 14 days from the pay for the notice period if the employee has been laid off using a law-based or contract-based lay-off notification period of more than 14 days.

Employees who terminate their employment contract after the lay-off has lasted continuously for a minimum of 200 days are entitled to their pay for the notice period as compensation, as provided in subsection 2.

## **Chapter 6**

### **General provisions on the termination of an employment contract**

#### **Section 1**

##### **Fixed-term contracts**

Fixed-term employment contracts are terminated without giving notice at the end of the fixed period or on completion of the agreed work.

If the date of the termination of the employment contract is known only by the employer, the employer shall inform the employee of the termination of the employment contract without delay as soon as it learns the date concerned.

An employment contract concluded for longer than five years may, when five years have elapsed from the conclusion of the contract, be terminated on the same grounds and using the same procedure as an employment contract concluded for an indefinite period.

#### **Section 1a (1030/2004)**

##### **Retirement age**

An employee's employment relationship is terminated without giving notice and without a notice period at the end of the calendar month during which the employee reaches the age of retirement, unless the employer and the employee agree to continue the employment relationship. The retirement age is 68 for those born in 1957 or earlier, 69 for those born in 1958–1961, and 70 for those born in or since 1962. (102/2016)

The employer and the employee may agree on a fixed-term continuation of an employment relationship regardless of chapter 1, section 3, subsection 2.

#### **Section 2**

**General provisions concerning periods of notice**

An employment contract which has been concluded for an indefinite period or is otherwise valid for an indefinite period is terminated by giving notice to the other contracting party.

The agreed notice period may not exceed six months. If a longer period has been agreed on, a six-month notice period shall be observed instead. The agreed employer's notice period may be longer than that of the employee. If the agreed notice period to be observed by the employer is shorter than that of the employee, the latter is entitled to observe the notice period agreed for the employer.

If an employment contract may be terminated without notice, the employment relationship shall end at the close of the working day or working shift during which the notice has been given to the other contracting party.

**Section 3****General notice periods**

Unless otherwise agreed, the notice periods to be observed by the employer are the following if the employment relationship has continued uninterruptedly:

- 1) 14 days, if the employment relationship has continued for up to one year;
- 2) one month, if the employment relationship has continued for more than one year but no more than four years;
- 3) two months, if the employment relationship has continued for more than four years but no more than eight years;
- 4) four months, if the employment relationship has continued for more than eight years but no more than 12 years;
- 5) six months, if the employment relationship has continued for more than 12 years.

Unless otherwise agreed, the notice periods to be observed by the employee are the following if the employment relationship has continued uninterruptedly:

- 1) 14 days, if the employment relationship has continued for no more than five years;
- 2) one month, if the employment relationship has continued for more than five years.

## **Section 4**

### **Non-observance of the notice period**

An employer which terminates an employment contract without observing the notice period shall pay the employee full pay for a period equivalent to the notice period as compensation.

Employees who have not observed the notice period are required to pay the employer an amount equivalent to their pay for the notice period as a lump-sum compensation.

If the notice period has been observed in part only, the liability is limited to what is equivalent to the pay due for the non-observed part of the notice period.

## **Section 4a (377/2018)**

### **Notice-period pay when observing variable working hours**

If variable working hours have been agreed in the employment contract and the amount of work offered by the employer during the notice period is less than the average amount of work during the 12 weeks immediately prior to the last work shift, the employer must compensate the employee for the loss of income arising from this shortfall. The liability to compensate does not apply if the employment relationship had lasted less than one month before notice was given. The notice-period pay is determined in a corresponding manner also when fixed working hours have been agreed and the amount of extra work during the six months immediately prior to the notice being given has, on average, exceeded the agreed amount by at least a factor of four.

## **Section 5**

### **Tacit extension of the contractual relationship**

If the employer allows the employee to continue to work after expiry of the contract or notice period, the contractual relationship shall be deemed to have been extended indefinitely.

## **Section 6 (1448/2016)**

### **Re-employment of an employee**

If an employee is given notice on the basis of chapter 7, sections 3 or 7, and the employer needs new employees within four months of termination of the employment relationship for the same or similar work that the employee given notice had been doing, the employer shall offer work to this former employee if the employee continues to seek work via an Employment and Economic Development Office. However, if the employment relationship has lasted without interruption for at least 12 years prior to its termination, the re-employment period shall be six months.

In derogation from chapter 1, section 10, subsection 2 above, this obligation also applies correspondingly to the assignee referred to in chapter 1, section 10, where the assignor has given notice to terminate an employee's employment contract with the termination to occur before the assignment.

## **Section 7**

### **Certificate of employment**

On termination of the employment relationship, the employee is entitled to receive, on request, a written certificate of the duration of the employment relationship and the nature of the work duties. At the specific request of the employee, the certificate shall include the reason for the termination of the employment relationship and an assessment of the employee's working skills and behaviour. The certificate shall not provide any information other than that obtainable from normal perusal.

The employer is required to provide the employee with a certificate of employment on request within 10 years of termination of the employment relationship. A certificate on the employee's working skills and behaviour shall, however, be requested within five years of termination of employment relationship.

If more than 10 years have elapsed from termination of the employment relationship, a certificate of the duration of the employment relationship and the nature of the work duties shall be given

only if it does not cause the employer undue inconvenience. Subject to the same conditions, the employer shall issue a new certificate on request if the original has been lost or destroyed.

## **Chapter 7**

### **Grounds for termination of the employment contract by means of notice**

#### **Section 1**

##### **General provision on the grounds for termination of an employment contract**

The employer shall not terminate an indefinitely valid employment contract without proper and weighty reason.

#### **Section 2**

##### **Termination grounds related to the employee's person**

Serious breach or neglect of obligations arising from the employment contract or the law and having essential impact on the employment relationship as well as such essential changes in the conditions necessary for working related to the employee's person as render the employee no more able to cope with their work duties can be considered a proper and weighty reason for termination arising from the employee or related to the employee's person.

At least the following cannot be regarded as proper and weighty reasons:

- 1) illness, disability or accident affecting the employee, unless working capacity is substantially reduced thereby for such a long term as to render it unreasonable to require that the employer continue the contractual relationship;
- 2) participation of the employee in industrial action arranged by an employee organisation or in accordance with the Collective Agreements Act;
- 3) the employee's political, religious or other opinions or participation in social activity or associations;
- 4) resort to means of legal protection available to employees.



Employees who have neglected their duties arising from the employment relationship or committed a breach thereof shall not be given notice, however, before they have been warned and given a chance to amend their conduct.

Having heard the employee in the manner referred to in chapter 9, section 2, the employer shall, before giving notice, find out whether it is possible to avoid giving notice by placing the employee in other work.

What is provided in subsections 3 and 4 need not be observed if the reason for giving notice is such a grave breach related to the employment relationship as to render it unreasonable to require that the employer continue the contractual relationship.

### **Section 3**

#### **Financial and production-related grounds for termination**

The employer may terminate the employment contract if the work to be offered has diminished substantially and permanently for financial or production-related reasons or for reasons arising from reorganisation of the employer's operations. The employment contract shall not be terminated, however, if the employee can be placed in or trained for other duties as provided in section 4.

At least the following shall not constitute grounds for termination:

- 1) either before termination or thereafter the employer has employed a new employee for similar duties even though the employer's operating conditions have not changed during the equivalent period; or
- 2) no actual reduction of work has taken place as a result of work reorganisation.

### **Section 4**

#### **Obligation to offer work and provide training**

Employees shall primarily be offered work that is equivalent to that defined in their employment contract. If no such work is available, they shall be offered other work equivalent to their training, professional skill or experience.

The employer shall provide employees with training required by new work duties that can be deemed feasible and reasonable from the point of view of both contracting parties.

If an employer which in fact exercises control in personnel matters in another enterprise or corporate body on the basis of ownership, agreement or some other arrangement cannot offer an employee work as referred to in subsection 1, it must find out if it is possible to meet the employer's obligation to provide work and training by offering the employee work in other enterprises or corporate bodies under its control.

## **Section 5**

### **Termination on assignment of business**

The assignee may not terminate an employee's employment contract merely because of assignment of the business as referred to in chapter 1, section 10.

When an employer assigns its business in the manner prescribed in chapter 1, section 10, employees shall be entitled to give notice to terminate their employment contracts with the termination to occur on the date of assignment regardless of the period of notice otherwise applied to the employment relationship or of its duration, if they have been informed of the assignment by the employer or the new proprietor of the business no less than one month before the date of assignment. If employees have been informed of the assignment later than that, they are entitled to give notice to terminate their employment contract with the termination to occur on or after the date of assignment, though no later than within one month of having been informed of the assignment.

## **Section 6**

### **Assignee's responsibility**

If an employment contract is terminated because the employee's terms of employment have been weakened significantly as a result of assignment of the business, the employer shall be deemed to be responsible for termination of the employment relationship.

## **Section 7**

### **Termination in connection with a reorganisation procedure**

If the employer is subject to a procedure referred to in the Restructuring of Enterprises Act (47/1993), the employer shall be entitled, unless otherwise provided in section 4, to terminate the employment contract regardless of its duration at a notice of two months, if

1) the termination derives from an arrangement or measure to be carried out during the reorganisation procedure which is necessary to avoid bankruptcy and which causes the work to cease or decrease in the manner referred to in section 3 or

2) the termination derives from a procedure in accordance with a confirmed reorganisation plan that causes the work to cease or decrease in the manner referred to in section 3, or if the termination derives from an arrangement in accordance with the plan, which is attributed to financial grounds established in the confirmed reorganisation plan, and calls for a reduction in personnel resources.

The employee shall observe a notice period of 14 days in connection with reorganisation procedures, unless otherwise provided in chapter 5, section 7, subsection 1.

## **Section 8**

### **Bankruptcy or death of the employer**

If the employer is declared bankrupt, the employment contract may be terminated by either party regardless of its duration. The period of notice is 14 days. The pay due for the period of bankruptcy shall be paid from the bankrupt's estate.

On the death of the employer, both the parties to the death estate and the employee are entitled to terminate the employment contract regardless of its duration. The period of notice is 14 days. The termination right shall be exercised within three months of the death of the employer.

## **Section 9**

### **Termination in the case of an employee who is pregnant or on family leave**

The employer shall not terminate an employment contract on the basis of the employee's pregnancy or because the employee is exercising their right to the family leave laid down in chapter 4. On request, the employee must present the employer with proof of pregnancy.

If the employer terminates the employment contract of a pregnant employee or an employee on family leave other than the leave provided for in chapter 4, section 7a, the termination shall be deemed to have taken place on the basis of the employee's pregnancy or family leave unless the employer can prove there was some other reason. (197/2011)

The employer shall only be entitled to terminate the employment contract of an employee who is taking pregnancy, special pregnancy, parental or child-care leave on the grounds laid down in section 3 if the employer's operations cease completely. (32/2022)

## **Section 10**

### **Protection against termination in the case of a shop stewards and elected representatives**

The employer shall be entitled to terminate the employment contract of a shop steward elected on the basis of a collective agreement or of an elected representative referred to in chapter 13, section 3, on the basis of grounds referred to in section 2 of this chapter only if a majority of the employees whom the shop steward or the elected representative represents agree.

The employer shall be entitled to terminate the employment contract of a shop steward or an elected representative on grounds laid down in sections 3 or 7 or section 8, subsection 1, only if the work of the shop steward or the elected representative ceases completely and the employer is unable to arrange work that corresponds to the person's professional skill or is otherwise suitable, or to train the person for some other work in the manner referred to in section 4.

## **Section 11**

### **Changing the employment relationship to a part-time relationship**

The employer is entitled to change the employment relationship unilaterally into a part-time relationship on the termination grounds referred to in section 3, and observing the period of notice.

## **Section 12 (456/2005)**

### **An employee's right to employment leave**

Unless otherwise agreed by the employer and the employee after the employer has terminated the employment contract on the grounds provided in chapter 7, sections 3 and 4 or section 7, the employee is entitled to fully paid leave in order to participate during their period of notice in the preparation of an employment plan as referred to in the Act on Public Employment and Business Service (916/2012), in labour market training or related practical training or on-the-job learning, or to engage in job seeking and attend job interviews on their own initiative or at the initiative of the authorities, or to attend re-assignment coaching. (920/2012)

The duration of employment leave is determined in accordance with the duration of the period of notice as follows:

- 1) a maximum of five working days in total, if the period of notice does not exceed one month;
- 2) a maximum of 10 working days in total, if the period of notice is longer than one month but does not exceed four months;
- 3) a maximum of 20 working days in total, if the period of notice is more than four months.

Before taking employment leave or part thereof, the employee shall inform the employer regarding the leave and the grounds therefore as early as possible, and shall, upon request, present a reliable account on the grounds for each leave.

Taking employment leave shall not substantially inconvenience the employer.

## **Section 12a (672/2022)**

### **Special right to employment leave for a person aged 55 years or more**

Notwithstanding the provisions of section 12, the duration of employment leave shall be determined as follows if an employee has reached the age of 55 years at the time of dismissal and the employment relationship has continued for not less than five years without interruption, or with interruptions lasting for no more than a total of 30 days:

- 1) no longer than a total of 5 working days if the period of notice does not exceed one month;

2) no longer than a total of 15 working days if the period of notice is longer than one month but no longer than four months;

3) no longer than a total of 25 working days if the period of notice is longer than four months.

In addition to the provisions of section 12, subsection 1, employment leave may also be used for the restructuring protection training referred to in chapter 5a of the Act on Public Employment and Business Service, and for conducting a competence and working capacity assessment.

### **Section 13 (1339/2021)**

#### **Coaching or training to further the employment prospects of an employee given notice**

The employer is obligated to offer an employee to whom it has given notice on grounds set out in section 3, the opportunity to take part in employer-funded coaching or training to further the prospects of finding employment if:

1) the employer regularly employs at least 30 people; and

2) the employee has been employed by the employer for an uninterrupted period of at least five years before the termination of the employment relationship.

The value of the coaching or training must at least correspond to the employee's imputed pay for one month or the average monthly earnings of personnel at the same place of work as the employee given notice, whichever is the greater. The coaching or training shall be provided within a two-month period following the end of the period of notice. Where there are serious grounds, the coaching or training may be provided later than this. However, by the end of the employment relationship the employee must be aware of the date or estimated date of the coaching or training provision.

The employer and the employee may agree that the employer will meet its obligation referred to in subsection 1 by paying in part or in full for training or coaching procured by the employee themselves.

The employer and the personnel may agree otherwise in respect of the provision of subsection 2 concerning specification of the value. The employer and the personnel may also agree on other

arrangements instead of coaching or training for furthering the employment prospects of an employee given notice. The personnel representative is determined in accordance with section 5 of the Cooperation Act (1333/2021), section 6 of the Act on Cooperation in Government Agencies and Public Bodies (1233/2013), or section 3 of the Act on Cooperation between Employers and Employees in Municipalities and Wellbeing Services Counties (449/2007). An agreement made by a personnel representative binds all employees whom the representative can be considered to represent.

## **Section 14 (1467/2016)**

### **Neglect of coaching or training for furthering employment prospects**

An employer that has not complied with the obligation laid down for it in section 13 is obligated to pay a lump sum compensation to the employee of an amount corresponding to the value of the training or coaching.

If the obligation to arrange coaching or training has been neglected only in part, the obligation to compensate shall be limited to an amount corresponding to the extent by which the obligation was neglected.

## **Chapter 8**

### **Cancellation of employment contract**

#### **Section 1**

##### **Grounds for cancellation**

The employer is only upon an extremely weighty cause entitled to cancel an employment contract with an immediate effect regardless of the applicable period of notice or the duration of the employment contract. Such a cause may be deemed to exist in case the employee commits a breach against or neglects duties based on the employment contract or the law and having an essential impact on the employment relationship in such a serious manner as to render it unreasonable to expect that the employer should continue the contractual relationship even for the period of notice.

Correspondingly, the employee shall be entitled to terminate the employment contract with immediate effect if the employer commits a breach against or neglects its duties based on the

employment contract or the law and having essential impact on the employment relationship in such a serious manner as to render it unreasonable to expect that the employee should continue the contractual relationship even for the period of notice.

## **Section 2**

### **Lapse of cancellation right**

The right to cancellation lapses if the employment contract is not cancelled within 14 days of the date on which the contracting party is informed of the existence of the cancellation grounds referred to in section 1.

If cancellation is prevented for a valid reason, it may take place within 14 days of the date on which the impediment ceases to exist.

## **Section 3**

### **Deeming the employment contract cancelled**

If the employee has been absent from work for a minimum of seven days without notifying the employer of a valid reason for the absence for this period, the employer is entitled to consider the employment contract cancelled from the date on which the absence began.

If the employer is absent from the workplace for a minimum of seven days without notifying the employee of a valid reason for this absence, the employee shall be entitled to consider the employment contract cancelled.

If it has been impossible to notify the other contracting party because of an acceptable impediment, the cancellation of the employment contract shall be null and void.

## **Chapter 9**

### **Procedure for terminating an employment contract**

#### **Section 1**

##### **Appealing to the grounds for termination**



The employer must effect termination of the employment contract within a reasonable period after being informed of the existence of the grounds related to the person of the employee referred on in chapter 7, section 2.

## **Section 2**

### **Hearing the employee and the employer**

Before the employer terminates an employment contract on the grounds referred to in chapter 7, section 2, or cancels it for a reason referred to in chapter 1, section 4, or chapter 8, section 1, the employer shall provide the employee with an opportunity to be heard concerning the grounds for termination. The employee is entitled to resort to an assistant when being heard.

Before the employee cancels an employment contract on the grounds referred to in chapter 8, section 1, the employee must provide the employer with an opportunity to be heard concerning the grounds for cancellation.

## **Section 3 (204/2017)**

### **Employer's duty to explain**

Prior to terminating the employment contract on the grounds referred to in chapter 7, sections 3 or 7, the employer must explain to the employee to be dismissed the grounds for termination of employment and the alternatives. If the employment contract is terminated pursuant to chapter 7, section 8, the bankrupt's or death estate must present to the employees as soon as possible a clarification of the grounds of the employment contract's termination.

If the termination concerns more than one employee, the explanation may be given to a representative of the employees or, if no such representative has been elected, to the employees jointly.

If the employer is, under law, agreement or other binding provision, required to negotiate on the grounds for termination with the employees or their representatives, the employer is not required to provide the explanation referred to in subsections 1 and 2.

## **Section 3 a (163/2020)**

### **Employer's notification to Employment and Economic Development Offices**

The employer shall immediately submit a report to the Employment and Economic Development Office of the termination of an employment contract, if the employer has terminated the employment contract of at least ten employees and this was due to the financial or production-related reasons referred to in sections 3, 4, 7 or 8 of Chapter 7.

The notification mentioned in subsection 1 must include the number of employees, whose employment contract will be terminated, their professions or job descriptions and the date on when their employment contract will end.

### **Section 3 b (672/2022)**

#### **Employer's obligation to provide information on certain employment services**

When terminating employment that has continued for not less than five years without interruption, or with interruptions lasting for no more than a total of 30 days, an employer shall be required to inform an employee who has reached the age of 55 years of the employee's right to the restructuring protection training referred to in chapter 5a of the Act on Public Employment and Business Service, and to the restructuring protection allowance referred to in chapter 9 of the Unemployment Security Act.

In the cases referred to in section 3a, the employer shall be required to inform the employee of their right to the employment plan referred to in the Act on Public Employment and Business Service.

### **Section 4**

#### **Delivery of notice on the termination of an employment contract**

A notice on termination of an employment contract shall be delivered to the employer or its representative, or to the employee, in person. If this is not possible, the notice may be delivered by letter or electronically. The notice is then deemed to have been received by the recipient at the latest on the seventh day after the notice was sent.

If the employee is on annual vacation in accordance with law or contract or on a holiday of at least two weeks given in order to balance out working hours, termination of the employment

relationship based on a notice delivered by letter or electronically shall not be regarded as delivered until the date following the end of the vacation or holiday at the earliest.

If a notice terminating the employment contract is delivered by letter or electronically, it shall be deemed that the grounds referred to in chapter 1, section 4, and the grounds for termination of an employment contract referred to in chapter 8, section 1, have been referred to within the agreed or required time if the notice has been handed in for delivery by mail or sent electronically within that period.

## **Section 5**

### **Notifying the employee of the grounds for termination**

At the employee's request, the employer shall notify the employee without delay in writing of the date of termination of the employment contract and of the grounds for termination or cancellation known by the employer to have caused the termination.

## **Chapter 10**

### **Invalidity of employment contract and unreasonable terms**

#### **Section 1**

##### **Invalidity under the Contracts Act**

If the employment contract does not bind the employee on the basis of invalidity grounds laid down in chapter 3 of the Contracts Act, the employee is entitled, instead of resorting to the invalidity of the contract, to terminate the employment contract immediately, unless the invalidity grounds have lost their significance.

#### **Section 2**

##### **Unreasonable terms**

If application of a term or condition in the employment contract is contrary to good practice or otherwise unreasonable, the term or condition may be adjusted or ignored.

#### **Section 3**

##### **Impact of null and void terms**

If a term or condition in the employment contract is null and void on account of being in conflict with a provision protecting the employee, the employment contract shall be applied in other respects.

## **Section 4**

### **Invalidity based on legal incompetence**

The employer shall not appeal to invalidity of contract because of an employee's legal incompetence as long as the legally incompetent person meets own contractual obligations.

## **Chapter 11 (448/2016)**

### **Employment contracts of an international nature and the applicable law**

## **Section 1 (448/2016)**

### **Law applicable to employment contract**

Work performed in Finland is governed by Finnish employment legislation if the employment contract does not specify connections with other states.

If the employment contract specifies a connection with two or more states, the law applicable to the employment contract is determined in accordance with Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I).

## **Section 2 (448/2016)**

### **Employees performing work by virtue of the free movement of labour**

The terms of employment of citizens of the European Union and of the European Economic Area who perform work in Finland by virtue of the free movement of labour shall be equal to the terms applied to Finnish employees in the manner laid down in Regulation (EU) No 492/2011 of the European Union and of the Council on freedom of movement of workers within the Union. The terms of employment of Swiss citizens performing work in Finland by virtue of the free movement of labour shall be equal to the terms applied to Finnish employees in the manner agreed in Luxembourg on 21 June 1999 in the Agreement between the European Community and its

Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons (Finnish Treaty Series 38/2002).

Discrimination in the terms of employment on the grounds of nationality is prohibited in the manner laid down in the Non-Discrimination Act and in international agreements binding on Finland.

### **Section 3 (448/2016)**

#### **Posted employees**

Provisions on the minimum terms of the contractual employment relationships of workers posted to Finland on the basis of the cross-border provision of services, and on their employment conditions, are laid down in the Act on Posting Workers (447/2016).

### **Section 4 (918/2017)**

#### **Employees referred to in the Act on the Conditions of Entry and Residence of Third-Country Nationals in the Framework of an Intra-Corporate Transfer**

Provisions on determination of the terms of employment of employees whose entry to the country is based on the Act on the Conditions of Entry and Residence of Third-Country Nationals in the Framework of an Intra-Corporate Transfer (908/2017) are laid down in section 1a of the Act on Posting Workers.

### **Chapter 11a (451/2012)**

#### **Employers' joint and several liabilities in employing illegally resident employees**

### **Section 1 (451/2012)**

#### **Scope of application**

The provisions of this chapter are applied to an employer who has employed a third-country national, within the meaning of section 3, paragraph 2a of the Aliens Act (301/2004), who is staying illegally in the country. The provisions are also applied to the employer's contracting party and other contracting parties, as provided hereafter in this chapter.

### **Section 2 (451/2012)**

## **Subcontractor and contractor**

In this chapter:

- 1) *subcontractor* means any contracting party acting as an employer who has concluded an agreement with an orderer to achieve a certain result in exchange for compensation;
- 2) *contractor* means any legal or natural person on whose premises or work site located in Finland an employee employed by a subcontractor is working;
- 3) *main contractor* means any legal or natural person on whose premises or work site located in Finland several subcontractors referred to in paragraph 1 are working as contractors referred to in paragraph 2.

## **Section 3 (451/2012)**

### **Financial sanction**

An employer who has hired an employee or employees referred to in section 1 shall be liable to pay a financial sanction of a minimum of EUR 1,000 and a maximum of EUR 30,000.

The minimum and maximum amounts of the sanction shall be revised every three years by government decree, to match any change in monetary value.

## **Section 4 (451/2012)**

### **Factors affecting the amount of the financial sanction**

When determining the size of the financial sanction, the following shall be taken into account: whether the employer's infringement is intentional and persistently repeated, other circumstances surrounding the establishment of the employment relationship and the terms thereof, and the number of employees referred to in section 1.

The financial sanction may be reduced if a natural person has hired an employee for private purposes and if the employee's working conditions are not particularly exploitative.

## **Section 5 (451/2012)**

## **Costs of return**

An employer on whom a financial sanction referred to in section 3 is imposed shall be liable to compensate for the costs of returning employees referred to in section 1 in cases where the return procedures have been implemented, provided that the employer has, through their own actions, influenced the employees' entry or residence.

## **Section 6 (451/2012)**

### **Imposing a financial sanction and compensating for the costs of return**

The Finnish Immigration Service shall order the employer and the contractor, within the meaning of sections 10 and 11, to pay a financial sanction referred to in section 3 and the costs of return referred to in section 5, by a date specified in the decision. If the financial sanction and costs of return are also imposed on the contractor or other subcontractor acting as a contractor, as specified in sections 10 and 11, the employer, contractor, or other subcontractor acting as a contractor shall be jointly and severally liable for the sanction and costs of return.

A financial sanction may not be imposed if the matter concerned has not been instituted within two years of the termination of the employee's employment relationship. The financial sanction and costs of return shall expire after five years from the beginning of the year in which they were imposed.

The financial sanction and costs of return are payable to the state. The Act on the Enforcement of a Fine (672/2002) is applied in the implementation of financial sanctions.

A financial sanction may not be imposed on anyone who is suspected of the same act in a criminal matter in which pre-trial investigation, consideration of charges, or a trial is pending. Additionally, a financial sanction may not be imposed on anyone who has been legally sentenced to punishment for the same act. The Finnish Immigration Service shall, upon application, cancel a financial sanction if the party on whom it was imposed is suspected of the same act in a criminal matter pending in a court of law or is later sentenced to punishment for the same act.

## **Section 7 (73/2017)**

### **Right of appeal**

An appeal against a decision referred to in this chapter may be made to an administrative court in the manner laid down in the Administrative Judicial Procedure Act (586/1996). The decision of the administrative court may be appealed against only if the Supreme Administrative Court grants leave to appeal.

### **Section 8 (451/2012)**

#### **Sending back-payments and duration of employment**

The employer shall be liable to pay the costs arising from sending back-payments to the country to which an employee referred to in section 1 has returned or has been returned.

An employment relationship of at least three months is presumed unless the employer or the employee can prove otherwise.

### **Section 9 (451/2012)**

#### **Contractor's liability for payments to an employee**

Where the employer of an employee referred to in section 1 is a subcontractor, the subcontractor's direct contractor and the employer shall be jointly and severally liable to make the following payments to the employee:

- 1) any outstanding remuneration;
- 2) the remuneration payable for additional work and overtime, and increased wages payable for Sunday work, as laid down in section 20 of the Working Time Act (872/2019);
- 3) holiday pay as provided in chapter 3 of the Annual Holidays Act (162/2005) and holiday compensation as provided in chapter 4 of the same act.

The contractor shall be liable to pay the costs referred to in section 8, subsection 1, as provided in subsection 1. The contractor may also prove that its liability for the payments to an employee as set out in subsection 1 concern a period other than the one referred to in section 8, subsection 2.

### **Section 10 (451/2012)**

#### **Contractor's liability for a financial sanction and costs of return**



Where the employer of an employee referred to in section 1 is a subcontractor, the subcontractor's direct contractor and the employer shall be jointly and severally liable to pay the financial sanction provided in section 3 and the costs of return referred to in section 5.

A financial sanction may be imposed on the contractor only if it is also imposed on the employer. The contractor may be ordered to pay the costs of return if the contractor has influenced the illegally resident employee's entry or residence.

## **Section 11 (451/2012)**

### **Main contractor's liability**

The main contractor or other subcontractor acting as a contractor, shall be jointly and severally liable to pay the financial sanction provided in section 3 and the employee's remuneration and costs provided in section 9, if they knew that the employee was staying illegally in the country, as well as the costs of return, if the main contractor or other subcontractor acting as a contractor has influenced the illegally resident employee's entry or residence.

## **Section 12 (451/2012)**

### **Contractors' right of recourse**

The direct contractor, main contractor, and other subcontractor acting as a contractor are entitled to claim back from the subcontractor who is or has been the employer of an employee referred to in section 1 the amount that they, in addition to or in place of the employer, have paid according to sections 9–11 in the form of financial sanctions, costs of return, or the employee's remuneration or costs.

## **Section 13 (451/2012)**

### **Exemption from liability**

The employer, direct contractor, main contractor, and other subcontractor acting as a contractor shall not be liable to pay the financial sanction provided in section 3, or the costs of return provided in section 5, if a valid document presented as an employee's residence permit, or other document confirming the employee's right of residence, was forged and the employer, direct contractor, main contractor, or other subcontractor acting as a contractor was unaware of this.

The direct contractor, main contractor, and other subcontractor acting as a contractor shall not be liable to pay the employee's remuneration and costs provided in section 9 if the document referred to in subsection 1 was forged and the direct contractor, main contractor, or other subcontractor acting as a contractor was unaware of this.

Furthermore, the direct contractor shall not be liable to pay the financial sanction provided in section 3, the costs of return provided in section 5, or the employee's remuneration and costs provided in section 9, if the direct contractor can prove that it has obtained the accounts and certificates referred to in section 5 of the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006) from the employing subcontractor and if the direct contractor has ensured, through contracts concluded with the subcontractor or by other available means, that the employees used by the employer have residence permits for an employed person as set out in the Aliens Act, or other documents granting them a right of residence.

Before making a decision, the Finnish Immigration Service shall request a statement from the occupational safety and health authorities on whether the contractor referred to in subsection 3 has adhered to section 5 of the Act on the Contractor's Obligations and Liability when Work is Contracted Out. The person making the decision must comply with the statement.

## **Chapter 12**

### **Liability for damages**

#### **Section 1**

##### **General liability**

If the employer intentionally or through negligence commits a breach against obligations arising from the employment relationship or this Act, it shall be liable for the loss thus caused to the employee.

In derogation from the provisions of subsection 1 above, liability for termination of the employment contract contrary to the grounds laid down in chapter 1, section 4, or in chapters 7 or 8 is determined under section 2.

If the employee intentionally or through negligence commits a breach against, or neglects obligations arising from, the employment contract or this Act or at work causes a loss to the employer, the employee shall be liable to the employer for the loss thus caused in accordance with the grounds laid down in chapter 4, section 1, of the Tort Liability Act (412/1974).

The compensation for neglecting to observe the period of notice is determined under chapter 6, section 4. Chapter 5, section 7, subsection 3 lays down provisions on the entitlement of an employee who has been laid off for a minimum of 200 days, and who terminates the employment relationship, to receive compensation equivalent to pay or part of it for the period of notice.

## **Section 2**

### **Compensation for groundless termination of an employment contract**

If the employer has terminated an employment contract contrary to the grounds laid down in this Act, it must be ordered to pay compensation for unjustified termination of the employment contract. If the employee has cancelled the employment contract on the grounds laid down in chapter 8, section 1, arising from the employer's intentional or negligent actions, the employer must be ordered to pay compensation for unjustified termination of the employment contract. The exclusive compensation must be equivalent to the pay due for a minimum of three months or a maximum of 24 months. Nevertheless, the maximum amount due to be paid to shop stewards elected on the basis of a collective agreement or to elected representatives referred to below in chapter 13, section 3, is equivalent to the pay due for 30 months.

Depending on the reason for terminating the employment relationship, the following factors must be taken into account in determining the amount of compensation: estimated time without employment and estimated loss of earnings, the remaining period of a fixed-term employment contract, the duration of the employment relationship, the employee's age and chances of finding employment corresponding to the employee's vocation or education and training, the employer's procedure in terminating the contract, any motive for termination originating in the employee, the general circumstances of the employee and the employer, and other comparable matters. In determining the compensation, account must be taken of any compensation adjudicated for the same act by virtue of the Non-discrimination Act. (1331/2014)

If the employer has terminated the employment contract contrary to the grounds laid down in chapter 7, sections 3 or 7, or cancelled it contrary to the grounds laid down in chapter 1, section

4, or solely contrary to the grounds laid down in chapter 8, section 1, the provision in subsection 1 on minimum compensation shall not apply.

### **Section 3 (1448/2016)**

#### **Impact of daily unemployment allowance on payment of indemnities and compensation**

Where a compensation ordered under section 2 above is compensation for loss of emoluments due to unemployment before a ruling is pronounced or delivered, the following deductions shall be made:

- 1) 75 per cent of the daily earnings-related unemployment allowance as referred to in the Unemployment Security Act (1290/2002) paid to the employee for the period in question;
- 2) 80 per cent of the basic unemployment allowance referred to in the Unemployment Security Act paid to the employee for the period; and
- 3) the labour market subsidy paid to the employee for the period under the Unemployment Security Act.

A court may, if warranted by the amount of the compensation and by the employee's financial and social circumstances and the insult suffered by the employee, reduce the amount deductible from the compensation referred to in subsection 1 or waive the deduction in total .

When processing a matter referred to in subsection 1, paragraph 1, above, a court shall provide the Unemployment Insurance Fund and the unemployment fund with an opportunity to be heard. The court must order the employer to pay the sum deducted from the compensation to the Unemployment Insurance Fund, and inform it of the legally valid ruling or decision in the matter. What is herein laid down pertaining to the Unemployment Insurance Fund shall correspondingly apply to the Social Insurance Institution when a matter referred to in subsection 1, paragraphs 2 or 3, is processed.

When an agreement is made on the amount of the employer's liability, it must separately mention the total compensation agreed under section 2 and the compensation included therein paid to the employee for loss of emoluments due to unemployment before the agreement is made. The

deductions prescribed in subsections 1 and 2 of this section shall be made from the compensation. The employer is responsible for paying the sum deducted from the compensation to the Unemployment Insurance Fund or the Social Insurance Institution and for sending a copy of the agreement to the Unemployment Insurance Fund or the Social Insurance Institution.

What is laid down above on compensation ordered under section 2 also applies to compensation ordered under section 1, subsection 1, for groundless lay-off.

## **Chapter 13**

### **Miscellaneous provisions**

#### **Section 1**

##### **Freedom of association**

Employers and employees have the right to belong to associations and to be active in them. They also have the right to establish lawful associations. Employers and employees are likewise free not to belong to any of the associations referred to above. Prevention or restriction of this right or freedom is prohibited.

Any agreement contrary to the freedom of association is null and void.

#### **Section 2**

##### **Right of assembly**

The employer must allow employees and their organisations to use suitable facilities under the employer's control free of charge during breaks and outside working hours in order to deal with employment issues and matters forming part of the function of trade unions. Exercise of this right of assembly must not have a harmful impact on the employer's operations.

#### **Section 3**

##### **Elected representative**

Employees who do not have a shop steward referred to in a collective agreement applicable to the employer under the Collective Agreements Act may elect a representative from among themselves. The duties and scope of competence of such an elected representative are determined in the

manner laid down separately in this Act and elsewhere in the labour legislation. The employees may further take majority decisions to authorise the elected representative to represent them in matters of employment relationships and working conditions specified in the authorisation.

Elected representatives are entitled to any information that they need to carry out the duties referred to in law and to sufficient release from work obligations. The employer must compensate for any loss of earnings caused thereby. Release from work obligations in order for the elected representative to carry out other duties and compensation for any loss of earnings must be agreed on with the employer.

Chapter 7, section 10, lays down provisions concerning protection of elected representatives from termination.

## **Section 4**

### **Elected representatives and assignment of business**

Elected representatives retain the status laid down in section 3 if the business or part thereof keeps its independence following assignment. If an elected representative's term comes to an end as a result of assignment of the business, the representative has the protection against termination laid down in chapter 7, section 10, for six months from the end of the term.

## **Section 5 (1448/2016)**

### **Accommodation benefit**

The employee is entitled to use a dwelling provided as emolument for a period during which work has been interrupted for an acceptable reason and on termination of the employment relationship during the period laid down as the lessor's period of notice in section 92 of the Act on Residential Leases (481/1995). If the employment relationship is terminated on account of the employee's death, the members of the employee's family living in the dwelling are entitled to use the dwelling after the employee's death for the same period as the employee would have been entitled to do, though not for more than three months.

After termination of the employment relationship, the employer may not charge more per square metre for use of a dwelling than an amount equivalent to the maximum housing costs laid down in the Act on General Housing Allowance (938/2014). The employee or their family must be notified

of such a charge. This remuneration may be charged as from the beginning of the month immediately following a period of 14 days after the notification.

Correspondingly, the employer is entitled to charge a remuneration for use of a dwelling if the employer's pay obligation is suspended while the employment relationship continues.

Remuneration must not be charged before the beginning of the second full calendar month after cessation of the pay obligation. The employee must be notified of this remuneration at least one month before the obligation to pay such remuneration begins.

If an urgent reason exists, the employer may place another suitable dwelling at the disposal of the employee or the family of a deceased employee for the period of suspension of work referred to in subsection 1 and for a period following termination of the employment relationship. Any consequent removal costs must be paid by the employer.

## **Section 6 (1458/2016)**

### **Mandatory nature of provisions**

Any agreement reducing the rights of and benefits due to employees under this Act shall be null and void unless otherwise provided in this Act.

Notwithstanding the obligation to offer work as laid down in chapter 2, section 5, chapter 5, section 2 and chapter 6, section 6 above:

- 1) a municipality may hire someone for a contractual employment relationship in order to fulfil its employment obligation laid down in chapter 11, section 1 of the Act on Public Business and Employment Service, but not for a position from which it has laid off a municipal employee at the same time or for which it has issued a lay-off notice to a municipal employee;
- 2) an association or foundation may employ an unemployed person referred to in chapter 7, section 8, subsection 1, paragraph 3 of the Act on Public Business and Employment Service for tasks not considered to be business activities;
- 3) a municipality, joint municipal authority, association or foundation may employ someone for a wage-subsidised contractual employment relationship referred to in the Act on Public Business and

Employment Service in a workshop or similar coaching unit for tasks that are not otherwise performed in a contractual or public-service employment relationship.

Notwithstanding chapter 5, section 2 above, a municipality, joint municipal authority, association or foundation can employ someone for a work trial referred to in the Act on Public Business and Employment Service in a workshop or similar coaching unit for tasks that are not otherwise performed in a contractual or public-service employment relationship.

Notwithstanding the obligation to offer work as laid down in chapter 2, section 5 and chapter 6, section 6 above, the employer and a student may enter into an apprenticeship contract referred to in the Vocational Education and Training Act (531/2017) or in the legislation on the Province of Åland. (296/2018)

## **Section 7**

### **Derogation under a collective agreement**

In derogation from what is laid down in section 6, national employer and employee associations are entitled to agree on what is laid down in:

- 1) chapter 1, section 5 on benefits related to the duration of employment relationship;
- 2) chapter 1, section 11, subsection 3 concerning the obligation to review and to offer a new working hours clause, or the obligation to provide information referred to in subsection 4 of the said section, provided that the agreement satisfies the requirements laid down in Article 14 of Directive (EU) 2019/1152 of the European Parliament and of the Council on transparent and predictable working conditions in the European Union; (744/2022)
- 3) chapter 2, section 5 on the employer's primary obligation to offer work to a part-time employee;
- 3a) chapter 2, section 6, subsection 2 concerning the obligation to provide a written response, provided that the agreement satisfies the requirements laid down in Article 14 of Directive (EU) 2019/1152 of the European Parliament and of the Council on transparent and predictable working conditions in the European Union; (744/2022)
- 4) chapter 2, section 11 on pay during illness;



5) chapter 2, section 13 on payday and the pay period;

5a) chapter 2, section 19 concerning the gratuitousness of compulsory training, the requirement to schedule training at the time of normal work shifts, or to count it as working time where not otherwise provided in the Working Time Act; nevertheless provided that the agreement satisfies the requirements laid down in Article 14 of Directive (EU) 2019/1152 of the European Parliament and of the Council on transparent and predictable working conditions in the European Union; (744/2022) )

6) chapter 5, section 2, subsection 1, paragraph 2 and subsection 2 on the grounds for lay-offs, but not to extend the maximum duration of the lay-off referred to in subsection 1, paragraph 2;

7) chapter 5, section 3 on advance explanation and hearing the employee;

8) chapter 5, section 4 on lay-off notices;

9) chapter 5, section 7, subsection 2 on the employer's right to deduct the pay due for the lay-off notice period from the pay due for the period of notice in the case of termination;

10) chapter 6, section 4a on the criterion for determining reimbursable loss of income;

11) chapter 6, section 6 on re-employment of an employee;

12) chapter 7, section 4 on the extent of the area covered by the obligation to offer work;

13) chapter 7, section 13, the right of an employee given notice to receive coaching or training to further their employment prospects;

14) chapter 9 on the procedure for termination of an employment contract.  
(377/2018)

The employer may also apply the provisions laid down in collective agreements and referred to in subsection 1 above to the employment relationships of employees who are not bound by collective agreement but in whose employment relationships the employer is required to observe the

provisions of a collective agreement in accordance with the Collective Agreements Act. If so agreed in the employment contract, said provisions of the collective agreement may be observed after expiry of the collective agreement until a new collective agreement enters into force in employment relationships to which these provisions would apply if the collective agreement continued to be in force.

What is provided in this section on national associations of employers applies correspondingly to the State negotiating authority and other State contract authorities, the Local Government Agreements Committee, the Agreements Committee of the Evangelical Lutheran Church, the Orthodox Church of Finland, the Provincial Government of Åland and the municipal delegation for collective agreements of the Province of Åland.

## **Section 8**

### **Provisions in a generally applicable collective agreement in derogation from the Act**

Employers who are required to observe a generally applicable collective agreement as referred to in chapter 2, section 7, may observe the provisions referred to in section 7 of this chapter within the scope of application of this collective agreement if such application does not call for a local agreement. What is provided in the second sentence of section 7, subsection 2 then applies.

## **Section 9 (743/2003)**

### **Limitation and period for court proceedings**

Employees' pay claims become statute-barred five years after the due date, unless the period of limitation has been interrupted before that time. The same period of limitation also applies to other claims referred to in this Act.

However, the period of limitation concerning bodily injury caused to an employee is ten years.

After the termination of employment, a claim as referred to in subsection 1 will expire unless suit is filed within two years of the date on which the employment ended. If the provisions of the collective agreement on which the employee's claims are based are manifestly ambiguous, however, the claim will become statute-barred as laid down in subsection 1.

## **Section 10**

## **Availability**

The employer shall make this Act and the generally applicable collective agreement referred to in chapter 2, section 7, freely available to employees at the place of work.

## **Section 11 (744/2022)**

### **Penal provisions**

The penalty for violation of the non-discrimination provision laid down in chapter 2, section 2, is laid down in chapter 47, section 3, of the Criminal Code of Finland (39/1889); the penalty for violation of the freedom of association provision stipulated in chapter 13, section 1, is laid down in chapter 47, section 5, of the Criminal Code of Finland ; and the penalty for violation of the rights of shop stewards referred to in chapter 7, section 10, or of elected representatives referred to in chapter 13, section 3, is laid down in chapter 47, section 4, of the Criminal Code of Finland.

If an employer or its representative intentionally or through negligence commits a breach of

- 1) the provisions of chapter 2, section 4, subsection 1 or 3, on the obligation to provide an employee with written information on the principal terms of work;
- 2) the provisions of chapter 2, section 17, subsection 1, on restriction of employer's right of set-off and advance;
- 3) the provisions of chapter 6, section 7, on employer's obligation to provide the employee with a certificate of employment;
- 4) the provisions of chapter 13, section 2, on employee's freedom of assembly at the place of work; or
- 5) the provisions of chapter 13, section 10, on of the availability of this Act;

a fine shall be imposed on the employer for *violation of the Employment Contracts Act*.

A fine shall also be imposed for violation of the Employment Contracts Act on the employer who despite the request to do so, in violation of chapter 2, section 16, subsection 2, neglects to submit the payslip to the employee.

The liability of the employer and its representative, respectively, is determined on the basis of the grounds laid down in chapter 47, section 7, of the Criminal Code of Finland.

## **Section 12**

### **Supervision**

The occupational safety and health authorities shall supervise the observance of this Act. In their supervisory functions, and in particular when supervising the observance of generally applicable collective agreements, these authorities must act in close cooperation with the employer and employee associations whose generally applicable collective agreements the employers are required to observe under chapter 2, section 7.

On request, the occupational safety and health authorities are entitled to be provided by the employer with copies of documents which they need for the supervision and a detailed report on agreements concluded orally.

## **Chapter 14**

### **Transitional provisions and entry into force**

#### **Section 1**

##### **Entry into force**

This Act shall enter into force on 1 June 2001.

#### **Section 2**

##### **Provisions repealed**

This Act repeals the Employment Contracts Act issued on 30 April 1970 (320/1970) and subsequent amendments to it.

If another act or decree refers to the Employment Contracts Act valid at the time when this act comes into force, this Act must be applied instead.

### **Section 3**

#### **Transitional provisions**

In employment relationships in which the employer must observe or is allowed to observe a collective agreement concluded on the basis of section 17, subsections 1 and 2, of the Employment Contracts Act valid before this Act comes into force, the employer may apply its provisions derogating from this Act up to expiry of the collective agreement, unless the collective agreement is amended before that.

Section 17, subsections 1 and 2, of the Employment Contracts Act valid before this Act comes into force must be applied until the general applicability of the collective agreement has been confirmed in the manner referred to in the Act on Confirmation of the General Applicability of Collective Agreements, and the decision has become legally valid.

The employer's obligation as laid down in chapter 13, section 10 to make the generally applicable collective agreement referred to in chapter 2, section 7, available to employees begins from the date on which the decision on the confirmation of general applicability is delivered to the Statute Book maintained by the Ministry of Justice referred to in section 6 of the Act on Collections of Regulations Issued by Ministries and other State Authorities (189/2000) and the generally applicable collective agreement has been published in the manner laid down in section 14 of the Act on Confirmation of the General Applicability of Collective Agreements.