

International employers - top traps for Germany

A high level overview for international employers looking at the top five traps for those new to employment law in Germany.

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Set out below is a high level overview of the top employment traps that an employer might face when dealing with German employment law for the first time.

- Failing to comply with the formal requirements in relation to fixed term contracts (including that they have to be signed by both parties in writing generally limited to under two years and not entered into with individuals previously employed within the last three years if there is no objective reason for the fixed-term), thereby risking it being held that the individual is employed as a permanent employee on an indefinite term contract.
- Using a clause on compensation/benefits stating that payments are both “voluntary” and “revocable by the employer” is not valid and therefore results in a binding provision on the corresponding payments for the future.
- Introducing measures without the works council’s consent, if any, where this should be obtained thereby potentially incurring additional cost or having the measure revoked or declared void.
- Promoting an individual to the position of managing director without replacing the employment contract with a service contract thereby risking that the individual still has employment rights with regards to the termination of his or her employment.
- Disregarding formal requirements when giving notice of termination (including ensuring the correct legal entity gives notice of termination and serving the original signed termination letter on the employee) meaning that the termination is not valid.

Comprehensive information on the employment law issues that arise in Germany is available [here](#).

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