

LAW 3/2012 OF JANUARY 10

Employment Law Practice Area


Law 3/2012 of January 10 sets forth a **regime of extraordinary renewal of fixed-term employment contracts reaching their maximum duration on or before 30 June 2013¹** as well as **the regime and method of calculation of the amount of compensation payable in case of termination of the contracts so renewed.**

Regarding the extraordinary renewal, the law provides that:

- Employment contracts may be renewed up to two times, as long as the aggregate duration of the renewals does not exceed 18 months;
- The duration of each extraordinary renewal cannot be less than one sixth of the maximum duration of the contract or its actual duration (whichever is lower);
- In any case, the duration of these contracts shall not extend beyond 31 December 2014, as otherwise they will be deemed as employment contracts of indefinite duration.

The compensation payable in the event of termination (on the employer's initiative) will be calculated as follows:

- Regarding the duration of the contract until the first extraordinary renewal, the compensation shall be calculated according to the legal regime applicable to a fixed-term contract on the start date of such contract;
- Regarding the duration of the contract from the first extraordinary renewal, the compensation shall be calculated according to the legal regime applicable to a fixed-contract on the date of such extraordinary renewal;
- Therefore, the compensation payable shall be the aggregate amount calculated as described above, failing which the employer can be held liable for serious offence.

Law 3/2012 of January 10 comes into force on January 11, 2012. 

¹ At present, according to article 148(1) of the Labour Code, fixed-term employment contracts may be renewed up to three times and their duration cannot exceed:

- Eighteen months for people seeking their first job;
- Two years, in the situations provided in Article 140(4) (that is, launching of new activity of uncertain duration, start-up of a company or establishment belonging to a company having less than 750 employees and recruitment of employees seeking their first job, finding themselves in long-term unemployment or in other situations covered by special legislation on employment policy;
- Three years, in all other cases.

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