

Employment by school cooperatives is no longer governed by the Labour Code

The Act amending various laws relating to school cooperatives has revoked certain provisions of the Labour Law (Mt.) applicable to the special rules of employment between school cooperatives and their members as of September 1, 2016, and simultaneously, the rules applicable to employment by school cooperatives are transferred under the scope of Act X of 2006 on cooperatives (Sztv.).

Following the amendment, students and school cooperatives can no longer enter into employment contracts. Instead, membership agreements will need to be signed including personal engagement, which are governed by the Civil Code, see the provisions applicable to assignment contracts. However, the students' work performance will remain to be governed by the relevant provisions of Mt., as specified and referred to in Sztv.

Sztv. stipulates the mandatory elements for such membership agreements, and includes regulations on working hours. However, Mt. will remain applicable for holidays, remuneration, and the legal protection of juvenile workers.

The cooperations were given a deadline for converting their contracts till year-end. All employment contracts in place at the time of the amendment becoming effective shall be replaced with the new membership agreements by 31 December 2016. A failure to do so will result in the current employment contract - or membership agreement non-compliant with the above described requirements - being automatically invalidated and terminated on January 1, 2017.