



# HOW TO HIRE MY FIRST EMPLOYEE IN LIECHTENSTEIN

## LEGAL MATTERS FOR EMPLOYERS

Liechtenstein has liberal labour laws offering companies flexibility and workers challenging positions with attractive working conditions and excellent development potential.

Liechtenstein offers companies interesting framework conditions to do business. These are characterised by low associated labour costs and high levels of productivity resulting from the above-average number of working hours per week in Liechtenstein.

Unlike other countries, the right of workers to participate in administration is implemented in a business-friendly manner.

## EMPLOYING NON-RESIDENTS

Employing members of staff who do not live in Liechtenstein but in one of the border regions is simple and not bureaucratic. Swiss citizens do not require a permit issued by the immigration authorities and do not have to register in Liechtenstein. Workers from EEA states must register with the Migration and Passport Office, which will then issue a document confirming their status as cross-border commuters. Citizens of other countries must apply to become cross-border commuters. This status as a cross-border commuter from a third country is valid for a year and is also issued by the Migration and Passport Office.

## LABOUR LAW

Labour provisions in Liechtenstein are based on the General Civil Code (ABGB) and the Law on Labour in Industry, Manufacturing and Trade, abbreviated to Labour Law (ArG). They set out the rights and duties of employers and employees when it comes to working hours, pay, gender equality, holiday, leisure time, pensions, insurance, protective measures, dismissal and other issues. Labour provisions are divided into three main categories: provisions on individual employment contracts (individual labour law), provisions on collective agreements (collective labour law) and provisions on public labour law.

## COLLECTIVE AGREEMENTS

Collective agreements (Gesamtarbeitsverträge, GAV) form the legal basis for all working relationships in a specific sector. They normally determine working hours, holidays, periods of notice and minimum wages. Such agreements are negotiated for a specific duration between, on the one hand, the Liechtenstein Chamber of Commerce and Industry and the Liechtenstein Chamber of Trade and Commerce and, on the other hand, the Liechtenstein Employees' Association. The government has the power to declare collective agreements to be generally applicable, meaning that all employers must adopt the provisions set out in them. The foundation SAVE and its associated ZPK commission is responsible for monitoring and implementing such generally applicable collective agreements.

## PROOF OF QUALIFICATION FOR QUALIFIED TRADES

Proof of qualification is particularly important for applicants who intend on founding an industrial or manufacturing business operating in what is known as a "qualified trade". This is because qualified trades have special protection requirements. Therefore, applicants must prove that they have the necessary training, apprenticeship certificate, master craftsman's certificate or proof of work experience in the respective field.



## PROOF OF QUALIFICATION FOR ALLIED TRADES

Certain trades are considered similar due to the tools and machines they use, the type of work completed and the specific knowledge required. If the applicant intends on performing two or more similar trades within a single company (allied trades), this is possible in Liechtenstein provided the managing director has the knowledge necessary to perform at least one of these trades. Applicants wishing to perform individual trades (e.g. commerce, procurement, consulting, etc.) must meet more stringent requirements than those wishing to perform allied trades.

## LEGAL FRAMEWORK

Liechtenstein's liberal labour laws offer companies maximum flexibility in order to react quickly to changes in core markets. A conscious effort is made to keep bureaucracy traditional and as limited as possible.

The provisions set out in Liechtenstein's labour laws govern the rights and duties of employers and employees when it comes to working hours, pay, gender equality, holiday, leisure time, pensions, insurance, protective measures, dismissal and other issues. These laws are in turn based on the General Civil Code (ABGB) and the Law on Labour in Industry, Manufacturing and Trade, abbreviated to Labour Law (ArG).

## COLLECTIVE AGREEMENTS

Collective agreements exist between, on the one hand, Liechtenstein Chamber of Trade and Commerce and Liechtenstein Chamber of Commerce and Industry and, on the other hand, the Liechtenstein Employees' Association. Certain collective agreements, which are negotiated for a set period of time, are generally applicable.

The collective agreement for the industry sector is not generally applicable. For manufacturing, the collective agreements for the following trades are generally applicable (standings May 2014):

- automotive
- building and paving
- electrics, electronics, radio and TV
- gardening and floristry
- building cleaning and caretaking
- plasterer
- commerce
- building services and glazing
- IT services
- painting
- metalworking
- stove building and tiling
- woodworking
- carpentry and roofing

The collective agreements for the following trades are not generally applicable:

- baking and patisserie
- hairdressing
- gastronomy
- industry
- graphic design
- interior decorating and flooring
- textile cleaning services