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Labour Law

Termination of employment relationships

I. Overview

The termination of an employment contract is a legal act to which both the employee and the employer are entitled. The exercise of this right is not entirely free and unlimited, but is restricted by law and jurisprudence to prevent abuse. If a termination is found to be abusive, it is invalid and treated as if it had never been uttered.

Termination by the employer can be either ordinary or extraordinary. Ordinary termination includes a notice period after which the consequences of the termination take effect. Only employees with official status can be dismissed, not those with manual work. A termination without notice is an extraordinary or irregular termination.

The employee can also resign voluntarily by explicit or implicit declaration. In this case, the employee does not receive any payment unless he leaves the enterprise by way of retirement (see No. 2.E.).

If the employee is repeatedly and unjustifiably absent from work, the employer can, if necessary, interpret this absence as a voluntary cessation of work and send the relevant form to the employment agency even without the employee's signature. The courts have the final decision-making authority on the legality of such a dismissal.

In general, an employment contract is terminated automatically, except in the cases mentioned above, either by the death of the employee or by the expiration of its validity period (in the case of fixed-term contracts) or by agreement between the employee and the employer. A fixed-term employment contract can only be terminated before the expiration of its term for good cause. Otherwise, if the termination is initiated by the employer, the employee is entitled to the remainder of his remuneration until the end of the contract as stipulated.

The cases of defects in the termination of the employment contract and the consequences of the respective defect are codified by Greek Law 4808/2021 (Government Gazette 101/A/19-06-2021).

II. Termination of an indefinite term employment relationship

The most important way to terminate such an employment relationship is through the unilateral exercise of the right of termination.

The employer must send the E6 form electronically to the ERGANI system no later than four (4) working days after the dismissal. For this purpose, the form must first be filled in electronically, signed by the employer and the employee and then scanned and digitally transmitted to the system. If the employee refuses to sign Form E6 and the dismissal was served by a bailiff, the employer must attach the bailiff's certificate of service to the form.

If the dismissal was performed with notice, the employer is not obliged to submit another form after the expiration of the notice period.

After the lapse of the four (4) working days period, the form can no longer be submitted electronically. This must then be done on site at the Employment Agency, paying at the same time the fees incurred for the delay.

1. Ordinary and extraordinary termination

Ordinary termination is the most important and most frequent form of termination of an indefinite term employment contract. In this case, a binding end date is set for the previously open-ended contract. Although no special reason is required for the lawful exercise of ordinary termination, laws and jurisprudence set certain limits on the employer's freedom to ordinary terminate of indefinite-term employment contracts at any time. The aim of these limits is to protect employees from losing their jobs without sufficient cause.

In general, an ordinary notice of termination leads to the termination of the employment relationship after the expiration of a certain period.

Extraordinary terminations, on the other hand, are intended to allow for an early termination of the contract upon serious grounds. The significance of extraordinary termination of indefinite term employment contracts lies precisely in the fact that it enables termination of the contract without the aforementioned restrictions, provided there is a special and serious reason for this.

2. Termination with and without notice

Depending on whether the termination of the contract is immediate or only occurs after the expiry of a period of notice, a distinction is made between termination without notice and ordinary termination.

III. Expiration and termination of a fixed-term employment relationship

In everyday business transactions, the calendared end of an employment contract is a very important part of the agreement. By setting a specific end date, the contracting parties determine the end of the contract in advance.

Within four (4) working days after the termination of a fixed-term employment contract, the employer must upload the relevant form into the ERGANI system. This form is not to be used in the case of termination of an indefinite term employment contract or voluntary cessation of work by the employee.

A fixed-term employment contract can only be terminated before its expiry for special cause by both the employer and the employee. A "special cause" is an event during the employment relationship that makes it impossible to continue it in good faith. If such a special cause exists, the employer is not obliged to offer the employee severance payment. If there is no special cause and the contract is nevertheless terminated prematurely, the employee can claim in court the whole remuneration he would have received until the regular end of the contract.

IV. Severance payment of the employee

The employer can dismiss an employee in two ways: Either by termination with notice, or by extraordinary termination without notice. The choice between the two is at the employer's discretion.

The severance payment depends on the remuneration the employee receives contractually, as stated monthly in the Analytical Periodic Declaration (ARD) filed with the employee's insurance institution. If the employee receives additional benefits not shown on the ARD statement, these benefits will not be added to the compensation. For the dismissal to be effective the severance payment must be paid at the same time as the document terminating the employment contract is served. However, if the severance payment for termination of the employment contract exceeds two months' salary, the employer is obliged upon dismissal to pay only that part of the severance payment which is equivalent to two months' salaries, while the remaining amount may be paid in two monthly instalments, each of which may not be less than two months' salaries, unless the amount remaining for the total severance pay is less. The first of these instalments shall be paid on the day following the lapse of a two-months period from the date of dismissal.

If the amount of severance payment actually paid is lower than the statutory amount of severance payment due to an obvious error or reasonable doubt about the basis of calculation, the termination is not declared invalid, but the supplement of the severance payment is ordered.

1. Requirements for termination with notice

If the employment contract is terminated with notice, the employer must inform the employee in writing that the existing employment contract will be terminated after the notice period has expired.

The so-called "garden leave" allows the employer to refuse the services of employees during the notice period in the event of ordinary termination, until the termination of the employment relationship, provided that the employer continues to pay the salary during this notice period.

Any distinction between white-collar workers and blue-collar workers in terms of notice period and termination of employment contracts has been abolished and severance payment for blue-collar workers is the same as that for white-collar workers. For the purpose of severance payment, an employee's monthly salary is deemed to be equal to a twenty-two (22) days' salary, unless he is already receiving one month's salary.

2. Requirements for termination without notice

If the employment contract is terminated without notice, the employer must pay the full severance payment as required by law.

The following table for illustration:

TERMINATION WITHOUT NOTICE			TERMINATION WITH NOTICE		
Duration of the employment relationship (with the same employer)	**Severance payment in monthly salaries**	**Extra severance pays in monthly salaries (if 17 years with the same employer were reached before 12.11.2012 - up to € 2,000)**	**Notice period in months**	**Severance payment in monthly salaries**	**Extra severance payment in monthly salaries (if 17 years with the same employer were reached before 12.11.2012 - up to € 2,000)**
Over 1 year up to 2 years	2		1	1	
2 – 4 years	2		2	1	
4 – 5 years	3		2	1 1/2	
5 - 6 years	3		3	1 1/2	
6 – 8 years	4		3	2	
8 – 10 years	5		3	2 1/2	
10 years	6		4	3	
11 years	7		4	3 1/2	
12 years	8		4	4	
13 years	9		4	4 1/2	
14 years	10		4	5	
15 years	11		4	5 1/2	

16+ years	12		4	6	
17 years	12	+ 1	4	6	+ 1/2
18 years	12	+ 2	4	6	+ 1
19 years	12	+ 3	4	6	+ 1 1/2
20 years	12	+ 4	4	6	+ 2
21 years	12	+ 5	4	6	+ 2 1/2
22 years	12	+ 6	4	6	+ 3
23 years	12	+ 7	4	6	+ 3 1/2
24 years	12	+ 8	4	6	+ 4
25 years	12	+ 9	4	6	+ 4 1/2
26 years	12	+ 10	4	6	+ 5
27 years	12	+ 11	4	6	+ 5 1/2
28 and more years	12	+ 12	4	6	6

3. Cases in which no severance payment is due

No payment is due if:

a) the employee resigns.

b) a fixed-term employment contract ends, unless it is terminated by the employer without good cause before the agreed end of the contract. In this case, all wage payments up to the contractual end are due immediately.

c) there is a charge against the employee in respect of a crime committed in the performance of his duties or a charge of a crime which is at least a misdemeanour. If he is discharged, he may claim severance payment.

d) the employee intends to cause the termination of the employment contract by his conduct with the intention of obtaining the severance pay.

e) an act of force majeure permanently and substantially affects the operation of the enterprise.

V. Voluntary resignation

Within four (4) working days of the employee's voluntary resignation, the employer submits Form E5 to the ERGANI Information System. The notice of the employee's voluntary resignation must be submitted together with: either an electronically scanned form signed by both the employer and the employee, or a statement from the employer to the employee that the voluntary resignation has been noted and will be communicated to the ERGANI Information System. In the latter case, the employer's out-of-court statement shall be delivered to the employee no later than four (4) working days after the termination date and the abovementioned statement shall be made on the day following such delivery. If the employer fails to comply with these obligations, the employment contract is deemed to have been terminated by the employer (extraordinary termination).

VI. Remuneration of retired employees

Employees who leave their employment and retire because of their age receive 50% of the severance payment provided for the termination of the contract. If they also have a corresponding insurance, e.g. a supplementary pension from an insurance fund, then the severance payment is reduced to 40%. The employee's right to terminate employment in order to retire and receive 40% or 50% severance payment is not dependent on the employer's consent.

The employer can, provided that permanent employees meet the requirements for retirement, terminate the employment contract in exchange for a severance payment of 40% - 50% of the actual amount, depending on whether the respective employee has a supplementary pension or not. Such employees, who fall into the category of workers, receive the severance payment in full from the employer.

To be entitled to (reduced) severance pay, the worker must:

1) be insured with an insurance company for old-age pension,

2) qualify for a full pension; and

3) leave his or her employment voluntarily or, in the case of employees, leave employment voluntarily or be terminated by the employer after the conditions for age-related retirement have been met.

VII. Cases of Unjustified and Ineffective Dismissals

1. Unjustified/abusive dismissal

The dismissal of an employee can be considered abusive if the reasons for the dismissal and the actions of the employer are contrary to the idea of good faith, morality or the social and economic purpose of the dismissal.

Circumstances where a dismissal has been deemed to be abusive by courts are:

- A vindictive attitude of the employer towards the employee unrelated to the employee's work performance or contractual obligations.
- Reporting of acts and violations by the employer to the competent authority by the employee.
- Lawful trade union activity by the employee.
- Participation by the employee in a lawful strike.
- Refusal by the employee to comply with an unlawful demand by the employer.
- Refusal to convert a full-time contract into a part-time contract.
- Claiming of regular leave by the employee.
- Exercise of parental leave.
- Grounds of sexual discrimination.
- Recourse to the labour courts by the employee for labour law claims.

2. Unlawful termination

In addition to cases mentioned above, the termination of an employment contract is void if the written form of the termination has not been complied with or if the statutory severance payment has not been paid. If the written form was not complied with when terminating an employment relationship, the validity of the termination is upheld (instead of reinstating the employee) if the employer cures the failure to comply with the form within one (1) month after service of the relevant civil action or after the filing of a petition for the settlement of an employment dispute.

If the full severance payment or an instalment thereof is not paid within the statutory period, the termination may be void. The employee must assert the invalidity of the termination within three (3) months and errors in the severance payment within six (6) months, otherwise the circumstances will become time-barred and their assertion will be thrown out as inadmissible.
The acceptance of a severance payment below the statutory amount by the employee does not prevent him from asserting his rights in the future within the limitation periods.
In the case of a termination that does not violate statutory prohibitions, instead of annulling the termination and ordering remuneration payment, the court can, at the request of the employee or the employer, award additional compensation in favour of the employee, which must not be less than three months' regular wages and not more than twice the statutory compensation. In the event of civil court proceedings, it is the employer's burden - if the employee proves facts in court that justify the assumption that the termination was based on a prohibited reason - to prove that the termination was not based on the alleged reason.

3. Cases of unfair and void terminations designated by law

Certain groups of employees are explicitly protected from dismissal. The most significant cases of this are outlined below:

a) Pregnancy and parental leave.

Dismissal of a pregnant employee is prohibited and invalid, except with good cause and for a period of 18 months from the date of birth. In the case of fixed-term employment contracts, this protection only applies until the agreed end date of the contract.

b) Military personnel

There is special protection against dismissal for employees who are enlisted in the armed forces. Under this, any dismissal of an employee while he or she is on deployment is prohibited, provided that he or she has worked for the employer for at least six (6) months prior to enlistment.
Upon completion of deployment in the armed forces, the employee must inform the employer within one (1) month that he or she wishes to return to work. After returning to work, the employer is prohibited from dismissing the employee for one year.

c) Workers on regular leave

During regular annual leave, the employer must not dismiss the employee.

VIII. Mass terminations

Provisions on mass terminations affect those enterprises that employ more than 20 persons. The basic requirement for such steps to be effective is that the representatives of employers and employees are consulted beforehand.

The thresholds for the number of dismissals within one (1) month (below which there is no collective dismissal) are as follows:

- Up to six (6) employees for enterprises with 20 to 150 employees.
- Five per cent (5%) of the workforce and up to thirty employees for enterprises with more than 150 employees.

In the case of mass terminations, the provisions of the labour laws on termination of employment contracts and severance payment apply.

VIII. Suspension of employees

In the event of a decrease in business activity, companies can temporarily suspend their employees by written declaration after consulting the employees' legal representatives, instead of terminating the employment contract. If there are no employees' representatives in the enterprise, the information and consultation take place with all employees. The total period of suspension must not exceed a total of three (3) months per year. The employee does not perform any work and receives half of the average of the regular remuneration of the last two (2) months of his or her full-time employment.