

## Estonia

# Employment protection in relation to business transfers

<b>Phase</b>	Employment Contracts Act; Law of Obligations Act
<b>Native name</b>	Töölepingu seadus; Võlaõigusseadus
<b>Type</b>	Employment protection in relation to business transfers
<b>Added to database</b>	15 December 2016
<b>Access online</b>	<a href="#">Click here to access online</a>

## Article

Employment Contracts Act: paragraph 112; Law of Obligations Act: paragraphs 180-182

## Description

A definition of business transfer can be found in paragraph 180 of the Law of Obligations Act, which states that the transferor of an enterprise or transfer of part of enterprise (paragraph 185) may undertake to transfer the enterprise to the transferee on the basis of a contract with the transferee. An enterprise may also be transferred pursuant to law. An enterprise comprises the things, rights and obligations relating to and in the service of the management of the enterprise, including contracts relating to the enterprise.

Paragraph 112 of the Employment Contracts Act states that in the event of a business transfer, employment contracts (permanent as well as fixed-term) shall be transferred to the new owner in their original form along with the business, as long as the business continues to operate in the same or a similar economic activity as before. Similarly, according to paragraph 182 of the Law of Obligations Act, obligations concerning the employees (with whom employment contracts have been concluded) that are laid out in the employment contracts are transferred to the new owner of the business in the event of an acquisition. Also, according to the Collective Agreements Act paragraph 11 section 4 states that upon the transfer of an enterprise or an organisationally independent part thereof from one person to another, the relevant collective agreement shall be transferred to the transferee of the enterprise. For the purposes of this Act, business entities which do

not belong to an undertaking, and authorities and other organisations are also deemed to be enterprises.

According to the Employment Contracts Act, a business transfer does not warrant sufficient cause to dismiss employees. However, this provision does not apply if the employer is in a state of insolvency.

## Commentary

No information available.

## Additional metadata

<b>Cost covered by</b>	None
<b>Involved actors other than national government</b>	National government
<b>Involvement (others)</b>	None
<b>Thresholds</b>	Affected employees: No, applicable in all circumstances Company size: No, applicable in all circumstances Additional information: No, applicable in all circumstances

## Sources

- [Employment Contracts Act](#) ~~~ [Võlaõigusseadus](#) ~~~ [Source in Estonian: Töölepingu seaduse](#) ~~~ [Source in English: Employment Contracts Act](#) ~~~ [Source in Estonian: Võlaõigusseadus](#) ~~~ [Source in English: Law of Obligations Act](#) ~~~

## Citation

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