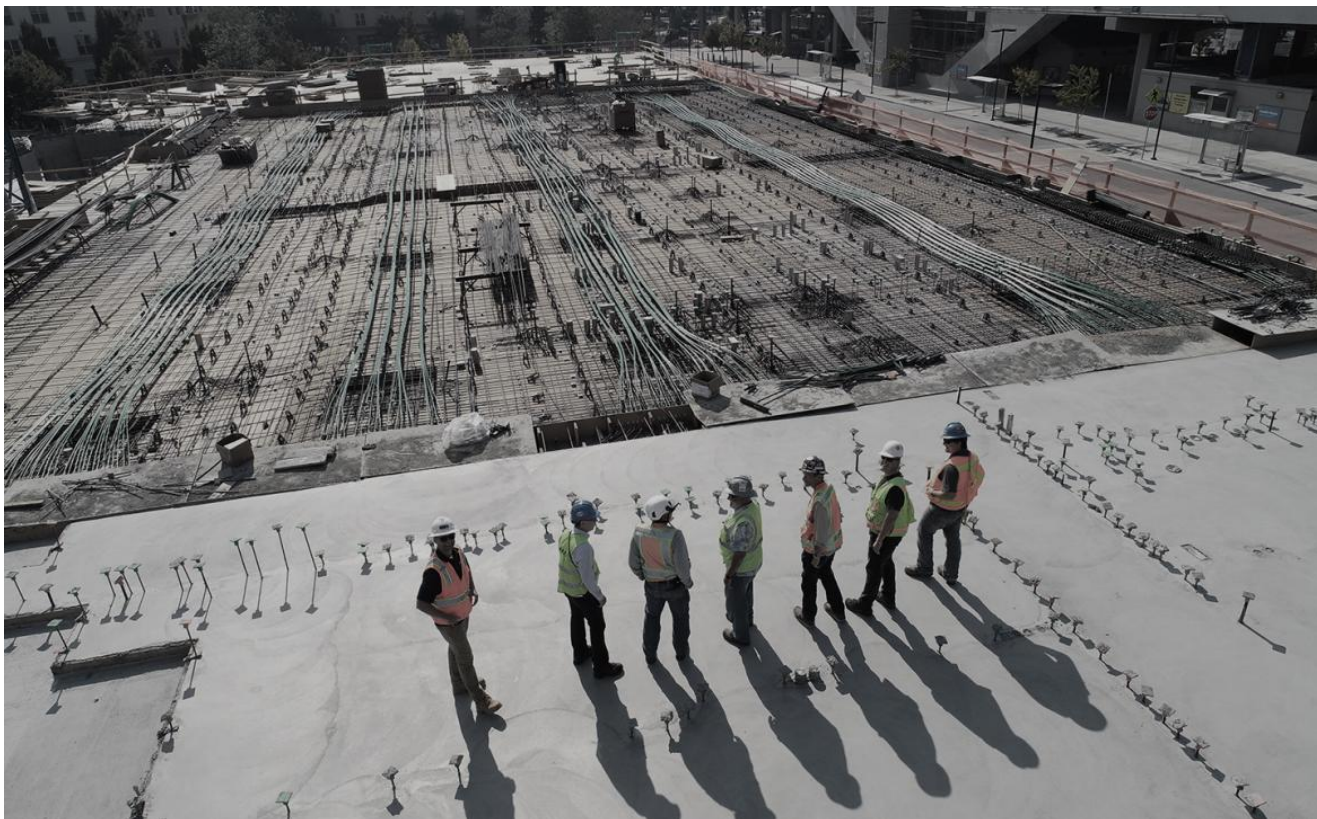


NJORD Estonia: The Estonian main contractor may be responsible for the remunerations of a foreign contractor

When an Estonian construction company uses the services of a temporary job agency or a subcontractor from another state of the European Union or European Economic Area or from Switzerland, it must be considered that the Estonian company may be responsible for the remuneration of the employee sent to Estonia.



In general, the contractual employer must pay the wages to the employee. So usually, the main contractor does not need to worry that the employees of the subcontractors or the temporary job agency get paid. However, the law provides specifications when the contracting party is from another state of the European Union or European Economic Area or from Switzerland and sends its employees to Estonia for construction, repair or demolition work. In such case, if the contractor fails to pay wages to its employees and the employees fail to receive their remuneration within six months of the enforcement of the judgment, the Estonian company, which ordered the service, must pay out the wages. Although, the Estonian company does not have to pay more than the minimum wage (540 EUR/month now) to the employees on behalf of the actual employer.

The employer who ordered the service is not responsible for the unpaid wages of the foreign contractor's employees if they have exercised due diligence in the relationship with the contracting party. When choosing the contracting party, attention must be paid to its background and the wording of the contract must be carefully drafted. For risk-mitigating purposes, asking legal advice would be useful.



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