

All countries

Unfair dismissal maximum damages (length of service needed for this to apply)

Asia

China

In cases where the termination by an employer is found to be illegal, the employee is entitled to reinstatement or, if impossible, to double statutory severance pay.

Hong Kong

In the case of an unreasonable dismissal, the Labour Tribunal may order:

- terminal payments (for a continuous contract of not less than 24 months)

In the case of an unreasonable and unlawful dismissal, the Labour Tribunal may order:

- terminal payments

- an award of compensation not exceeding HK\$150,000

Singapore

Compensation for wrongful dismissal should consist of:

(i) an amount representing the loss of income suffered, capped at three months of the employee's base pay;

(ii) an amount reflecting the harm caused to the employee due to the wrongful dismissal, capped at two months of the employee's base pay but subject to a 50% uplift/reduction depending on aggravating/mitigating factors.

The above compensation is also subject to the Employment Claims Tribunal's jurisdictional cap of S\$20,000 or S\$30,000 (if the dispute has undergone mediation assisted by unions recognised under the Industrial Relations Act.).

Managers and executives that were dismissed with notice of salary in lieu of notice can only file a wrongful dismissal claim if they have served their employer for at least six months.

United Arab Emirates

The UAE Labour Law no longer contains specific compensation for arbitrary dismissal or early termination compensation.

However, under the UAE Labour Law, an employee is entitled to “unlawful termination” compensation in the following circumstances: where the employee’s employment is terminated due to him/her filing a serious complaint to the MOHRE/relevant free zone or filing a case against the employer that has been proven to be true. In such cases, the competent court will determine the compensation due which remains capped at 3 months gross salary.

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Europe

Austria

In principle the employee is to be placed in the same financial position as would have been if the employment relationship had been terminated properly. That means, in the case of fixed-term employment relationships, compensation is due until the expiry of the fixed term. In the case unlimited employment relationships, the compensation is due until the next possible ordinary termination date. The latter depends on the length of service (six weeks to five months' salary payment). Termination compensation includes remuneration, pro rata special payments, bonuses, allowances, compensation for any new or higher holiday entitlement and any higher severance pay arising during the fictitious notice period. Deviating contractual agreements in favour of the employee are possible.

Basically from the first day of employment. A one-month probationary period can be agreed upon during which the employment can be terminated by both sides with immediate effect without further (monetary) consequences (unless the termination was discriminatory).

Czech Republic

If the employment law relationship has been invalidly terminated, the employee may notify the employer in writing that he insists on being further employed. The employment relationship shall continue to exist, and the employer shall be obliged to provide the employee with compensation for wages (provided that the employee succeeds in the litigation). The employee shall be entitled to compensation in the amount of the average earning from the date of notification to the employer until the time when the employer allows the employee to continue his work or when the employment relationship validly ends.

Invalidity of termination of an employment relationship may be claimed by both, the employer and the employee, at the courts no later than within two months of the date when the employment relationship was to end through such termination.

In order to avoid problems occurring especially in connection with delivery of a notice given by the employer an amendment to the Czech Labour Code was adopted with the effectiveness as of 1 October 2023. The delivery of documents has been simplified.

Special legislation on document delivery in the Czech Labour Code now applies only to delivery of the following types of documents:

- termination by notice,
- immediate termination,
- termination during the employee's probationary period, and
- other documents relating to unilateral termination of employment, termination of work tasks agreements or working activity agreements (so called DPP, DP?)
- notices of recall from or resignation from the post of manager
- payslips or salary slips.

England & Wales

Approximately £85,000 plus up to approximately £15,000 depending on age and years of service.

Two years.

France

Maximum amounts of damages are fixed by the French labour Code in consideration of the employees' seniority: from a maximum of one month's gross remuneration for an employee having less than one year seniority to a maximum of 20 months' gross remuneration for an employee having more than 29 years' seniority (not including any damages on other grounds, such as moral harassment, overtime, etc).

Germany

No statutory law for damage compensation. Severance pay only if agreed to/employer decides to pay one (no statutory entitlement).

A dismissal needs to have a justified reason (operational, personal or behavioural reason) if the German Act Against Unfair Dismissal (KSchG) applies. This is the case as soon as employee has been with the company for 6 months and more than 10 employees are employed in Germany. Smaller businesses up to 10 employees are not subject to unfair dismissal protection.

If the dismissal is void and the claim of the employee successful, the employee will have to be re-employed or the employer needs to buy-out by a severance payment. Rule of thumb to calculate such severance pay is: 0.5 -1 monthly gross salary x years of service.

Hungary	<p>Once the probation period has expired, the termination of the employment relationship shall be justified with at least one of the listed reasons of the Act (in connection to the employee's behaviour in relation to the employment relationship, or employee's ability or the employer's operations) which means the employer must provide a specific reason for dismissing an employee within a certain time frame following the occurrence of the cause.</p> <p>In case of wrongful termination of an employment relationship by the employer, the employee is entitled for compensation of damages. The compensation paid by the employer for loss of income from employment payable to the employee may not exceed twelve months' salary. In addition the employee is entitled to severance pay as well, if his employment relationship was wrongfully terminated. The concrete amount of the severance payment depends on the length of service at the employer (beginning with one month's salary after three years and up to six month's salary after 25 years).</p>
Ireland	<p>Notwithstanding any express contractual right to terminate, employees have statutory protection against unfair or discriminatory dismissal. Subject to exceptions, where an employee has one year's continuous service, they can bring a claim for unfair dismissal. If successful, the Workplace Relations Commission of Ireland may award re-instatement, re-engagement or compensation of up to two years' gross remuneration. Compensation is the most common award. Compensation is calculated on actual and projected future loss only, and an employee must mitigate loss by making efforts to secure alternative employment. Few cases result in the maximum award.</p>
Italy	<p>In case of unfair dismissal, usually the labour courts apply an economic sanction. It is an indemnity which varies within certain different ranges depending on: (1) company's headcount; (2) employee's hiring date; and (3) employee's level of classification.</p> <p>The company could be condemned to reinstate the employee, paying an addition indemnity, only in few cases of unfair dismissal provided by law and in case of void dismissal.</p>
Netherlands	<p>Statutory compensation (severance payment) of 1/3rd of a monthly salary (including average bonuses/variable pay) per year of service applies upon termination. There is no requirement for certain years of service to become eligible for this (so from commencement of employment). In case of unfair dismissal, which could be granted in exceptional circumstances in case of serious imputable acts by the employer, there is no maximum to the amount of fair compensation.</p>
Poland	<p>Reinstatement to work with the former conditions or monetary compensation. This compensation amounts to the remuneration due for a period ranging from two weeks to three months not less than the remuneration for the period of notice (statutory max. three months), unless the dismissed employee enjoyed special statutory protection against termination (e.g. pregnancy or maternity leave), therefore compensation might be greater.</p>

Portugal

If the dismissal is declared unlawful, the employer may be condemned:

1. to compensate the employee for all damages caused, patrimonial and moral;
2. on reinstatement of the employee at the same place of business, notwithstanding his category and seniority.

However, if a court rules that the dismissal of an employee was unlawful, the employee can choose between:

- Being reinstated with the employer (reintegration); or
- In lieu of reintegration, the employee may choose compensation up to the end of the court trial, and the court shall determine the amount of compensation between 15 and 45 days of basic salary and daily salary for each full year or fraction of seniority, considering the value of the compensation and the degree of unlawfulness.

If the employee chooses to be reinstated, in the case of an employee holding a management or administrative position, the employer may apply to the court to exclude the reintegration, on the basis of facts and circumstances that make the return of the employee seriously detrimental and disruptive to the operation of the company.

- In case the court excludes the reintegration, the employee is entitled to compensation, determined by the court between 30 and 60 days of basic and daily salary for each full year or fraction of seniority.

In either case, where a dismissal is held to be unlawful, and in addition to the payments mentioned above (where they are chosen), the employee is entitled to receive the remunerations that he did not receive from dismissal until the final decision of the court declaring the unlawful dismissal and for compensation for any patrimonial and moral damage suffered as a result of the unlawful dismissal.

Slovakia

Where the court decides on the invalidity of the termination of employment, the employee may receive wage compensation from the day he/she announced the employer that he/she insists on keeping a job until the employer enables the employee to keep working, or until a court rules on employment termination. Such a period may not exceed 36 months.

If this period exceeds 12 months, the employer may ask the court to reduce wage compensation down to 12 months. The entitlement of the employee to receive wage compensation for unfair dismissal is not conditional upon the length of his/her service at the employer.

Spain

The maximum unfair dismissal severance payment is equivalent to 45 days' salary per year of service until February 2012, plus 33 days' salary per year of service from February 2012 onwards, with an overall maximum of 24 months' salary. There is no minimum length of services needed for this to apply.

South America

Brazil

40% of FGTS (Severance Pay Fund), 13th salary, vacation plus 1/3. Required in any contract for an undetermined term, regardless of the period of service.