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LEGAL OPINION

'Closed' salary – Bonus

An employment contract can include a clause stating that possible future additional allowances can be set off against the salary, provided it is higher than the minimum lawful wages, as they might apply.

The clause has effect where there is an agreed salary, including basic salary and all lawful allowances, which exceeds the aggregate of such minimum lawful amounts.

Usually the amount agreed includes the above plus a bonus, and is described as 'closed' salary in the employment contract.

Further, in case increases in the minimum amounts apply, they can be absorbed through a set off with part of the bonus, thus leaving the 'closed' salary intact. For this to apply, the relevant clause should provide so in the employment agreement.

Piraeus One membered Court of Appeal Judgment no 11/2015, Judge: F. Tserketsoglou, Attorneys at law: M. Chalari –Androulaki, A. Panagopoulos, Maritime law Review vol. 43, p. 146.

NOTE: The mechanisms of the 'closed' salary have been proved a useful tool in the maritime labour market as they safeguard income higher than the regulated one, and provide stability and certainty to the parties involved throughout the duration of the employment. Of course, in case increases exceed the 'closed' salary, the latter shall have to be accordingly adjusted.

*The legal column was written by Manolis Eglezos, Attorney at law,
Manolis Eglezos & Associates Law Firm, Attorneys at Law and Consultants*