

# How is a Fixed Duration Contract Terminated?

In general, terminating an employment contract brings to an end of relationship and obligations between an employee and an employer as stated in the labor law. Regarding the Labor Law, a **fixed duration contract** can be terminated at the specific ending date (expiring date) or it can be cancelled by both parties to the contract in any reason in which each party shall respect their obligations and responsibilities for this termination required in the labor law.

**Termination at the expiration of the contract:** according to article 73, paragraph 1 of the labor law: “...*an employment contract of specific duration normally terminates at the specified ending date.*” That is to say, when the agreed period of the employment contract is expired, both parties’ obligations are also ended.

An employer shall inform his or her employee of the expiration of the employment contract or of the non-renewal contract if the employer does not want to renew it. Only employers are required to give such prior notice to employees; the employees, on the other hand, do not have to do so.

Article 73, paragraph 5 says: *...if the contract has duration of more than six months, the employee must be informed of the expiration of the contract or of its non-renewal ten days in advance. This notice period is extended to 15 days for a contract which has duration of more than one year. If there is no prior notice, the contract shall be extended for a length of time equal to its initial duration or deemed as a contract of unspecified duration if its total length exceeds the time limit allowed in article 67.*

Thus, when an employment contract is expired, the employer shall notify the employee based on the length of his or her seniority and pay other benefits to which the employee are entitled as required in the labor law.

**Termination by cancellation of contract:** This means that an employment contract signed by the employer and employee has not expired, and that the contract remains in validly in force, but one of the parties or both parties decided to cancel it before the expiration. For instance, a fixed duration contract has valid duration of 1 year. It had been enforced for 8 months and has been cancelled by contract parties before the expiring date. So, it still has other 4 months of valid duration. Such early termination is called termination by cancellation of the contract.

In according to the labor law, the parties to the contract can legally cancel an employment contract before the expiration in the following reasons:

1. **Agreement by both parties:** article 73, paragraph 1 states that *... it can, however, be terminated before the ending date if both parties are in agreement in the condition that this agreement is made in writing in the presence of a labor inspector and signed by the two parties.*

Base on this article, both employer and employee might reach an agreement to cancel the employment contract before the expiration by their own will, because the termination is done by agreement by both parties; thus, no party is obliged to pay any damage to another party.

2. **Serious Misconduct:** it is a wrongdoing committed by either an employer or an employee as stated in Article 83 of the Labor Law. Any serious misconduct by any party can be the reason for another party to cancel an employment contract before the ending date. For instance; stealing, embezzlement, or breach of professional

confidence exploitation, threat, abusive language or assault and so on as stated in Article 83.

3. **Force Majeure (Act of God):** is the occurrence caused by non-will, unpredictable and cannot be managed or controlled. Article 85 of labor law ... an employer might be unable to meet his or her obligation as set out in the contract in the following cases, *such as 1-the closing of the establishment by public authority, 2-Catastrophe (flooding, earthquake, war) that causes material destruction and it may be impossible to resume work for a long time....* Article 86: ... the worker might not be unable to meet his or her obligation due to *1-chronic illness, insanity, permanent disability, and 2-Imprisonment. All the above mentioned, an employer is not able to free from obligation of issuing the pre-notice of the termination of contract.* Article 73, paragraph 2 says ... a fixed duration contract can be cancelled before *the expiration only in the event of the serious misconduct or Acts of God.*
4. **Cancellation of a contract other than the three reasons above:** according to article 73, paragraphs 3 and 4, ...cancellation of a contract by the will of the employer or employee alone other than the above three reasons would:1-if it is canceled by an employer, the worker is entitled to damage in an amount at least equal to the remuneration that he or she would received until the end of the contract, or2- if it is canceled by an employee, the employer is entitled to damage in amount equal to what he/she has given to the worker.

*In brief, a fixed duration contract can be terminated by the **expiration** of the contract, which requires that the employer give prior notice to a worker whether to terminate or to renew the employment contract. Furthermore, **cancellation** of a contract on the ground of legal reasons or non-legal reasons is the choice in which the parties to the contract might decide; it, therefore, binds those parties with legal responsibilities as set out in the provisions of the labor law.*