

KRS: Why is it advisable to conclude an agreement for inventory liability?

Taking an ordinary inventory at the workplace may lead to unexpected results for employers and employees alike, according to the expert at Kovács Réti Szegheő Attorneys at Law. The question of liability inevitably arises whenever it comes to shortages detected in the inventory.

Pursuant to the labour law regulations, the employee will be held responsible for shortages resulting in the inventory, as a general rule irrespective of any wrongdoing, provided that the following conditions are collectively met – said Dr Zita Orbán attorney at law.

Such conditions allowing for the liability of the employee are, whenever an inventory liability agreement was concluded for the term of the inventory period; furthermore in case the delivery and receipt of the inventory stocks had been properly concluded; or the inventory shortage was determined by a procedure extending to all stocks on inventory and conducted according to inventory regulations. As a further condition, the employee must be working at the given workplace covering at least half of the inventory period.

If an employee who is not subject to liability for inventory shortages also has access to the inventory stocks, liability shall additionally be contingent upon yet another factor, which is the prior written consent of the employee responsible for inventory shortages to the employment in the given job or workplace of the person not bearing liability for inventory shortages.

Formal and substantial conditions

What conditions is the validity of the inventory liability agreement subject to? The expert of Kovács Réti Szegheő Attorneys at Law has pointed out: to meet the formal criteria, inventory liability agreements must be put in writing, since valid agreements of this kind cannot be created orally.

As regards the substantial requirements the parties are required – among other things – to define the specific scope of inventory stocks over which the responsibility of the employee will extend. Besides that, employers must inform their employees in writing whenever any amount of marketing loss is stated by the employer.

Such information must include the scope of materials and goods for which marketing loss can be claimed and to what extent, to mention but a few. The employee must be provided with detailed information regarding the conditions of the takeover of the inventory stocks as well as of the regulations in respect of the procedural rules.

Whenever an inventory is administered by more than one employee, a collective agreement for inventory liability may be concluded. It is advisable to transcribe such agreements in a written form and have it signed by each of the employees concerned, since in case it is only one single employee to sign it (e.g. the representative of the group), it will be this person only to bear exclusive liability for any eventual shortages.



Termination of the agreement

How can you terminate inventory liability agreements? The inventory liability agreement will be terminated when the employee no longer handles the stocks due to changes in his or her position – pointed out Dr Zita Orbán.

When taking inventory, the presence of the employee, or his or her representative must be provided for.

What is the scope of the employee's financial liability in case of inventory shortages? In case an employee handles the inventory stocks within his or her exclusive competence, he or she will be held liable for the full amount of shortages, while the same liability extends up to six months' absentee pay if an employee who is not subject to liability for inventory shortages also has access to the inventory stocks.

Whereas in case of a collective agreement for inventory liability, the amount of compensation for damages may not exceed the aggregate amount of six months' absentee pay of the employees included in the agreement. However, joint and several liability may not be stipulated.

According to the expert of Kovács Réti Szegheő Attorneys at Law it is of crucial importance that employers may only submit their claims for compensation for inventory shortages within the sixty-day limitation period following the conclusion of inventory control.