

# Termination of the employment contract by mutual agreement.

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## ☐ Introduction

Termination of an employment contract by mutual agreement is the **most flexible and least contentious form of ending an employment relationship**. It allows both parties – the employer and the employee – to establish mutual terms for the termination of the contract, including the date of termination and any potential settlements.

## ☐ 1. Legal Basis

- **Labour Code – Art. 30 § 1 point 1**

*An employment contract is terminated: by mutual consent of the parties.*

☐ Applies to any type of contract:

- trial period,
- fixed-term,
- indefinite.

## ☐ 2. Initiator of the Agreement

The termination of the contract **can be proposed by either party** – both the employer and the employee.

- If the employee submits a proposal, the employer **is not obligated to accept it**.
- The agreement comes into effect only if **both parties agree to it**.

### ☐☐ 3. Form of Agreement

- **Preferably in writing**, although the absence of written form does not invalidate it (for evidential purposes and for the PIP, a written form is recommended),
- The agreement may include:
  - the date of termination of the contract,
  - conditions for the transfer of property (e.g., laptop, car),
  - arrangements regarding severance or other settlements,
  - confidentiality or loyalty clauses (if not previously included).

### ☐☐ 4. Timing of Contract Termination

☐ **Any** – the parties may:

- terminate the contract **on the day the agreement is signed**, or
- specify a **specific date in the future** (e.g., "as of May 31, 2025").

☐☐ Unlike a notice:

- **notice periods do not apply**,
- **no reason for termination is required**.

### ☐☐ 5. Legal Consequences

- Severance payment - Yes – if the conditions of the law on collective redundancies are met (e.g., >20 employees)
- Right to unemployment benefits - Yes – only if **the initiative came from the employer** or was mutual (not solely the employee's)
- Obligation to adhere to deadlines - ☐ No – the parties determine any final date

- Possibility of withdrawing the decision - Yes – but only **with the consent of the other party**

## **□□ 6. Advantages of Termination by Mutual Agreement**

□ For the employee:

- No stress related to a notice,
- Possibility of quicker departure (or extension of employment),
- Potential agreement on additional terms (e.g., recommendations, severance).

□ For the employer:

- No risk of legal claims (e.g., for unjust termination),
- Orderly transfer of duties and property,
- Possibility to flexibly establish the date of termination.

## **□□ 7. Example - Template of the Record**

### **Agreement on the Termination of Employment Contract**

As of May 31, 2025, the parties mutually decide to terminate the employment contract concluded on June 1, 2021, between XYZ Ltd. and Jan Kowalski – by mutual agreement.

Date and signatures of both parties.

## **□□ 8. Accompanying Documents**

- ✓ Agreement on termination of the contract
- ✓ Handover protocol (equipment, documents)
- ✓ Work certificate – issued no later than on the day of termination of employment

- ✓ Settlement of leave, equivalent, bonuses, etc.

## ☐☐ Legal Basis

- **Labour Code**, Art. 30 § 1 point 1
- **Act on the promotion of employment and labor market institutions** – Art. 75 § 1 (right to benefits)
- **Act on collective redundancies** – for severance (Journal of Laws 2003 no. 90 item 844)