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INFOkompakt

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> Amendments of the Lithuanian Labour Code: an overview of the most important changes

By **Michael Manke**, Rödl & Partner Vilnius
By **Toma Šakytė**, Rödl & Partner Vilnius

Fast read:

- > On 21 June 2016, the Parliament of the Republic of Lithuania adopted amendments to over 200 Articles of the Lithuanian Labour Code.
- > Those changes carry both opportunities, in the form of more flexibility for employers, and risks when it comes to dismissal protection and collective labour law.
- > All existing labour agreements should be reviewed in the light of this most important labour law reform since restoration of Lithuanian independence.
- > The amendments are expected to enter into force at the beginning of 2017.

What are the most significant changes?

Types of employment contracts

The amendments of the Labour Code expand a list of employment contract types, now providing for the following possible forms:

- > Provisional employment contracts,
- > Project related employment contracts,
- > Job-Sharing contracts,
- > Employment contracts of unspecified scope,
- > Training contracts,
- > Contracts of employment by several employers,
- > Fixed-term employment contracts,
- > Permanent employment contracts,
- > Seasonal employment contracts

An important, particularly employer-friendly innovation is providing the possibility to conclude fixed-term contracts for permanent work without the requirement of regulation in a collective agreement.

Termination

In order to achieve greater flexibility in the labour market, relaxations in dismissal-protection are at the top of the agenda. The previously applicable periods of notice for termination at the initiative of the employer in cases of no fault of the employee are to be shortened by one month or two weeks respectively.

At the same time the periods can also double or triple, if the employee has children under the age of 14, is suffering from a disability or the time until achievement of retirement age does not exceed five years or two years respectively.

Compensation on termination

The amount of compensation for longstanding employees will be reduced.

Upon termination at the initiative of the employer in the absence of fault of the employee, a severance payment of at least two average salaries is to be paid.

In case the employee has been working for the company less than a year, this payment can be reduced by a maximum of half the average salary of the employee.

For longstanding employees, who worked more than five years for the same employer, the payments originate from a specially created state fund, which draws on the contributions from employers.

Annual leave

Another amendment adjusts the amount of minimum annual paid leave from previously 28 calendar days to 20 working days.

Overtime work

The recent labour law legislation provided only the possibility of compensating overtime by payment of one and a half times the hourly rate of the employee. The alternative of compensation by free time was not provided. This will now be possible through the alternative of compensation by additional vacation. Moreover, the amendments increase the statutory annual maximum amount of overtime from the previous 120 hours to 180 hours per year and additionally provide the possibility to further increase that number through collective agreements.

Collective labour law

The list of employee representation permitted under law is comprised of trade unions, works councils and trustees.

The rights to manage collective bargaining, to conclude collective agreements and to settle collective labour disputes on behalf of the employees fall exclusively within the remit of the unions.

The employer is obliged to initiate the establishment of a works council in its company if more than 20 workers are employed in its operation.

Due to the complexity of the new labour law amendments, employees should evaluate the new features and to ensure the conformity of their employment relationships with the new rules by undertaking adjustments if necessary.

In all matters relating to the design of contractual relationships in employment and the recent changes in the Lithuanian Labour Code our experts would be glad to support you.

For more information please contact:



Michael Manke
Attorney-at-law (Dusseldorf / Vilnius)
Associate Partner
tel.: + 370 (5) 212 35 90
e-mail: michael.manke@roedl.pro

For more information please contact:



Toma Šakytė
Lawyer (Vilnius)
tel.: + 370 (5) 212 35 90
e-mail: tomas.sakyte@roedl.pro

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„Only the perfect interplay of our teams – consisting of a base, individual Castell levels and of course the ones who venture up to the top – make joint success possible.“

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Publisher:

Rödl & Partner Vilnius
Tilto g. 1, LT-01101 Vilnius
Phone: +370 (52) 12 35 90
Fax: +370 (52) 79 15 14
vilnius@roedl.pro
www.roedl.de / www.roedl.com/lt

Responsible for the content:

Michael Manke – michael.manke@roedl.pro

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