



New Labour Code in Lithuania Overview

22 September 2016

Dear Sir/Madam,

Please find below an overview on the key changes in the regulatory framework under the new Labour Code, which will enter into force on 1 January 2017.

1. Employment termination

1.1. Termination at the employer's will

Under the new Labour Code, an employee may be dismissed without an obligation for an employer to prove a substantial reason. Employees who are pregnant or on maternity, paternity or child care leave may not be dismissed.

An employer is entitled to terminate an employment contract by giving 3 days' written notice. An employee should receive a severance pay of 6 average monthly salaries.

1.2. Termination on the initiative of an employer without the fault of an employee

In case of employment termination on the initiative of an employer without the fault of an employee, a standard notice period is 1 month. When employment continues for less than 1 year, notice shall be served 2 weeks in advance.

The above-mentioned notice periods should be increased two times for:

1. employees who have a child under 14 years of age;
2. employees who will be entitled to the retirement pension within a period of 5 years.

The above-mentioned notice periods should be increased three times for:

1. disabled employees;
2. employees who will be entitled to the retirement pension within a period of 2 years.

Dismissed employee has to be paid with a severance pay of his 2 average monthly salaries. When employment relationship continues for less than one year – 0,5 of his average monthly salary.

The dismissed employee shall additionally receive a severance pay taking into account the continuous length of employment. It is noteworthy that additional severance pay will be paid by the special state fund according to the following requirements:

- (i) when the duration of employment is from 5 to 10 years – 1 average monthly salary;
- (ii) when the duration of employment is from 10 to 20 years – 2 average monthly salaries;
- (iii) when the duration of employment is over 20 years – 3 average monthly salaries.

1.3. Termination on the initiative of an employee

A non-fixed employment contract, as well as a fixed-term employment contract concluded for a period exceeding 1 month, may be terminated upon the written notice of an employee served 20 calendar days in advance.

2. Working time, overtime and annual leave

2.1. Working time

Maximum working time, including overtime, cannot exceed 48 hours per week.

Maximum working time, including both overtime and additional work, may not exceed 12 hours per day and 60 hours per week.

2.2. Maximum overtime

Employee overtime work must not exceed 8 hours in 7 consecutive calendar days, unless an employee gives written consent to work up to 12 overtime hours per week. In such cases, maximum working time, including overtime, must not exceed average of 48 hours per week during the accounting period.

Maximum overtime might not exceed 180 hours per year, unless longer term is agreed by the collective agreement.

2.3. Annual leave

Employees should be granted with annual leave either not shorter than 20 business days or not shorter than a period of 24 business days (if an employee works 6 days per week).

One instalment of annual leave may not be:

- (i) shorter than 10 business days;
- (ii) shorter than 12 business days (if an employee works 6 days per week).

When number of working days is less, one instalment of annual leave may not be shorter than 2 weeks.

3. New types of employment contracts

3.1. Zero-hour employment contract

Under zero-hour employment contract an employee undertakes to carry out job functions upon the request of an employer. Zero-hour employment contracts may not exceed 10% of the total number of employment contracts of a company.

3.2. Project-based employment contract

A project-based employment contract is a fixed-term contract whereby an employee undertakes to carry out his job functions for the particular project. To achieve the above-mentioned result an employee may determine work time regime by himself and work either at or outside the workplace. The maximum permitted duration of the contract is 2 years for new employees and 5 years for the replacement of the existing employment contracts.

3.3. Job-sharing employment contract

Under a job-sharing employment contract, two employees agree with an employer to share one job position. Job-sharing contracts may contain details regarding the type of the contract, identity of the other employee, number of working hours per week, etc.

3.4. Employment contract for several employers

Under an employment contract for several employers, an employee can work for two or more employers by performing the same job function. When this type of contract contains a provision that working time of an employee is not divided among employers, information regarding the remuneration for the working time by each employer has to be determined.

3.5. Apprenticeship employment contract

An apprenticeship employment contract is a fixed-term contract, which is concluded when a person is employed for the purpose of either acquiring qualification and skills or gaining competences required for the profession. The maximum duration of this contract is 6 months with some applicable exceptions.

4. Other amendments

4.1. Fixed-term employment contract

From 1 January 2017 a fixed-term employment contract may be concluded for work of a permanent nature. Such should not exceed 20% of the total number of employment contracts concluded in a company.

4.2. Obligation to form Works Council

When the average number of employees in the workplace is 20 or more, employer is required to establish works council. Employees in smaller companies may be represented by an employee trustee.

This overview has been prepared for information purposes only and does not contain a binding advice.

For more information on new amendments to the Labour Code please contact:

Mr. Tomas Davidonis

Senior Manager, Attorney at Law

Tel: +370 5 255 3075

E-mail: tavidonis@deloittece.com

Ms. Gintarė Stonienė

Manager, Assistant Attorney at Law

Tel: +370 698 81323

E-mail: gstoniene@deloittece.com



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