

From employment contract to termination: A look at Lithuania's labour law

Labour relations in Lithuania are largely regulated by the Labour Code of the Republic of Lithuania, also known as "Darbo kodeksas". Various other pieces of legislation, including the Civil Code, also influence the dynamics of employment relationships. This newsletter provides a concise overview of this legal framework to give you an insight into the key aspects of Lithuanian labour law.

1. The establishment of an employment relationship

An employment relationship is established by a written contract between the employer and the employee for an indefinite or fixed term. The contract must be drawn up in Lithuanian or, if the employee is a foreigner, in Lithuanian and in a language that the employee can understand. The employment contract regulates essential conditions such as work tasks, remuneration, and place of work and should contain other specific provisions such as the contracting parties, start date (and term in the case of fixed-term contracts), remuneration system, working hours, holidays and notice periods. Additional contractual clauses may stipulate labour law provisions or agreements between the parties that do not contradict these. Changes or transfers require the written consent of the employee, so care must be taken when defining the terms of the contract. The State Social Insurance Fund must be notified of the recruitment and conclusion of the contract at least one working day before the planned start of work.

2. Important aspects during employment

Remuneration is paid in the form of cash payments, which must be made by bank transfer to the account specified by the employee. Wages are paid at least twice a month, but once a month at the employee's request. From 1 January 2024, the minimum wage will increase from EUR 840 to EUR 924.

The standard working hours are 40 hours per week, divided into 8 hours per day. The working week usually comprises 5 days but can be extended to 6 days for operational reasons. For overtime, a distinction is made between "additional work" and "overtime work". Additional work is work that goes beyond the contractually agreed working hours, while overtime is defined as work that is performed outside normal working

hours. The maximum working time is 48 hours per week, whereby the maximum number of overtime hours per year is limited to 180 hours.

The paid holiday entitlement is at least four calendar weeks per year, whereby the full holiday entitlement arises after at least six months of employment.

In the event of sickness, the employer pays sick pay for the first two days of sickness, after which "Sodra" takes over the payments until the employee can work again. The amount of sick pay can be between 62.06% and 100% of the employee's average salary.

The trial period can be a maximum of 3 months and must be stipulated in the employment contract.

3. Termination of the employment relationship

The employment relationship may be terminated in various ways by the Labour Code of Lithuania. These include termination by mutual agreement using a termination agreement, termination by the employee for or without good cause, termination by the employer through no fault of the employee by the provisions of Article 57 of the Labour Code, and dismissal due to serious breach of duty or a second identical breach within 12 months. Other grounds for termination include termination at the employer's request, termination during the probationary period and the end of a fixed-term employment relationship.

A solid understanding of Lithuanian labour law is crucial to avoid potential consequences. Do not hesitate to contact us if you have any legal questions about labour law in Lithuania. Furthermore, stay tuned as we provide you with insights into Latvian and Estonian labour law in the following two months.

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Contact information

For more information, contact
Sigita.Sriubaite@klauberg.legal

www.klauberg.legal

Klauberg APB
Kalvarijų g. 300
LT-08318 Vilnius, Lithuania