



Labor law insights: What you should know about Latvia

The Latvian labor law "Darba likums" [Labour Law], which has been in force in its current form since 1 June 2002, already met the requirements of EU law even before Latvia joined the EU. Other regulations that must be considered in the context of labor law can be found in the Labour Protection Law, among others. This newsletter summarizes the legal framework and gives an insight into the most important aspects of Latvian labor law.

1. The establishment of an employment relationship

An employment relationship can be established for an indefinite or fixed-term period through an employment contract between the employer and the employee. In principle, the employment contract must be drawn up in Latvian, in writing (written form requirement), and before commencement of employment. It must be noted that fixed-term employment contracts are only permitted in exceptional cases regulated by law, e.g. for seasonal work. The employment contract must contain basic information such as the employee's and employer's details, the start and possibly end of the employment relationship, place of work, job description, references to other provisions, remuneration, working hours, holidays, and notice period.

2. Important aspects during employment

The payment of remuneration by bank transfer requires that the employer and employee have previously agreed on this in writing, usually in the employment contract. Alternatively, monthly cash payments, sometimes in two installments, can still be made. The minimum wage is currently EUR 620 and is planned to be increased to EUR 700 per month starting in January 2024.

The regular working week is 40 hours, usually 8 hours per day over 5 working days. If necessary, a 6-day week can also be introduced for operational reasons. A distinction is made between "additional work" (beyond the contractually agreed working hours) and "overtime" (outside the regular working hours). Overtime requires a written agreement or operationally necessary reasons and is limited to 8 hours per 7 days within 4 months. Additional work is remunerated regularly, while double pay is payable for overtime or overtime upon the agreement of the parties can be compensated by paid time off in lieu.

Paid leave amounts to at least four calendar weeks (28 days) per year, not including public holidays. The full holiday entitlement arises after at least six months of employment.

In the event of illness, the employer must compensate the loss of earnings up to the first nine days. It is worth noting that the first day of illness is not compensated. From the second day of illness, 75 percent, and from the fourth to the ninth day 80 percent of the average salary must be paid by the employer, but only for the days during which the employee should have worked. Thereafter the employee receives sick pay from the social insurance authority for a period of up to 26 weeks, or in certain cases up to 52 weeks.

The trial period can be a maximum of 3 months (parties of a collective agreement can agree up to 6 months) and must be stipulated in the employment contract.

3. Termination of the employment relationship

The employment relationship can only be terminated under the conditions set out in the Labour Law. Various options for terminating a contract are set out in the Labour Law, including a termination agreement, termination with one month's notice upon resignation or upon redundancy, extraordinary termination for good cause with immediate effect or ten days' or one month's notice depending on particular reason, termination during the probationary period within three days, and termination of a fixed-term employment with an immediate notice (if particular end date was set in the fixed-term contract) or with two weeks' notice (if particular end date was not set). Furthermore, a contract may be terminated due to official or court decisions or in the event of the death of the employer in the case of personal service obligations.

A thorough understanding of Latvian labor law is crucial to avoid possible consequences. If you have any legal questions about Latvian labor law, please feel free to contact us and stay tuned as we provide insights into Estonian labor law in the coming month.

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