Amendments to the Lithuanian Labor Code have been signed into law, entering into force on 1 July 2017. The amendments are intended to create a more business-friendly environment and will affect severance pay, termination notice periods, working hours, and annual leave.

**Background**

A more liberal labor code was passed in June 2016, but it was vetoed by the president. The Lithuanian Parliament (Seimas) overrode the president’s veto after the government and trade unions agreed to improve the code by the end of the general elections. Following the presidential veto, a new labor code was passed without amendments on 14 September 2016. The new labor code was strongly criticized, and amendments were drafted in the Seimas within a week.

On 6 June 2017, the Seimas adopted amendments to the new labor code, and the accompanying legislation enters into force on 1 July 2017. The amendments were developed in accordance with the proposals approved by consensus at the Tripartite Council. The Seimas amended 45 articles in the new labor code. The Lithuanian president signed the amendments into law on 14 June 2017.

For further information or assistance, please contact your Lockton Global Benefits Consultant or email us at LocktonGlobalBenefits@lockton.com.
Key Details

Severance Pay

Involuntary dismissals not involving fault on the part of the employee require the employer to pay severance of two months of average salary. If the individual was employed for less than one year, the dismissed employee must be paid 50 percent of his or her average monthly salary. These changes greatly reduce the burden on employers, as severance pay is no longer based on length of service.

Termination Notice Period

If employment termination is initiated by an employer, without the fault of an employee, standard notice is one month (decreased from two months). If the employment relationship is less than one year, only two weeks’ notice is required. Longer terms apply for protected categories of employees. Notice periods are doubled for employees with less than five years remaining until retirement age. Notice periods are tripled for employees who raise a child under age 14 or a disabled child under age 18, have less than two years until retirement age, or are disabled.

Working Hours

Maximum working time with written consent of the employee, including overtime and additional work, may not exceed 12 hours per day and 60 hours per week. The maximum average work week, without written consent of the employee, is 48 hours. Overtime may not exceed 180 hours per year, unless agreed upon in a collective agreement.

If an employee works at night, the average working time of a night shift may not exceed eight hours per shift during a period of three months.

Annual Leave

Employees are entitled to a minimum of 20 working days of annual leave when working five days per week. Employees working six days per week are entitled to at least 24 working days of annual leave.

Works Council Obligation

Companies with 20 or more employees are required to have a works council, unless the workplace has a trade union which operates at the level of the employer and at least one third of all employees belong to the union. The works council has statutory consultation and information rights detailed in the new labor code. Applicable employers must form a works council election committee by January 1, 2018.
Next Steps

Employers in Lithuania are encouraged to review their employment documents to ensure they have been updated to reflect the changes outlined above. The enacted changes are extensive, and employers should see the guidance and review of local legal counsel when implementing changes in working terms to comply with the new requirements of the labor code.

This article contains general information only and does not provide legal, tax, accounting, or other professional advice. No information in this article should be relied upon for any business decision or action, nor should it be construed as a substitute for appropriate professional advice or services.