

The Amendments to the Labour Code Overview

June 27th 2010

Dear Sir/Madam,

We would like to inform you that on 22nd of June 2010 the Parliament of the Republic of Lithuania approved the law of amendments to the Labour Code No. XI – 927 (the Law). The Parliament took into account most of the substantial amendments proposed by the Government, except for the suggested possibility to dismiss the employee immediately under the employer's initiative by paying the double rate of compensation.

This overview contains major changes to the Labour Code, which, with certain exceptions, shall enter into force on the 1st of August 2010.

Fixed-term Employment Contracts

The Law enacts the possibility to conclude fixed-term employment contracts for the work of permanent nature for newly created jobs. Employers will be able to take the advantage of this option for two years but not longer than for the period until 31st of July 2012. If after this date employment relationship still continues under such a fixed-term contract, it will become a non-fixed term contract.

Summary Recording of Working Time

After the Law comes into force summary recording of working time may be introduced into any enterprise if necessary after considering the opinion of the representatives of the employees or in other cases established by the collective agreement.

Before effectiveness of the Law, this right has only been granted to enterprises that engage in uninterrupted activity and meet the established criteria.

Overtime Work

The Law provides for more flexible procedures for determining the overtime work. Like as before the effectiveness of the Law, the employer will be able to apply the overtime work only in exceptional cases, which are specified in Article 151 of the Labour Code. However, in other cases the overtime work may also be organized under a written consent or request of the employee.

The maximum permissible number of overtime work hours remains unchanged: in respect of each employee the overtime work shall not exceed 4 hours in two consecutive days and 120 hours per year.

Employees' right to suspend an employment contract

The Law establishes employees' right to suspend an employment contract for no longer than three-month period if the employer for more than two consecutive months does not pay employment remuneration or fails to comply with his other obligations to the employee. If the employee reasonably suspends the employment contract, the employer shall pay to him not less than one minimum monthly salary compensation for each month. An employee who suspends the contract with no justified reason is responsible for the damage caused to the employer. During the suspension of the employment contract the contributions to the state social insurance have to be paid therefore the employee remains covered by state social insurance.

Distance Work

The Law establishes a new type of employment contracts – distance work which also covers former employment contracts with home workers. A distance work employment contract may establish that an employee will perform his job functions in other places than a place of work acceptable for the employee using IT. It is expected that the distance work employment contracts will allow a more flexible organization of work. The characteristics of such employment contracts will be established by the Government and collective agreements.

Note: This summary is compiled for informational purposes only and cannot be treated as binding advice. Should you require more information, please contact Tomas Davidonis, Attorney at Law by phone: +370 5 255 3075, mobile: +370 686 89558 or e-mail: tdavidonis@deloittece.com.

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