

Labour Code to be amended: big changes for employers (1/10/17)

Announced at a meeting of state secretaries on 23 February 2017, proposals for amending the Labour Code relate to overtime pay, employee suspension, and termination of employment with disabled people, as well as introducing other changes affecting the relationship between employee and employer.

Overtime pay

According to the proposals, extra pay for the first two hours worked over and above the normal time (eight hours) must be at least 50% of the employee's hourly rate, with 100% extra payable for each subsequent hour. Any work done on a public holiday will still attract 100% extra pay. A higher rate of extra pay may be prescribed by the relevant collective agreement or employment contract.

The current version of the Labour Code provides that the employer must pay 100% extra from the first hour of overtime.

The Latvian Association of Free Trade Unions (LAFTU) has criticised the proposed cutback in overtime pay and said that employees should be working overtime only in exceptional cases and get paid extra accordingly. The cutback will also adversely affect the municipal, social and national budgets as the amounts paid in taxes will drop. According to LETA news agency, LAFTU would agree to the proposal if pay levels in Latvia were as high as those in the Scandinavian countries.

The Ministry of Welfare reports that the Foreign Investors Council in Latvia have emphasised in their recommendations that lower overtime pay would make the employers more competitive and develop the business environment.

Suspension from work

The current version of the Labour Code states that an employee subject to a temporary prohibition isn't permitted to carry out their job duties, and the employer isn't paying them.

According to the proposals, however, where the employer suspends an employee for being under the influence of alcohol, drugs or toxic substances, or in other cases where the employee is likely to threaten their own or third parties' safety, the employer will be liable to pay the statutory minimum monthly wage in proportion to the period of suspension.

If the forced absence from work was wrongful, the employer will be liable to pay the difference between the employee's average earnings and the amount already paid to them, as well as covering any loss they've suffered. If the suspension was done with good cause, the employer will be allowed to deduct the minimum monthly wage paid during the forced absence from the employee's future pay.

Termination for employees with a disability

Another important proposal is to delete section 109(2) of the Labour Code, which prohibits the employer

from terminating employment with a disabled person. These changes aim to minimise the obstacles employers face on the labour market. However, the requirement that a disabled person in a redundancy involving employees with similar qualifications must be given priority to continue employment, will stand. It's important to note that the new procedure for terminating employment with disabled people will apply only to contracts signed after the amendments come into force.

The proposals have yet to be approved by the relevant ministries, endorsed by the Cabinet of Ministers, and adopted by Parliament.