



EUROPEAN LAW FIRM OF THE YEAR

Awarded by The Lawyer

# SORAINEN EMPLOYMENT CARD

Comparison of the main employment law  
rules in the Baltics and Belarus

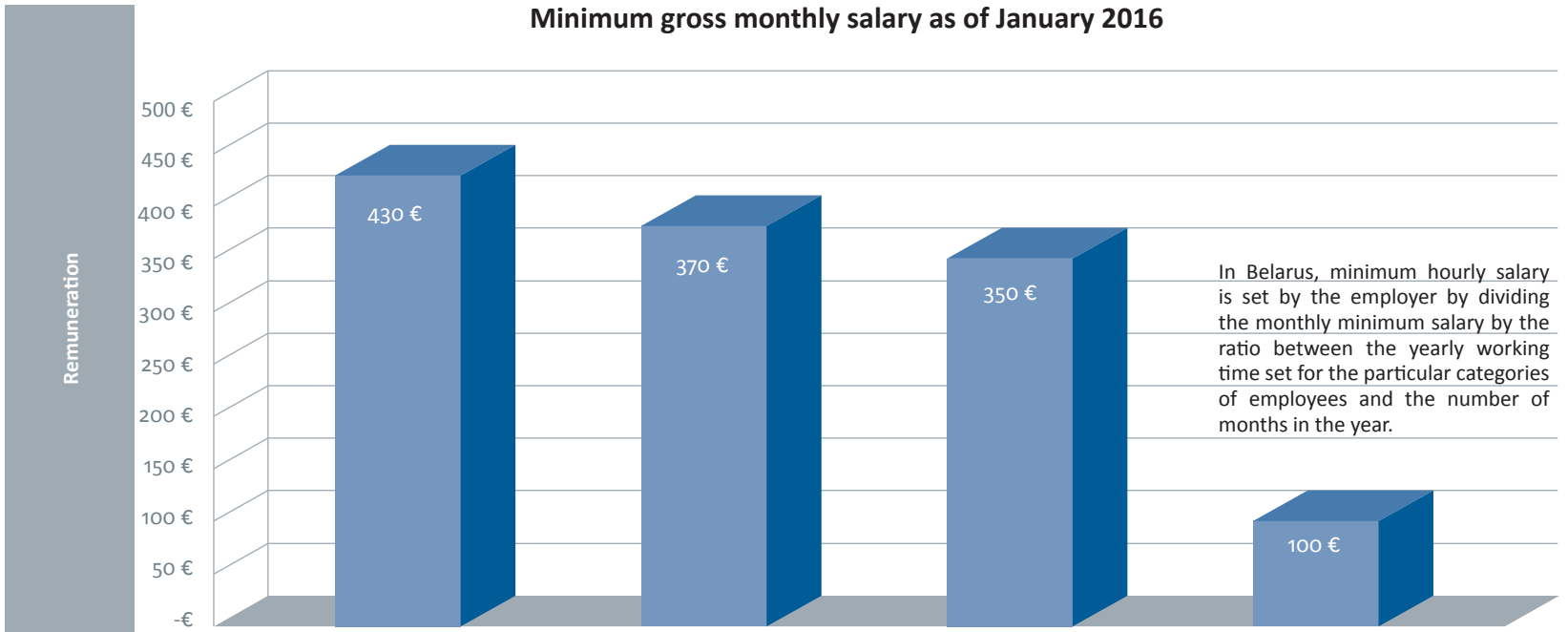
Effective 1 January 2016

	ESTONIA	LATVIA	LITHUANIA	BELARUS
Form of contract	Employment contracts must be in writing if employment is longer than 2 weeks.	Employment contracts must be in writing.		
Term of contract	Mostly permanent. Fixed-term employment contracts are permitted only on special occasions. Maximum period is 5 years.			Both permanent and fixed-term <sup>1</sup> .
Trial period	Maximum 4 months.	Maximum 3 months.		
	During trial period both parties can terminate the employment by 15 days' notice.	During trial period both parties can terminate the employment by 3 days' notice.		During trial period the party benefiting from the contractual trial period may terminate the employment by 3 calendar days' notice or on the last trial day without notice.
Business secrets	An employee must keep the employer's business secrets in the course of employment.			
	After termination of employment, the employee's confidentiality obligation remains valid by law as long as needed to protect the employer's legitimate interests.	After termination of employment, the employee's confidentiality obligation remains valid for 1 year unless the agreement with the employee specifies another term.		After termination of employment, the employee's confidentiality obligation remains valid if this was agreed with the employee and for the term specified in the agreement.
Non-compete undertaking by former employee	The employer and the employee can conclude a post-employment non-compete agreement.			Restriction of competition in employment relations is against the law.
	Maximum period of non-compete restriction is 1 year.	Maximum period of non-compete restriction is 2 years.		N/A
	The employer must pay reasonable non-compete compensation, which cannot be part of regular salary.			N/A

<sup>1</sup>Belarusian legislation provides for two forms of employment relationship: one is based on an *employment agreement* (regulated by labour law) – where the agreement is concluded for an indefinite term or on special occasions for a fixed term; the other is based on an *employment contract* (regulated by labour law and specific employment contract regulations) – where a specific type of agreement is concluded for a fixed term of 1 to 5 years.

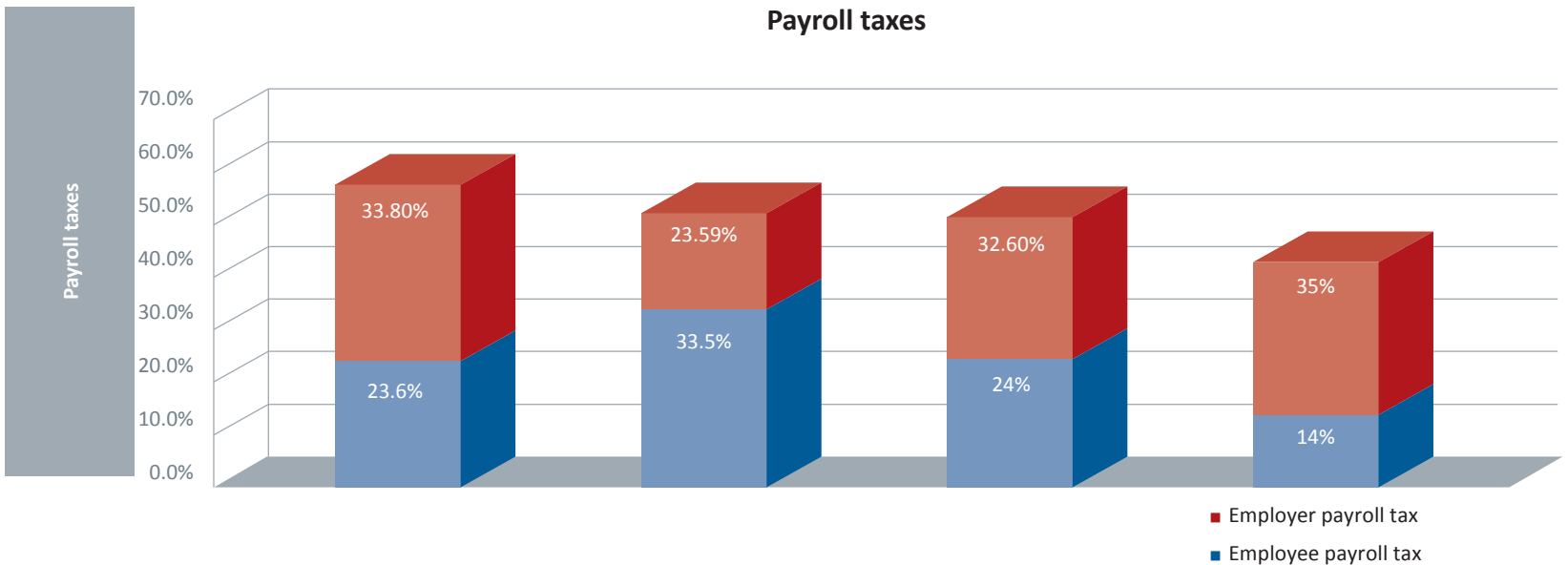
ESTONIA	LATVIA	LITHUANIA	BELARUS
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Minimum gross monthly salary as of January 2016



ESTONIA	LATVIA	LITHUANIA	BELARUS
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Payroll taxes



	ESTONIA	LATVIA	LITHUANIA	BELARUS
Payroll taxes	<p>Employee payroll tax:</p> <ul style="list-style-type: none"> <li>■ income tax of 20%</li> <li>■ pension insurance of 2%, if the employee has joined a pension scheme</li> <li>■ unemployment insurance tax of 1.6%</li> </ul> <p>Employer payroll tax:</p> <ul style="list-style-type: none"> <li>■ social tax of 33%</li> <li>■ unemployment insurance tax of 0.8%</li> </ul>	<p>Employee payroll tax:</p> <ul style="list-style-type: none"> <li>■ income tax of 23%</li> <li>■ social insurance contribution of 10.50% (social insurance contribution is capped when annual gross salary reaches EUR 48,600)</li> <li>■ part of solidarity tax of 10.50% for gross salary exceeding EUR 48,600</li> </ul> <p>Employer payroll tax:</p> <ul style="list-style-type: none"> <li>■ social insurance contribution of 23.59% (social insurance contribution is capped when annual gross salary reaches EUR 48,600)</li> <li>■ part of solidarity tax of 23.59% for gross salary exceeding EUR 48,600</li> </ul>	<p>Employee payroll tax:</p> <ul style="list-style-type: none"> <li>■ income tax of 15%</li> <li>■ social insurance contribution of 9%</li> </ul> <p>Employer payroll tax:</p> <ul style="list-style-type: none"> <li>■ social insurance contribution from 30.98% to 32.6% depending on insurance rates for accidents at work</li> </ul>	<p>Employee payroll tax:</p> <ul style="list-style-type: none"> <li>■ income tax of 13%</li> <li>■ social insurance contribution of 1%</li> </ul> <p>Employer payroll tax:</p> <ul style="list-style-type: none"> <li>■ social insurance contribution from 34% to 35%, depending on insurance rates for accidents at work</li> </ul>
Fringe benefits	Fringe benefits may be subject to standard payroll taxes.			
Hours of work	Normal full-time work is 8 hours daily and 40 hours weekly.			
	Overtime work only occurs by mutual agreement between the parties or in the case of emergency.			
	<ul style="list-style-type: none"> <li>■ Overtime work cannot exceed on average 8 hours within a 7-day period, which is calculated in an accounting period of up to 4 months.</li> <li>■ Overtime is compensated by time off or in money (1.5 times normal salary).</li> </ul>	<ul style="list-style-type: none"> <li>■ Overtime work cannot exceed on average 8 hours within a 7-day period, which is calculated in an accounting period of up to 4 months.</li> <li>■ Overtime is compensated in money (twice the normal salary).</li> </ul>	<ul style="list-style-type: none"> <li>■ Overtime cannot exceed 4 hours in any 2 consecutive days, 8 hours in any week and 120 hours in any year (180 hours yearly if a collective agreement so allows).</li> <li>■ Overtime is compensated in money (1.5 times normal salary).</li> </ul>	<ul style="list-style-type: none"> <li>■ Overtime work cannot exceed 10 hours weekly and 180 hours yearly.</li> <li>■ Overtime is compensated by time off or in money (in an amount equal to or more than the piece rate or hourly wage rate of the employee).</li> </ul>
Vacation	The statutory minimum annual vacation is 28 calendar days.			The statutory minimum annual vacation is 24 calendar days for employment agreements and 25-29 days for employment contracts.
Illness	<p>Days 1-3 of illness are unpaid.</p> <p>On days 4-8, compensation is paid by the employer at the rate of 70% of the employee's average salary.</p> <p>Thereafter the absent employee is compensated by the Health Insurance Fund at the rate of 70% of the employee's average salary.</p>	<p>Day 1 of illness is unpaid.</p> <p>On days 2-10, compensation is paid by the employer. On days 2-3 at the rate of 75% of the employee's average salary and on days 4-10 at the rate of 80% of the employee's average salary.</p> <p>Thereafter the absent employee is compensated by the State Social Insurance Agency at the rate of 80% of the employee's average salary.</p>	<p>On days 1-2, compensation is paid by the employer at the rate of 80%-100% of the employee's average earnings.</p> <p>Thereafter the absent employee is compensated by the Social Insurance Fund. From the 3<sup>rd</sup> day of illness the employee is paid 80% of average salary.</p>	<p>On days 1-12, compensation is paid at the rate of 80% of the employee's average salary.</p> <p>Thereafter the absent employee is compensated at the rate of 100% of the employee's average salary.</p> <p>Compensation is paid by the employer from the State Social Security Fund sources.</p>

	ESTONIA	LATVIA	LITHUANIA	BELARUS										
Termination by employee	The employee can terminate the employment contract any time by notifying the employer:													
	30 days in advance.	1 month in advance.	14 working days in advance.	1 month in advance.										
	In the case of breach of an employment contract by the employer, the employee may terminate the employment with immediate effect and claim compensation at the rate of 3 average monthly salaries (the court can increase or decrease the amount if good reason is shown for it).	An employee who has good reason (ie condition based on considerations of morality and fairness that does not allow continuation of an employment relationship) may terminate the employment with immediate effect and claim payment of statutory severance pay. Statutory severance pay depends on length of service with the employer and may vary from 1 to 4 monthly average earnings.	In the case of breach of an employment contract by the employer or for other good reasons, an employee may terminate employment by 3 working days' notice. In that case the employee is entitled to severance pay of 2 average monthly salaries.	If the state authority or court confirms breach of an employment contract by the employer or for other good reasons, an employee may terminate an employment agreement (both permanent and fixed term) with immediate effect. Severance pay is at least two weeks' average earnings in the case of an employment agreement and 3 monthly average salaries in the case of an employment contract.										
Termination on lay-off	<table border="1"> <thead> <tr> <th>Length of employment</th> <th>Notice period</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td>15 days</td> </tr> <tr> <td>From 1 to 5 years</td> <td>30 days</td> </tr> <tr> <td>From 5 to 10 years</td> <td>60 days</td> </tr> <tr> <td>10 years and over</td> <td>90 days</td> </tr> </tbody> </table>		Length of employment	Notice period	Less than 1 year	15 days	From 1 to 5 years	30 days	From 5 to 10 years	60 days	10 years and over	90 days	The notice period is 1 month.	The notice period is 2 months.  * 4 months for some employees, eg those with children under 14.
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Severance pay	<p>Severance pay paid by an employer equals 1 x the employee's monthly average salary. The employee can claim additional severance pay from the Unemployment Fund as follows:</p> <table border="1"> <thead> <tr> <th>Length of employment</th> <th>Severance pay (number of monthly average salaries)</th> </tr> </thead> <tbody> <tr> <td>From 5 to 10 years</td> <td>1</td> </tr> <tr> <td>10 years and over</td> <td>2</td> </tr> </tbody> </table>	Length of employment	Severance pay (number of monthly average salaries)	From 5 to 10 years	1	10 years and over	2	<p>The severance pay is paid by the employer and depends on the length of service with the employer as follows:</p> <table border="1"> <thead> <tr> <th>Length of employment</th> <th>Severance pay (number of monthly average salaries)</th> </tr> </thead> <tbody> <tr> <td>Less than 5 years</td> <td>1</td> </tr> <tr> <td>From 5 to 10 years</td> <td>2</td> </tr> <tr> <td>From 10 to 20 years</td> <td>3</td> </tr> <tr> <td>Over 20 years</td> <td>4</td> </tr> </tbody> </table>	Length of employment	Severance pay (number of monthly average salaries)	Less than 5 years	1	From 5 to 10 years	2	From 10 to 20 years	3	Over 20 years	4	<p>The severance pay is paid by the employer and depends on the length of service with the employer as follows:</p> <table border="1"> <thead> <tr> <th>Length of employment</th> <th>Severance pay (number of monthly average salaries)</th> </tr> </thead> <tbody> <tr> <td>Up to 12 months</td> <td>1</td> </tr> <tr> <td>From 12 to 36 months</td> <td>2</td> </tr> <tr> <td>From 36 to 60 months</td> <td>3</td> </tr> <tr> <td>From 60 to 120 months</td> <td>4</td> </tr> <tr> <td>From 120 to 240 months</td> <td>5</td> </tr> <tr> <td>Over 240 months</td> <td>6</td> </tr> </tbody> </table>	Length of employment	Severance pay (number of monthly average salaries)	Up to 12 months	1	From 12 to 36 months	2	From 36 to 60 months	3	From 60 to 120 months	4	From 120 to 240 months	5	Over 240 months	6	<p>The severance pay is 3 monthly average salaries and is paid by the employer.</p>
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Disciplinary sanctions	<p>Estonian employment law does not recognise disciplinary sanctions.</p>	<ul style="list-style-type: none"> <li>■ Reproof</li> <li>■ Reprimand</li> <li>■ Termination of employment contract due to misconduct committed by the employee is possible, though it is not regarded as a disciplinary sanction.</li> </ul>	<ul style="list-style-type: none"> <li>■ Reproof</li> <li>■ Reprimand</li> <li>■ Termination without notice in the case of gross or repeated misconduct.</li> </ul>	<ul style="list-style-type: none"> <li>■ Reproof</li> <li>■ Reprimand</li> <li>■ Termination without notice in the case of gross or repeated misconduct.</li> </ul>																														
	N/A	Prior to imposing sanctions, the employer must request the employee to provide explanations.																																
	N/A	<p>Sanction can be imposed within 1 month after the employer becomes aware of misconduct and within 12 months from commission of misconduct.</p>	<p>Sanction can be imposed within 1 month after the employer becomes aware of misconduct and within 6 months from commission of misconduct (in some specific cases - within 2 years).</p>	<p>Sanction can be imposed within 1 month after the employer becomes aware of misconduct and within 6 months from commission of misconduct (in some specific cases - within 2 years).</p>																														

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Collective agreements	A collective agreement or a collective contract can be signed at company, industry or territorial level.			
	A collective agreement applies to those employers and employees who belong to organisations that have entered into a collective agreement, unless the collective agreement provides otherwise or it is an industry-level agreement.	By law, in some cases a collective agreement is binding on all employers in the relevant sector and applies to all employees employed by those employers.	A company level collective agreement can be signed only if employees are represented by a trade union or works council. Company level collective agreements apply to all company employees.	A collective agreement applies to those employers and employees who belong to organisations that have entered into a collective agreement, unless the collective agreement provides otherwise.
Trade unions	Trade union membership is generally low.			Trade union membership is high at state owned companies.
	Special rights apply to trade union members, eg:			
	<ul style="list-style-type: none"> <li>■ employee representatives at trade unions have the preferential right of keeping their job in case of lay-off</li> <li>■ employment contracts of employee representatives in trade unions cannot be terminated without notifying the trade union</li> <li>■ the employer must consult with employee representatives in the trade union prior to taking decision which could affect employees' interests (eg in the case of business transfer or collective redundancy).</li> </ul>	<ul style="list-style-type: none"> <li>■ an employment contract generally cannot be terminated without the consent of the trade union</li> <li>■ if employees have formed a trade union or elected their authorised representatives, the employer must consult with the employee representatives prior to taking a decision which could affect employees' interests.</li> </ul>	<ul style="list-style-type: none"> <li>■ employment contracts with members of representative bodies of trade unions or members of works councils can be terminated only with the consent of that body</li> <li>■ if employees are not represented by a trade union or works council, the employer must inform them directly about major organisational changes such as redundancy or business transfer or about other important events affecting the status of employees.</li> </ul>	<ul style="list-style-type: none"> <li>■ employment contract in some cases cannot be terminated without consent from or notifying the trade union</li> <li>■ formally the employees have the right to be involved in the management of the company, though it hardly happens in practice</li> <li>■ if employees are not represented by a trade union or works council, the employer must inform them directly about major organisational changes such as redundancy or business transfer or about other important events affecting essential employment conditions.</li> </ul>

SORAINEN employment lawyers deliver practical and tailored solutions in sensitive business situations. The team's advice aims at the best added value for clients' human resources (HR) decisions. This has made SORAINEN the trusted partner of many prestigious clients. As the only truly integrated law firm in the Baltics and Belarus, SORAINEN has the best capacity to advise on cross-border employment issues in the region.

SORAINEN offers expertise in key employment areas in the Baltic States and Belarus, including:

- employment and executive contracts;
- collective redundancies and individual dismissals;
- employment disputes;
- business transfers and other HR changes;
- confidentiality and fair competition;
- employee privacy;
- collective bargaining;
- HR policies;
- remuneration systems and working time costs;
- employment guarantees and management of related risks.

SORAINEN is recommended for its Employment Practice by international directories such as *The Legal 500*, *Chambers Global*, *Chambers Europe* and *IFLR1000*.



This leading firm maintains a vibrant full-service employment practice. Market observers recommend the group's abilities for contentious and non-contentious transactional and advisory matters, and clients benefit from several famously skilled practitioners and the firm's good regional coverage.

The team is of a really high quality; it always follows deadlines and provides options for us to consider. The lawyers consider the practicalities and bear in mind the business aspects.

The firm's performance is perfect; the lawyers are smart and quick to act.

Strong practical knowledge of cross-disciplinary aspects of corporate, employment and tax law.

*(Chambers Europe)*



**The SORAINEN Employment Practice is headed by Karin Madisson and Algirdas Pekšys.  
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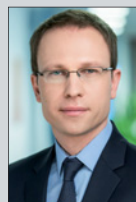


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