



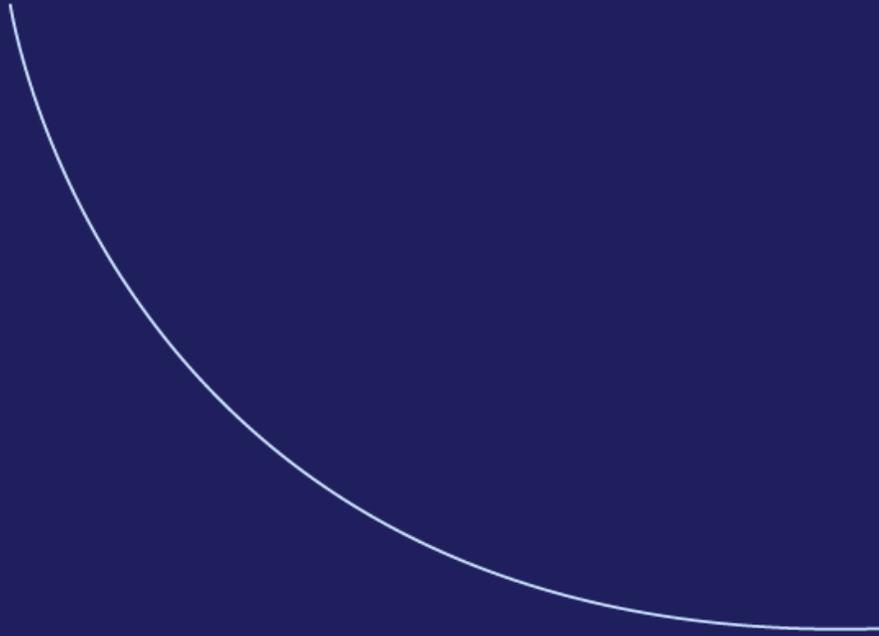
EU Pay Transparency Directive in Latvia: early signals and likely regulatory direction

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Implementation in Latvia



- Current status
- What we know so far
- Implications from the current regulation



Current implementation status

- Institution responsible for transposition – Ministry of Welfare.
- The draft law is currently in development. A separate law is planned that will take over the requirements of the directive.
- The first draft of the bill is delayed. Completion of it was planned before Christmas (MW 30.10.2025). No date estimate as of 05.02.2026.
- It is not yet clear which institution will be responsible for supervision. The State Labour Inspectorate is one option, but another institution may be assigned.



What we know (or do not know) so far

- Employers should already initiate the procedure of employee categorization and evaluation of value of work (MW – September 2025).
- The standard criteria set out in the directive will likely be used to determine the value of work. The aim is not to interfere with employers' freedom of decision.
- There is no information regarding state provided analytical tools or methodologies to support and guide the assessment of the value of work.



What we know (or do not know) so far - Reporting

- The reporting requirement is not planned to be applied to employers employing less than 100 employees (LM 30.10.2025).
- The state cannot automatically obtain the necessary data from existing databases, so employers will have to provide information themselves. The use of data from the State Revenue Service and the Statistics Bureau is not efficient. (update 05.02.2026 - options still being explored).
- The Tax reporting system (EDS) could be used as a tool through which information is provided. The information that employers already provide to the SRS does not cover the requirements of the directive, for example, information on bonuses. (LM 30.10.2025)
- A simple e-form will be created that covers the requirements of the directive regarding the statistics to be submitted. Guidelines will be developed to help fill in the form.

Implications from the current regulation

- Article 60 of the Labour Law - "[..] equal pay for men and women for the same work or work of equal value." (2002);
- Regulation regarding disclosure of salary pre-employment has already been implemented in 2018 (?);
- National law will still have an important role, since the Directive refers to national law/practice, for interpretation of:
 - workers (Section 2 of Art.2);
 - workers' representatives (Section 1 m) of Art.3)
 - What about "employer"?



Disclosing information pre-employment

Directive vs Labour law

- Article 5 of the Directive - Employees are entitled, to receive information about the initial pay or its range (Section 1) and job postings and job titles are gender-neutral (Section 3);
- Article 32 of the Labour law - A job posting may not apply only to men or only to women (Section 1) and a job posting shall include the total gross monthly or yearly sums of the wage or the envisaged amplitude of the hourly salary rate (Section 3).

Under the Directive "pay" means the salary as well as all other considerations. In accordance with the Labour law – base salary has to be provided.



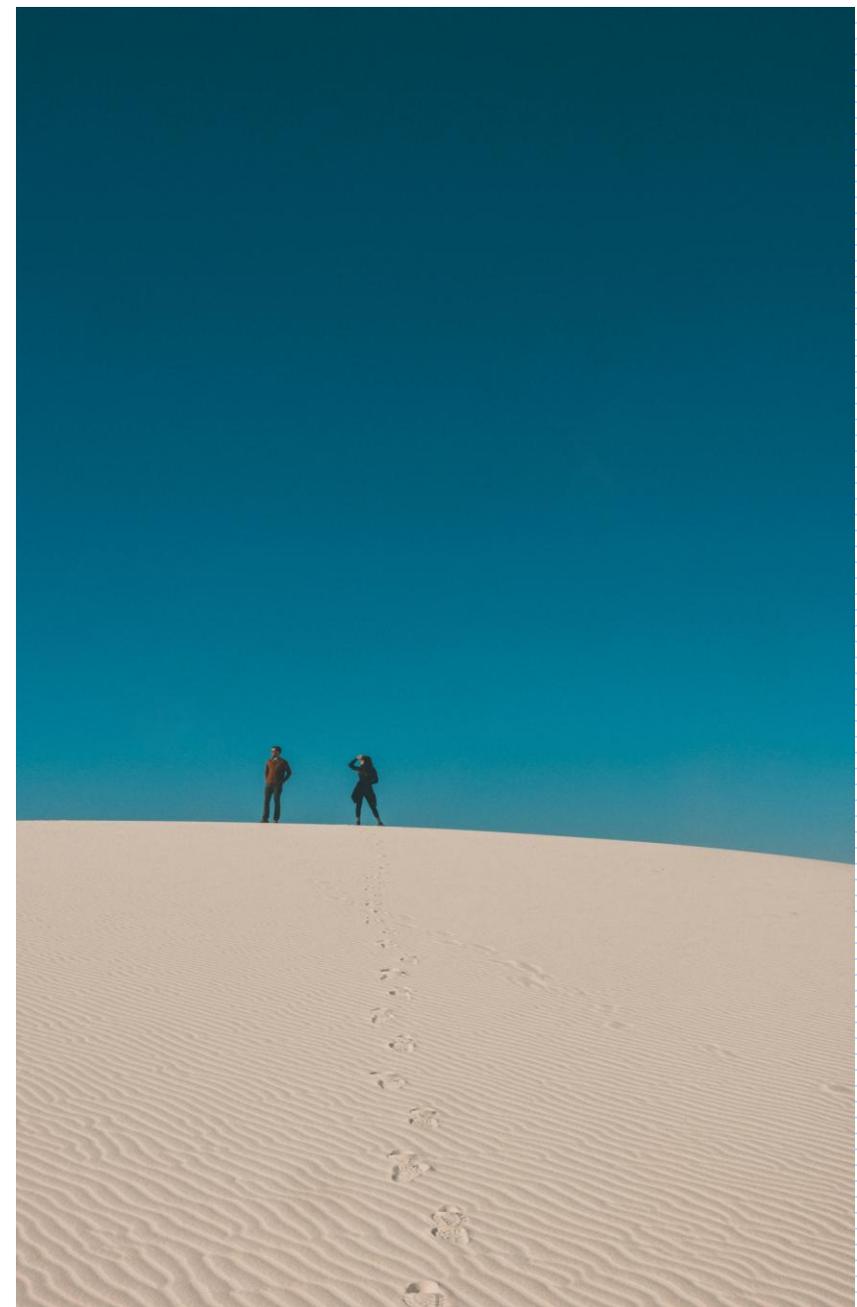
Workers

Will the regulation be applied to board members and authors (royalty recipients)?

From a Labour law perspective, board members and royalty recipients are not considered employees, but there are cases where worker status may apply (for example, in the context of social insurance; if a contractual employment relationship is identified).

There are currently too many unknowns, as the concept of "worker" can be applied broadly. However, it is unlikely that obligations of the directive will be applied to board members, royalty recipients.

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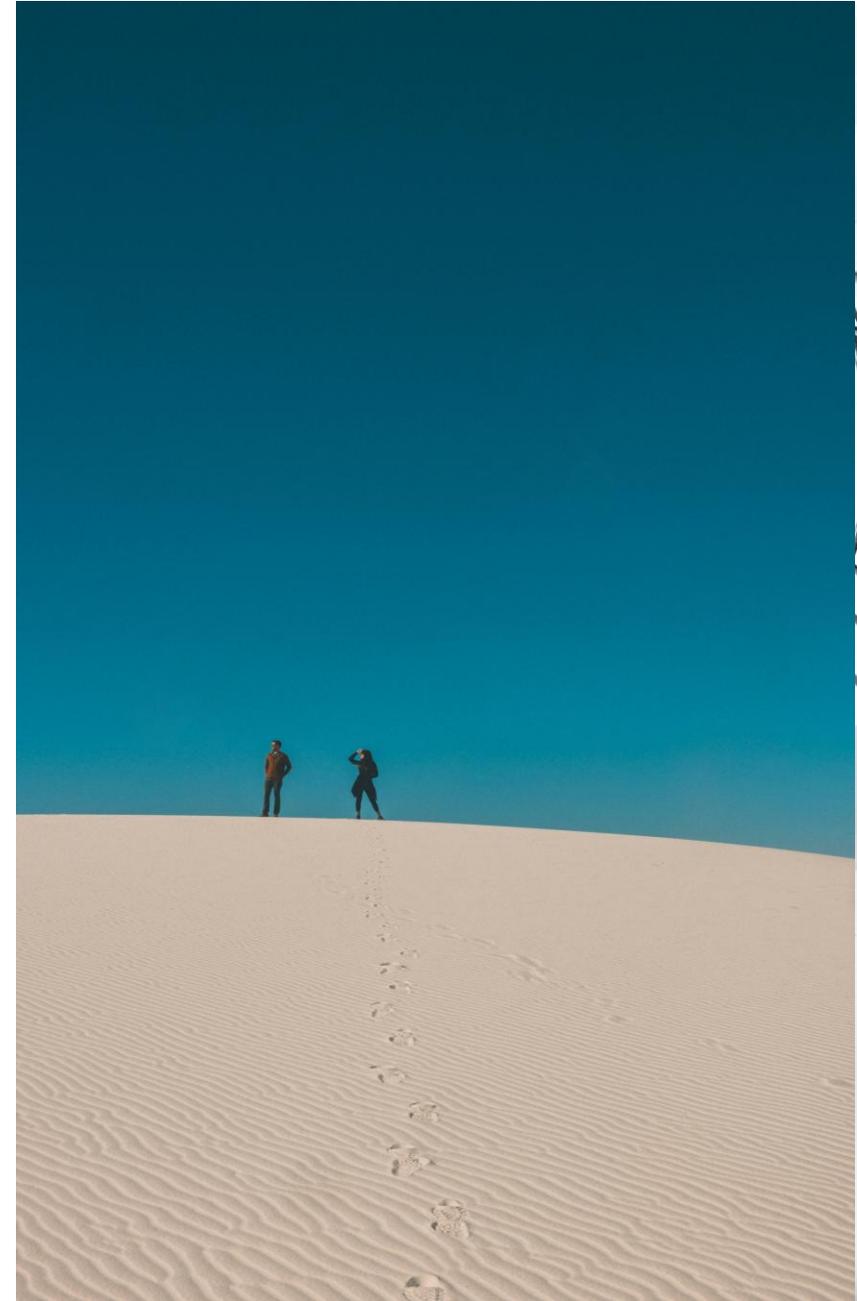
Workers representatives

Appointment process and status regulated by the Labour law

Article 10 (Section 1 and 2) states that workers representatives are:

- trade unions;
- authorised representatives, elected in accordance with the Labour law.

Conclusion – if the Directive expressly stipulates rights to "workers representatives", they have to be appointed in accordance with the Labour law.



Employers

Definition set in the Labour law

The Directive does not provide a definition for "employer", only stipulates that it applies to all workers. No other choice, but to apply national definitions. Under Article 4 of Labour law an employer is:

- a natural or legal person;
- work placement service provider

A branch is not considered as a separate legal entity. What about companies who only have branches in Latvia?

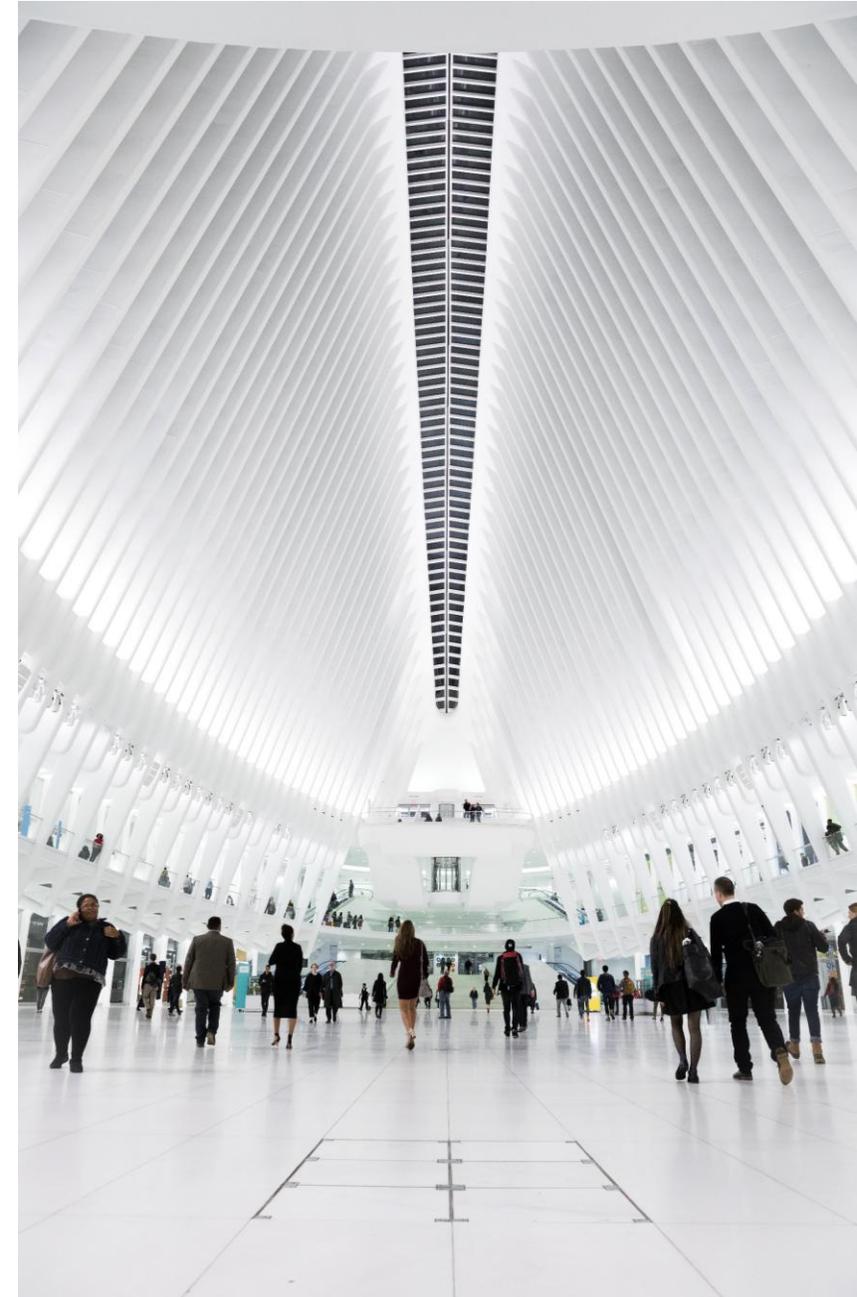


Case law

Some of the principles previously set by ECJ and mentioned in the Directive have taken precedence in local case law:

Judgement of 14.02.2007 - The principle of equal pay applies to cases where a woman has received lower pay than a man who has performed the same work for the employer **prior to the woman's employment period.**

Also (C-400/93 Royal Copenhagen) - Only the national court can assess whether work is of equal value or whether there is an objective factor which justifies pay difference.





Key takeaways

Implementation in Latvia is delayed, but employers are nevertheless proceeding with work evaluation and categorization.

The role of national legal teams will still be prevalent, considering that:

- National definitions are used in the context of the Directive (workers, workers representatives, employer);
- Each country will have specific requirements (exemptions, communication specifics, reporting);
- Only the national court can evaluate whether employees are performing work of equal value;
- There might be different court interpretations.

If equal pay procedures are implemented in a centralised manner, individual, country-specific adjustments must be made!

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