

Lithuania

Employment protection in relation to business transfers

Phase	Labour code No XII-2603
Native name	Darbo kodeksas Nr. XII-2603
Type	Employment protection in relation to business transfers
Added to database	15 December 2016
Access online	Click here to access online

Article

Labour code (51)

Description

The labour code provides that a business transfer is not a sufficient cause for terminating an employment relationship. If a business or any part thereof is transferred, employment relationships with the transferee, that is the new employer, continue under the same conditions irrespective of the legal basis for the transfer. It means that the transferee, as the new employer, acquires rights and obligations that exist at the moment of the transfer from the transferor. If the transferee fails to fulfil the mentioned obligations, the transferor bears joint and several liability for fulfilment of employees' rights that arose before the transfer. Joint and several liability applies for one year after the business transfer. The transferee and the transferor may agree on compensation for the transferee regarding transfer of rights and obligations acquired by an employee while working for the transferor: for example, unused leave and outstanding monetary claims.

It is prohibited to change terms of employment or terminate employment contracts as a result of the business transfer. If a valid collective agreement is in place, conditions set therein need to be satisfied for 2 consequent years, unless the agreement expires earlier. The law does not differentiate between fixed-term and permanent employees, meaning that this provision equally applies to both fixed-term and open-ended employment contracts. This allows the labour code to safeguard employment relationships in the event

of a business transfer.

The Labour Code provides as well that the transferor must give advance written notice to an employee about the impending business transfer at least 10 working days in advance, indicating the legal basis for the transfer, the effective date of the transfer, as well as the economic and social consequences for the employee and the measures taken in these regards. If, within five working days of receipt of the notice, an employee does not agree in writing to the continuity of employment relations, the transferor shall terminate the employment contract with the employee on the initiative of the employer without any fault on the part of the employee.

Article 51 of the Labour Code has been supplemented by law No XIV-1189 which came into force on the 1st of August 2022 providing that all above mentioned requirements are to be applied also in cases of restructuring of the employer and in case of transfer of its functions.

Commentary

No information available.

Additional metadata

Cost covered by	None
Involved actors other than national government	National government
Involvement (others)	None
Thresholds	Affected employees: No, applicable in all circumstances Company size: No, applicable in all circumstances Additional information: No, applicable in all circumstances

Sources

- [Labour code No XII-2603](#) ~~~ [National labour law profile: Lithuania](#) ~~~ [Amendments of Labour Code, art. 51 \(Law No XIV-1189 of 28 June 2022 \(came into force from 1 August 2022\)\)](#) ~~~

Citation

Eurofound (2016), Lithuania: Employment protection in relation to business transfers, Restructuring legislation database, Dublin