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## Lithuania: Redundant employees entitlement to public support

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Lithuania

Phase:

Management

Type:

Redundant employees entitlement to public support

Last modified: 10 December, 2021

Native name:

**Darbo kodeksas Nr. XII-2603; LR nedarbo socialinio draudimo įstatymas Nr. IX-1904; LR užimtumo įstatymas Nr. XII-2470**

English name:

**Labour code No XII-2603; Law on unemployment social insurance No IX-1904; Law on employment No XII-2470**

### Article

Labour code (48); Law on unemployment social insurance (5, 7, 8, 12, 17, 18, 48-1); Law on employment (chapter 3: section 4, section 6)

### Description

In Lithuania, redundant employees are entitled to job search support, unemployment benefits and active labour market policy measures.

#### Job search support

According to the Law on employment (chapter 3: section 4), redundant employees are entitled to labour market services provided by the Employment service under the Ministry of Social Security and Labour. These services include:

- registration of job seekers and vacancies;
- information services (information on employment support measures and labour market services, vocational guidance);
- consulting and counselling (career counselling, career planning, psychological counselling);
- assessment of employment opportunities;
- employment intermediation;
- assisted employment services for the disabled (support for employment procedures, accompanying support after employment);
- planning of individual employment activities (individual employment activity plans).

#### Unemployment benefits

Unemployment social insurance benefit. According to the Law on unemployment social insurance, people covered by the unemployment social insurance and registered as unemployed at the Employment service who have not been offered by the Employment service a suitable job or active labour market policy measures, are entitled to the unemployment insurance benefit if, prior to registration at the Employment service, they had acquired the unemployment insurance record for at least 12 months during the last 30 months (article 5). The unemployment insurance benefit is paid at least once a month for nine months (article 7).

Unemployment benefit is calculated as the sum of a fixed and a variable component. The fixed component of the unemployment benefit equals 23.27% of the minimum monthly wage. The variable component is calculated as follows (article 8):

- 38.79% of the average monthly insured income of the insured - from the 1st to 3rd benefit payment months;
- 31.03% of the average monthly insured income of the insured - from the 4th to 6th benefit payment months;
- 23.27% of the average monthly insured income of the insured - from the 7th to 9th benefit payment months.

The average monthly insured income is calculated as the average of the previous 30 months starting from the end of the previous month preceding the date of the unemployed person's registration at a local employment service unit. The unemployment insurance benefit shall not exceed 58.18% of the average gross monthly wage in the national economy, as published by the Department of Statistics, which is valid for the quarter before the unemployed person's registration at the local employment service unit (article 8).

Payment of unemployment insurance benefit shall be extended for another two months for the unemployed who have less than five years left until old-age pension on the date of expiry of the awarded or renewed unemployment insurance benefit, unless the person has been awarded an early old-age pension (article 12).

**Temporary job search benefit (TJSB).** During the COVID-19 pandemic, the Law amending articles 25, 41, 42, 44 and 48-1 of Law on employment of the Republic of Lithuania (No XII-2470) came into force in Lithuania on 12 June 2020 and introduced a TJSB. The purpose of the amendments is to provide support for individuals who do not meet the eligibility criteria for unemployment benefit and for those who have previously received the unemployment benefit, but payment has expired. The aim is to ensure that no unemployed individual is left without income during the lockdown. Pursuant to the law, individuals registered with the Employment service shall be entitled to the TJSB, if all of the following conditions are met (article 48-1):

- the person shall have been granted the unemployment status;
- the unemployed person shall not participate in active labour market policy measures at the time of applying for the benefit;
- the person's employment contract or legal relations deemed to be equal to employment relations have expired not more than three months before the date of the government-introduced state of emergency or quarantine;
- the person is not entitled to unemployment social insurance benefit, or the benefit payment period has expired.

The benefit will be paid until 31 August 2021. Self-employed people are eligible to receive the mentioned benefit since 1 July 2021. However, such benefit will expire for the self-employed on 31 August 2021. The amount of the benefit consists of 33% of the minimum monthly wage (MMW) approved by the government, applicable in the month for which the job-search benefit is paid (in July 2021, the MMW in Lithuania is €642).

**Short-time work benefit.** According to the Labour code (article 48), if the employer is unable to provide employees with work and a collective dismissal may occur, short-time working may be established by the employer. Short-time working time is shortened by up to 50% of the employee's standard working hours. In this case, the employee is paid a short-time work benefit (article 17). The amount of the short-time work benefit is equal to short-time working hours (up to 50% of the working time rate) in proportion to the lower unemployment benefit that would be paid to the person in accordance with Article 8 of the Law on unemployment social insurance. The amount of the unemployment benefit used to calculate the short-time work benefit may not exceed 58.18% of the gross average wage paid in the national economy in the previous quarter. The short-time work benefit can be paid for a maximum period of three months (article 18).

### Active labour market policy measures

According to the Law on employment (chapter 3: section 6), redundant employees are entitled to the following active labour market policy measures:

- support for learning (vocational training, employment under apprenticeship employment contracts, advanced training, recognition of competences acquired through non-formal and informal learning);
- support for mobility;
- supported employment (subsidised employment, support for the acquisition of work skills);
- support for job creation (subsidising job creation (adaptation), implementation of local employment initiative projects, and support for self-employment).

Labour market services and measures to support employment are mainly funded by the national and municipal budgets and EU structural funds.

In the event of group redundancies, the Employment service provides the following services in addition to the ones mentioned above:

- impact assessment of the redundancy on the local labour market;
- provisions to mitigate the effects of the redundancy through application of employment support measures;
- organisation of meetings with employees to inform them of the labour market situation and their rights and obligations.

## Comments

In the first quarter of 2021, gross average wage in Lithuania was €1,517.4.

According to the Employment service, in 2020, employment intermediation services were provided to a total of 217,046 people (in 2019, the number was 179,538); information services were provided to 14,047 people (in 2019, the number was 29,855); counselling services were provided to 609,680 people (in 2019, the number was 728,090); and individual employment activity planning services were provided to 281,297 people (in 2019, the number was 281,645). In 2020, around 22,400 job seekers participated in active labour market policy measures (by 11.9% less compared to the number in 2019).

According to the data provided by the State Social Insurance Fund Board, the number of the unemployment benefit recipients in January 2021 was 92,000 (in January 2020 – 66,900). The average amount of the benefit in January 2021 was €349.6 (in January 2020 – €345). The average duration of unemployment benefit payments was 4.9 months in 2020.

According to the Ministry of Social Security and Labour, a total of 398,983 applications for TJSB were received by the Employment service in Lithuania during the period from 12 June 2020 to 29 March 2021; TJSB were granted for 352,556 unemployed people. The total amount paid through TJSB amounted to €191.6 million on 29 March 2021.

As of July 2021, no data on the number of the recipients of short-time work benefits is available.

### Cost covered by

National government

### Involved actors other than national government

Public employment service

Regional/local government

Trade union

Other






#### Involvement others

Training institutions, business centres

#### Thresholds

No, applicable in all circumstances

#### Sources

-  [Labour code No XII-2603](#)
-  [Law on unemployment social insurance No IX-1904](#)
-  [Law on employment No XII-2470](#)
-  [Labour market trends and forecasts 2020. The Employment Service, 2021.](#)
-  [Open Sodra database](#)

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