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Latvia: Severance pay/redundancy compensation

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Latvia

Phase:

Management

Type:

Severance pay/redundancy compensation

Last modified: 01 October, 2019

Native name: **Darba likums**

English name: **Labour law**

Article

75, 100, 101, 112

Description

The employee is entitled to severance pay in certain cases of dismissal, including redundancy due to a reduction in numbers of employees. If a collective agreement or the employment contract does not specify a higher severance pay, the employer has to pay a severance pay of the following amounts:

- one month average earnings if the employee has been employed by the employer for less than five years;
- two months average earnings if the employee has been employed by the employer for five to 10 years;
- three months average earnings if the employee has been employed by the employer for 10 to 20 years; and
- four months average earnings if the employee has been employed by the relevant employer for more than 20 years.

In compliance with section 75 of the labour law, 'average earnings shall be calculated based on the work remuneration calculated for the work of the employee during the previous six months, on supplementary payments specified in regulatory enactments, collective agreements or employment contract, as well as from bonuses'. The law also details seven specific cases for the calculation of the payments, related to specific employment situations.

Comments

No information available.

Cost covered by

Employer

Involved actors other than national government

National government only

Thresholds

No, applicable in all circumstances

Sources

- DG Employment, Social Affairs and Equal Opportunities/Héra, 2011, Selected companies' legal obligations regarding restructuring
- [EMCC legal framework of restructuring](#)
- Karnīte, R., 2011, Evaluation of the operation and effects of information and consultation directives in the EU/EEA countries, Fitness Check, National Report Latvia, European Commission, DG for Employment, Social Affairs and Inclusion
- [Labour law](#)

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