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## Malta: Severance pay/redundancy compensation

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Phase:

Type:

Management

Severance pay/redundancy compensation

Last modified: 06 July, 2017

Native name:

Kap 452 - Att dwar l-Impiegi u r-Relazzjonijiet Industrijali, 2002

English name:

Cap. 452 - Employment and Industrial Relations Act, 2002

### Article

36

### Description

There is no legal severance pay or redundancy compensation other than the compensation in lieu of notice relating to redundancies.

#### Compensation in lieu of notice relating to redundancies

- Redundancies involving contracts for an indefinite period of employment:
 

On receiving notice from the employer, the employee has the option to either continue to work during the notice period, or to request the employer to pay him/her a sum equal to half the wages that would be payable in respect of the unexpired period of notice.

If the employer decides not to allow the employee to continue to work during the notice period, the employer is obliged to pay to the employee a sum equal to the full wages that would be payable in respect of the unexpired period of notice.
- Redundancies in cases involving fixed-term contracts:
 

Where there is not a justified reason to terminate an employment that is on definite basis after the probation period, the party who breaches the contract is liable to pay the other party a sum equal to one-half of the full wages that would have accrued had the contract of employment remained in force.

### Comments

Labour legislation and relating amendments are discussed at formulation stage in the tripartite Employment Relations Board (ERB). Members forming this board come from trade unions, employers' associations and the government.

The concept of notice periods has been recently introduced into the collective agreement for employees in the public service 2011-2016. However, in past restructuring exercises of public companies (such as those involving the Malta Shipyards and Airmalta), the employees received severance pay through early retirement schemes, and voluntarily redundancy schemes. Early retirement schemes are also present in sectors such as banking.

#### Cost covered by

Employer

#### Involved actors other than national government

- Employer organisation
- Trade union
- Other



#### Involvement others

Employment Relations Board

### Thresholds

No, applicable in all circumstances

### Sources

-  Department of Employment and Industrial Relations
-  Chapter 452 - Employment and Industrial Relations Act, 2002

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