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√ to the State Labour Inspectorate of the Republic of Lithuania under the Ministry of Social Security and Labour on the application of the provisions of the Labour Code

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Articles 89-92 of Chapter VI, Section 5 *The Project-Based Employment Contract* of the Labour Code of the Republic of Lithuania regulate the *concept, content and other matters of a project-based employment contract*.

Company A, having received European Union (EU) funding for project X, intends to employ the relevant staff only for the implementation of this EU-funded project, i.e. the employment will be carried out in accordance with the provisions of Articles 89-92 of the Labour Code.

The EU-funded project has a <u>very clearly identified remuneration</u>, which is a fixed hourly rate to be paid to the employee concerned.

At the end of the implementation of project X, project-based contracts with employees would be terminated.

- 1. **Question**: In the case of *project-based employment contract* involving EU funds, is there an obligation to compensate for unused leave?
- 2. **Question**: Given that the EU project very clearly and specifically distinguishes ONLY the agreed remuneration for the relevant *project-based work*, is it possible not to pay neither leave nor compensation for unused leave, as the EU project X provides funds ONLY for wages?

Director – Auditor of Raimda auditas UAB A member of Association of Chartered Certified Accountants) Daiva Žumbakienė



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