



**STATE LABOUR INSPECTORATE OF THE REPUBLIC OF LITHUANIA
UNDER THE MINISTRY OF SOCIAL SECURITY AND LABOUR
LABOR LAW DIVISION**

To director-auditor of
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ON CONSULTATION TO REQUEST

The lawyers of the Labor Law Division of the State Labour Inspectorate of the Republic of Lithuania under the Ministry of Social Security and Labour (hereinafter - SLI) have got acquainted with your request and, in accordance with the provisions of the State Labour Inspectorate of the Republic of Lithuania under the Ministry of Social Security and Labour, approved by the Order No. A1-316 of the Minister of Social Security and Labour of the Republic of Lithuania on 12 May 2009 (wording of Order No. A1-595 of the Minister of Social Security and Labour of the Republic of Lithuania of 10 December 2010), sub-clause 8.3.5, provides consultations on the issues of enforcement of labour laws.

Regarding the first question

In performing its functions, the SLI follows the Law on the State Labour Inspectorate of the Republic of Lithuania (hereinafter - the Law), the provisions of the State Labour Inspectorate of the Republic of Lithuania under the Ministry of Social Security and Labour, approved by the Order No. A1-316 of the Minister of Social Security and Labour of the Republic of Lithuania on 12 May 2009 (wording of Order No. A1-595 of the Minister of Social Security and Labour of the Republic of Lithuania of 10 December 2010), regulation of the State Labour Inspectorate of the Republic of Lithuania, approved by the Order No. V-282 of the Chief State Labour Inspector of the Republic of Lithuania on 19 June 2014, and other normative legal acts that determine the limits of the competence of the SLI. Pursuant to Article 4 of the Law, the competence of the SLI includes the prevention of accidents at work, occupational diseases, safety and health of employees, violations of normative labour legislation and control of the Labour Code of the Republic of Lithuania, laws and other normative legal acts regulating occupational safety and health and labour relations in enterprises, institutions, organizations or other organizational structures, regardless of their form of ownership, type, nature of activity, as well as in cases where the employer is a natural person.

Section 6 of Article 127 of the Labour Code of the Republic of Lithuania (hereinafter - the LC) provides that it is prohibited to replace annual leave with monetary compensation except upon termination of an employment relationship when the employee is paid compensation for unused full annual leave or part thereof, <...>.

Legislation governing employment relationships does not provide for exceptions for not compensating an employee for unused annual leave at the end of a project-based or other type of employment contract, regardless of the source of funding. Thus, at the end of the project-based employment contract, the employee must be accounted for by paying all employment-related benefits.

Regarding the second question

Section 1 of Article 130 of the LC provides that during annual leave, the employee shall retain his or her average remuneration (holiday pay). Section 6 of Article 127 of the LC provides that it is prohibited to replace annual leave with monetary compensation except upon termination of an employment relationship when the employee is paid compensation for unused full annual leave or part thereof, <...>.

It should be noted that upon termination of the employment contract, the dismissed employee must be paid all employment-related benefits: salary (Article 139 of the LC), compensation for unused annual leave or part thereof (Article 127 (6) of the LC), etc.

In answer to your second question, we explain that the legislation governing employment relations does not provide for exceptions for not paying an employee holiday pay if he takes annual leave, or compensation for unused annual leave at the end of a project-based or other type of employment contract. Thus, at the end of the project-based employment contract, the employee must be accounted for by paying all employment-related benefits.

We note that consultations of the specialists of the Labor Law Division of the SLI are optional for labour dispute resolution bodies.

Head of the Labor Law Division

Šarūnas Orłavičius