

An excerpt of the Labour Law:

Section 59. Concept of Remuneration

Remuneration is the regular pay for work to be disbursed to an employee, and which includes a wage and supplements specified in laws and regulations, the collective agreement or employment contract, as well as bonuses and other kinds of remuneration related to work.

Section 60. Equal Remuneration

- (1) An employer has the obligation to specify equal remuneration for men and women for the same kind of work or work of equal value.
- (2) If an employer has violated the provisions of Paragraph one of this Section, the employee has the right to request the remuneration that the employer normally pays for the same work or for work of equal value.
- (3) An employee may bring the action referred to in Paragraph two of this Section to court within a three-month period from the day he or she has learned or should have learned of the violation of the provisions of Paragraph one of this Section.

Section 61. Minimum Wage

- (1) A minimum wage shall not be less than the minimum level determined by the State.
- (2) The amount of minimum monthly wage within the scope of regular working time, as well as calculation of minimum hourly wage rate shall be determined by the Cabinet.
- (3) The procedures for the determination and review of the minimum monthly wage shall be determined by the Cabinet.

Section 62. Organisation of Remuneration

- (1) An employer shall organise in the undertaking a time wage system or a piecework wage system, and a system of supplements and bonuses in accordance with laws and regulations and the collective agreement.
- (2) A time wage shall be calculated in conformity with the actual working time worked irrespective of the amount of work done. A piecework wage shall be calculated in conformity with the amount of work done irrespective of the time within which it was done.
- (3) If a piecework wage has been specified for a pregnant woman, for a woman during a period following childbirth up to one year, but if a woman is breastfeeding then during the whole period of breastfeeding, but not longer than until the age of two years of the child, and in accordance with a doctor's opinion work norms have been reduced for her, the employer has the obligation to pay the employee for such period the previous average earnings.
- (4) An employer has the obligation to inform employees in writing of the introduction into the undertaking of a new remuneration system, as well as of the amendments to the existing remuneration system, at least one month in advance.
- (5) [1 December 2009]

(6) The basic methodology for the assessment of intellectual work, as well as the assessment of physical work and the specification of occupational qualification categories shall be determined by the Cabinet.

(7) [1 December 2009]

Section 63. Remuneration for Persons Under 18 Years of Age

(1) The monthly wage for adolescents employed within the limits of the working time set out in Paragraphs one and three of Section 132 of this Law shall not be less than the minimum monthly wage within the scope of regular working time as specified by the Cabinet.

(2) If an adolescent also works, in addition to pursuing secondary or occupational education, the adolescent shall be paid for the work done in conformity with the time worked. In such case, the hourly wage rate specified for the adolescent may not be less than the minimum hourly salary rate specified by the Cabinet for work within the scope of regular working time.

(3) Children shall be paid for work in conformity with the work done.

Section 64. Statement of Remuneration, Mandatory State Social Insurance Contributions Made and Employment Relationship

An employer, upon a written request of an employee, shall, within five working days, issue to such employee a statement of his or her remuneration, mandatory State social insurance contributions made, duration of the employment relationship and occupation.

Chapter 18 Supplements

Section 65. Supplements for Additional Work

(1) An employee who, in addition to the contracted basic work, performs additional work for one and the same employer has the right to receive an appropriate supplement for the performance of such work.

(2) The amount of the supplement specified in Paragraph one of this Section shall be determined by a collective agreement or an employment contract.

Section 66. Supplements for Work Associated with Special Risk

(1) A supplement shall be specified for an employee who performs work related to special risks (work which in accordance with the assessed risk of the working environment is associated with an increased psychological or physical load or such increased risks to the safety and health of an employee which cannot be prevented or reduced up to the permissible level by other labour protection measures).

(2) The amount of such supplement shall be determined by a collective agreement, working procedure regulations, an employment contract or by order of an employer.

Section 67. Supplements for Night Work

- (1) An employee who performs night work shall receive a supplement of not less than 50 per cent of the specified hourly or daily wage rate specified for him or her, but if a piecework salary has been agreed upon, a supplement of not less than 50 per cent of the piecework rate for the amount of work done.
- (2) A collective agreement or an employment contract may specify a higher supplement for night work.

Section 68. Supplements for Overtime Work or Work on a Public Holiday

- (1) An employee who performs overtime work or work on a public holiday shall receive a supplement of not less than 100 per cent of the hourly or daily wage rate specified for him or her, but if a piecework wage has been agreed upon, a supplement of not less than 100 per cent of the piecework rate for the amount of work done.
- (2) A collective agreement or an employment contract may specify a higher supplement for overtime work or work on a public holiday.
- (3) With the general agreement, which has been entered into in conformity with Section 18, Paragraph four of this Law and provides for a substantial increase in the minimum wage or hourly rate specified by the State in the sector in the amount of at least 50 per cent above the minimum wage or hourly rate specified by the State, the amount of the supplement for overtime work may be determined less than that specified in Paragraph one of this Section but not less than in the amount of 50 per cent of the hourly rate specified for the employee, moreover where a piecework wage has been agreed upon, a supplement of not less than 50 per cent of the specified piecework rate for the amount of work done.
- (4) If the State determines the minimum wage or hourly rate in such amount that the amount of the minimum wage or hourly rate specified within the framework of the general agreement in force in the sector no longer complies with the criterion referred to in Paragraph three of this Section, and if the supplement for overtime referred to within the framework of the general agreement in question has been determined in a smaller amount than the amount specified in Paragraph one of this Section, amendments shall be made to the relevant general agreement in such a way as to ensure compliance with Paragraph three of this Section. If the abovementioned amendments are not made, the general agreement shall cease to be valid one year after the date of the occurrence of the non-compliance.

Chapter 19

Disbursement of Remuneration

Section 69. Time of Disbursement of Remuneration

- (1) An employer has the obligation to disburse remuneration at least two times a month unless the employee and employer have agreed that the remuneration shall be disbursed once a month.
- (2) If the time of disbursement of remuneration has not been contracted for or the remuneration is to be calculated for a specified period of time, the remuneration in conformity with the work done shall be disbursed upon completion of the work or termination of the relevant period of time, but not less frequently than once a month.
- (3) If the date for disbursement of remuneration occurs on a weekly rest day or on a public holiday, the remuneration shall be disbursed before the relevant date.

(4) Payment for the period of leave and remuneration for the time worked up to the leave shall be disbursed not later than one day before the leave. Upon a written request by the employee, the payment for the period of leave and remuneration for the time worked up to the leave may be disbursed some other time, however no later than on the next date for disbursement of remuneration.

(5) Remuneration and related mandatory State social insurance contributions shall be first level payments made by the employer.

Section 70. Type of Disbursement of Remuneration

Remuneration shall be calculated and disbursed in cash. An employer has the right to disburse remuneration as non-cash payments only where the employee and the employer have specifically so agreed.

Section 71. Calculation of Remuneration

When disbursing remuneration, an employer shall issue a calculation of the remuneration in which the remuneration disbursed, the taxes deducted and the mandatory State social insurance contributions made, as well as the hours worked, including overtime hours, the hours worked at night and on public holidays have been specified. The employer has the obligation to explain such calculation upon a request of an employee.

Section 72. Disbursement of Remuneration in Case of Improper Performance of Employee's Obligations

(1) If a time wage has been agreed upon, in the case of improper fulfilment of employee's obligations, the employer has the obligation to disburse remuneration in conformity with the working time actually worked. An employer may deduct from the remuneration to be disbursed to the employee compensation for losses resulting to the employer due to improper performance of employee's obligations in conformity with the provisions of Section 79 of this Law.

(2) If a piecework wage has been agreed upon, in case of partial performance of employee's obligations, the employer has the right to disburse remuneration in conformity with the amount of work done. An employer may deduct from the remuneration to be disbursed to the employee the compensation for losses resulting to the employer due to poor quality performance of employee's obligations in conformity with the provisions of Section 79 of this Law.

Section 73. Payment of Annual Paid Leave and Supplementary Leave

An employer has the obligation to disburse to an employee average earnings for the period when the employee is on annual paid leave or supplementary leave.

Section 74. Remuneration in Cases where the Employee does not Perform Work due to Justifiable Reasons

(1) An employer has the obligation to disburse the remuneration specified in Paragraph three of this Section if an employee does not perform work due to justifiable reasons, especially in the cases where the employee:

1) on the basis of the relevant order by the employer, undergoes a health examination in a medical treatment institution;

2) upon prior notification of the employer, donates his or her blood or blood components in a medical treatment institution;

3) on the basis of the relevant order by the employer, during working time participates in occupational training or further education;

4) does not perform work for not more than two working days due to the death of his or her spouse, parents, child or other close family member;

5) does not perform work for not more than one working day due to a move to another place of residence in the same populated area at the initiative of the employer, or for not more than two working days due to a move to another place of residence in another populated area;

6) on the basis of a summons, attends an investigative institution, the Office of the Prosecutor or a court;

7) participates in the elimination of the consequences of such force majeure, unexpected event or exceptional circumstances as adversely affects or may affect public safety or order;

8) does not perform work on public holidays, which fall on a working day specified for the employee;

9) [4 March 2010];

10) does not perform work for not more than five consecutive working days in one calendar year due to collective trainings of the national guard.

(2) Employee's obligations shall be deemed to be fulfilled, and the employer has the obligation to disburse the remuneration specified in Paragraph three of this Section also if the employer does not provide work to an employee or does not perform the activities necessary for the acceptance of employee's obligations (furlough). An employee shall not receive remuneration for furlough due to the fault of the employee.

(3) If a time wage has been specified for an employee, in the cases referred to in Paragraphs one and two of this Section, he or she shall be disbursed the specified remuneration. If a piecework wage has been specified for an employee, in the cases referred to in Paragraphs one and two of this Section, he or she shall be disbursed average earnings.

(4) The remuneration specified in Paragraph three of this Section shall be disbursed to an employee in the cases set out in Paragraph one, Clauses 6 and 7 of this Section by the employer who shall receive reimbursement from the relevant State authority. The procedures by which a State authority shall compensate the employer the remuneration to be disbursed to an employee shall be determined by the Cabinet.

(4¹) In the case referred to in Paragraph one, Clause 10 of this Section, the Latvian National Armed Forces shall compensate the employer the remuneration disbursed to an employee. The procedures by which the Latvian National Armed Forces shall compensate the remuneration disbursed to an employee and the amount of the compensation shall be determined by the Cabinet.

(5) The provisions of Paragraph one of this Section shall not apply to cases where an employee does not perform work due to temporary incapacity.

(6) An employee, after donating his or her blood or blood components in a medical treatment institution, has a right to a day of rest. Upon agreement between the employee and the employer, such day of rest may be granted in another time, but not later than within one year after the donation of blood or blood components at a medical treatment institution. An employer has the obligation to pay for not more than five such days during a calendar year, by disbursing the remuneration laid down in Paragraph three of

this Section, unless more paid rest days have been laid down under the employment contract or collective agreement.

(7) During the time period between postings, regardless of the contracted working time, remuneration shall be disbursed to an employee of the work placement service provider which is not less than the minimum monthly wage specified by the State, proportionate to the time period between postings.

(8) An employer may disburse the remuneration specified in Paragraph three of this Section if the employee does not perform work in connection with the training of national guardsmen, except for the case referred to in Paragraph one, Clause 10 of this Section. Remuneration shall be disbursed if the Commander of the National Guard unit informs the employer regarding the involvement of the employee – a national guardsman – in training within the time period and in accordance with the procedures laid down in the laws and regulations governing the service in the National Guard. Remuneration shall be disbursed for the period indicated in the statement of the Commander of the National Guard unit.

(9) An employer may disburse the remuneration specified in Paragraph three of this Section if an employee does not perform work due to the military training of reserve soldiers. Remuneration may be disbursed for an employee – a reserve soldier – if the employee informs the employer of the involvement in military training within the time period and in accordance with the procedures laid down in the laws and regulations governing the conscription into active service of reserve soldiers. Remuneration shall be disbursed for the time specified in the statement of the structural units for the record of reserve.

Section 75. Calculation of Average Earnings

(1) In all cases where an employee in accordance with this Law shall be paid average earnings, such earnings shall be calculated based on the wage calculated for the work of the employee during the previous six calendar months, on supplements specified in laws and regulations, collective agreements or employment contract, as well as from bonuses.

(2) If an employee has not worked for the last six months or more and remuneration has not been disbursed to him or her, average earnings shall be calculated based on the remuneration for the work of six calendar months prior to the beginning of the justified absence period. If an employee has worked less than six months prior to the beginning of the justified absence period, average earnings shall be calculated from the remuneration for the period during which the employee has worked. If the calculated monthly average earnings within the scope of regular working time is smaller than the effective minimum monthly wage, monthly average earnings shall be disbursed in the amount of effective minimum monthly wage.

(3) Monthly average earnings shall be calculated by multiplying daily average earnings with monthly average number of working days during the last six calendar months (by adding up working days during the last six calendar months and dividing the total sum by six).

(4) Daily average earnings shall be calculated by dividing the total amount of remuneration for the last six calendar months by the number of days worked in this period. If aggregated working time is specified for the employee, daily average earnings shall be calculated by multiplying hourly average earnings with average number of hours worked in a working day, which is calculated by dividing number of hours worked during the last six months by the number of calendar working days (except for

justified absence) in the last six months. The number of days worked shall not include sick days, leave days and days when the employee has not performed work in the cases referred to in Section 74, Paragraphs one and six of this Law.

(5) Hourly average earnings shall be calculated by dividing the total amount of remuneration for the last six calendar months by the number of hours worked during this period.

(6) If an employee has been employed for less than six months, the daily or hourly average earnings shall be calculated from the remuneration for the days or hours worked, dividing the total amount by the number of days or hours worked during this period. This provision shall be applied also if the employee has been employed less than six months after a justified absence of at least 12 months.

(7) The payable amount of average earnings shall be calculated by multiplying the daily (hourly, monthly) average earnings by the number of days (hours, months) for which the employee is to be disbursed average earnings.

(8) The amount to be disbursed for the period of annual paid leave or paid supplementary leave shall be calculated by multiplying the daily or hourly average earnings by the number of working days or hours during the leave.

Section 75.¹ Disbursement of Remuneration if an Employed Person is not Entitled to Reside in the Republic of Latvia

(1) If an employer has employed a person who is not entitled to reside in the Republic of Latvia, it has the obligation to disburse to this person all the remuneration not disbursed.

(2) If an employer who as a subordinate undertaking has been transferred the full or partial fulfilment of contractual obligations has employed a person who is not entitled to reside in the Republic of Latvia, then the employer and person who has directly transferred the full or partial fulfilment of contractual obligations to the employer shall be jointly and severally liable for the disbursement of the remuneration not disbursed referred to in Paragraph one of this Section.

(3) If an employer who as a subordinate undertaking has been transferred the full or partial fulfilment of contractual obligations has employed a person who is not entitled to reside in the Republic of Latvia, then the person who is the initial performer of the contractual obligations shall be jointly and severally liable with the employer for the disbursement of the remuneration not disbursed referred to in Paragraph one of this Section, as well as any other involved subordinate undertaking if they were aware of such illegal employment.

(4) If a person who has directly transferred full or partial fulfilment of contractual obligations to the employer as a subordinate undertaking, as well as a person who is the initial performer of contractual obligations or any other involved subordinate undertaking has performed the necessary measures in order to prevent the employment of such persons who are not entitled to reside in the Republic of Latvia, they shall not be jointly and severally responsible for the disbursement of the remuneration not disbursed referred to in Paragraph one of this Section.

Section 75.² Special Liability Provisions Regarding Disbursement of Remuneration in Case of Posting an Employee

(1) If full or partial fulfilment of contractual obligations has been transferred to an employer as a subordinate undertaking, however, the employer has not fulfilled the

obligation to disburse remuneration to an employee within the time period specified in the employment contract or collective agreement, then the employee has the right to request disbursement of the remuneration not disbursed from the person who has directly transferred full or partial fulfilment of the contractual obligations to the employer. In such case the employee has the right to request disbursement of the whole remuneration not disbursed within the scope of such contractual obligations in the amount of the rate of the minimum wage which is specified in the country to which the employee has been posted.

(2) The person who has directly transferred full or partial fulfilment of the contractual obligations to the employer shall obtain the right to recovery in relation to the employer to such extent as to which it has disbursed remuneration to the employee of the employer.

(3) The provisions of this Section shall be applicable only in such case if the employee has been posted to perform construction work in relation to construction of buildings or specialised construction works.

Section 75.³ Calculation of the Hourly Wage Rate

The hourly wage rate shall be calculated by dividing the monthly salary specified for the employee by the number of working hours in the relevant calendar month. If the aggregated working time has been specified for the employee, the hourly wage rate shall be calculated by dividing the monthly salary specified for the employee by the average number of working hours of the relevant calendar year in a month.